

Thinking About (Best) Practices for Housing Rehabilitation and Community Regeneration: Case Studies from Europe, the USA and Canada, and Latin America

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

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Introduction to this Interim Report

This interim report was prepared by graduate students as input for a baseline document prepared for discussion at the ninth regional research meeting of the Latin American Housing Project: “*The Rehabilitation of Consolidated Irregular Settlements in Latin American Cities: Towards a ‘Third Generation’ of Public Policy Analysis and Development*”. The meeting was held in Austin in early May 2011, and was designed to be the first meeting to specifically explore the policy implications of the nine country (thirteen-city) study that has been underway by Latin American researchers since 2007, and which is anchored at UT-Austin (see www.lahn.utexas.org).

The UT class began by examining policies and practices (“best” or not) that addressed two levels of housing rehab and redevelopment in three regions of the world: Europe, the USA & Canada, and Latin America itself. Our trawl of the literature found that the principal experiences targeted multi-family housing projects, especially in Europe where these are most commonly found and which were often built in the 1960s-1980s. These insights about multifamily (project) rehab policies and approaches alerted us to the need to flesh out our thinking and policy making suggestions for the many social interest housing projects that have been constructed in Latin American cities since the middle 1970s and which, today, rarely feature in housing policy rehab in the inner city rings that they occupy.

The final report does not focus upon such experiences, but it does wish to highlight them as being important, not least since housing projects of yesteryear are almost entirely neglected, often run-down, and rarely the object of study and policy analysis. Moreover, in many cities today new and often enormous housing projects are being promoted by public and private sector partnerships, often at far remove from the city periphery in peri-urban locations where land costs are lowest. The problem is that these communities are unsustainable, reliant as they are, upon private transportation, long commutes, low(ish) densities, and low opportunities for social capital and community development to take place. In short, they run against the emerging more environmentally conscious notions of urban sustainability.

Our examination of practices in the three regions was helpful, especially in helping us to understand the intersection between physical rehab and the ways in which the public and private sectors sought to propitiate rehab and regeneration through financing and regulatory interventions and initiatives. In examining such initiatives we made no attempt to prejudge whether these practices were appropriate or practicable in a Latin American context; instead, the aim was to flush out the range of possibilities and opportunities that we might later consider, and these summaries are the subject of our primary end of semester “sister” report (“*The Rehabilitation and Retrofitting of Consolidated Self-Built Housing, and the Regeneration of the Innerburbs in Latin America: Towards a Policy Agenda for the Next Decade*”).

Urban and Housing Rehabilitation in Europe

Introduction

Not unlike the “innerburbs” of Latin America, European neighborhoods are increasingly characterized by an aging population, high levels of unemployment and crime, as well as a feeling of social alienation and segregation. In terms of housing rehabilitation projects, the European context is particularly striking for several reasons. First, given the demographic, cultural, and political variation there is in the region, there are important differences in how EU-countries view urban rehabilitation, particularly in relation to housing renovation. Scandinavian countries, for instance, tend to have a combination of low home ownership rates with high levels of public investment in subsidized rental units, while countries along the Mediterranean such as Spain and Greece have historically promoted home ownership as a policy priority, thus indirectly disincentivizing renting. In the Netherlands, there is about an equal mix of social rented dwellings and owner occupied, with high rates of maintenance or rehabilitation. Second, the countries in the region – with the support of the European Commission – are embedded within an institutional environment that promotes the exchange of methods and tools for sustainable rehabilitation of their housing stock, and are often eligible to receive funding for these very projects. This is often referred to as ‘multilateral learning’ and is typically followed by institutional transplantation (van Bueren, Bougrain, Knorr-Siedow, 2002). Finally, in the last few decades EU-countries have been shunning traditional approaches to urban renovation by developing new comprehensive, holistic approaches. For instance, countries like Sweden now mainly focus on rehabilitating older housing stock and improving urban sustainability through a mixed approach, combining both “hard” and “soft” practices. While “hard” practices focus on the physical side of rehabilitation, “soft” practices involve improvements to the urban fabric of the neighborhood, non-invasive retrofitting of buildings, and adoption of new policies. Various groups and sectors are encouraged to work together. This paper focuses on the ‘best practices’ in terms of urban and housing rehabilitation found in EU-countries.

Housing rehabilitation in the Baltics: Stockholm and Riga

Although Stockholm and Riga are located only a few hundred kilometers from each other across the Baltic Sea, the two cities currently find themselves in very different circumstances for embarking upon housing rehabilitation programs. The housing stock in each city is similar. Massive apartment blocks constructed within the last sixty years house a sizeable portion of each city’s population. However, the biggest and most salient differences for the purposes of taking action stem from each city’s capacity to provide funding and organizational support for housing rehabilitation.

Housing rehabilitation in Stockholm, Sweden

Housing rehabilitation in Stockholm is characterized by large-scale, municipally- and state-funded projects that are carried out on the neighborhood level. This is at least partially due to the fact that the municipality owns a large portion of the city's residential dwellings. Physical improvements to buildings are often better suited for new construction than pre-existing structures. Rehabilitation of the social element of the community receives heavy emphasis in large-scale overhauls of city sectors.

The 1960s and 1970s saw severe housing shortages in Sweden. To combat the lack of housing for residents, the Swedish government embarked upon the "Million Programme," an ambitious policy agenda purposed with constructing one million dwellings (City of Stockholm, n.d.[a]). Multi-family apartment blocks went up all over Stockholm, the capital city, between 1965 and 1975. The oldest dwellings constructed during the Million Programme are now 45 years old and in need of rehabilitation. "Innerburb" developments, such as the Järva district, are being targeted by the City of Stockholm for urban renewal projects. The project in Järva, typical of other endeavors citywide, has multiple goals. These goals are delineated by "hard" and "soft" practices.

There are 428,300 residential dwellings in Stockholm. Of these, almost 90% are multi-family (City Planning Administration, 2009). Many of these units were constructed in the Million Programme era. In Stockholm, the municipal government is landlord of a large amount of rental properties. Municipally-owned rental properties are administered through public housing corporations. Svenska Bostäder, the largest public housing corporation, owns over 32,000 units (almost 7.5% of the total residential units) throughout the city (Svenska Bostäder, n.d.).

In 2010, Stockholm was "European Green Capital". In the letter and spirit of this designation, urban rejuvenation policies in Sweden have tended to focus on energy efficiency and the pursuit of "green" sustainable building practices. Unfortunately, these pursuits are perhaps better suited to new construction instead of pre-existing developments. In preparation, the municipal government announced in 2009 that over 10 million Swedish kroner would be invested in urban renewal projects over a five-year period. The projects will mainly focus on rehabilitating older housing stock and improving urban sustainability (City of Stockholm, n.d.[b]). Areas of concentration for the projects are divided into "hard" and "soft" practices. "Hard" practices involve reconstruction and rehabilitation of the physical structure itself. "Soft" practices involve improvements to the urban fabric of the neighborhood, non-invasive retrofitting of buildings, and adoption of new policies.

One "hard" policy for improving energy efficiency and urban sustainability that has garnered currency in several European countries, including Sweden, is "passive house" construction. Passive house technology is especially appropriate for colder climates. The ultimate goal is to limit loss of energy in the form of heat that is produced by home appliances and the body heat of inhabitants. In addition to the use of insulation and multiple-paned windows, heat exchangers recirculate warm air throughout the house, minimizing the need for heat. Most passive homes are built as new construction, making the

practice less feasible for retrofitting older residential units (Passive House Institute US, 2011).

“Soft” policies for urban renewal and housing rehabilitation include making improvements to the “livability” of the neighborhood and the adoption of policies to enable investment in the neighborhood. Improving neighborhood accessibility, creating green space, installing street furniture and exterior features, and encouraging a mix of uses within a neighborhood are all examples of “soft” policies.

There are several examples of contemporary urban renewal and housing rehabilitation projects in Stockholm that are using both “hard” and “soft” approaches (City of Stockholm, n.d.[a]). One large-scale project is currently underway in Järva, an innerburb of Stockholm located approximately 5 miles from the city center. The sector is surrounded by parkland and was primarily developed in the late 1960s. Typical of Million Programme developments, Järva is almost entirely residential, with limited economic activity outside of residential.

The City of Stockholm has outlined an extensive plan for Järva in a supplemental brochure to its citywide master planning efforts (City of Stockholm, n.d.[c]). The sector is ideally located on the edge of a sizeable protected green space and is not far from the city center. As ideal as its location may be, Järva is showing its age. Its apartment blocks are in need of rehabilitation. The general look of the community is dated and does not serve residents as well as it could.

The plan for Järva notes that the physical structures in the community are the central axis around which any rehabilitation must occur. The vision calls for a greater diversity of tenure status, given that many of the residences are rental units (City of Stockholm, n.d.[c]). One of the goals of the Million Program was to encourage “social mixing” through residential planning. This goal has had lackluster results, and so the new community vision has proposed a framework to better integrate the social fabric of the sector. In recent years, Järva has become popular with immigrants who may not be as integrated in Swedish society as other residents of Stockholm. A community center with language and culture classes will provide area immigrant residents with opportunities to learn more about their adopted country (City of Stockholm, n.d.[c]).

Other “soft” policies aimed at improving civic life in the neighborhood include: the formation of civic groups; improving street illumination and connection to surrounding parks and neighborhoods; and putting forth a more concentrated effort in keeping the sector free of litter. All of these pursuits will ensure that residents of Järva take pride in their neighborhood (City of Stockholm, n.d.[c]). The vision plan extols the social diversity of the neighborhood, and sees it as a potential source of energy for the revitalization process.

There is little economic diversity in Järva. It is mostly a residential neighborhood, although in the vicinity are conference centers, shopping malls, and educational institutions. The vision plan states that entrepreneurship should be encouraged in the

neighborhood (City of Stockholm, n.d.[c]). A variety of economic uses will make Järva a neighborhood that can retain residents and be self-sustaining.

The physical housing itself is acknowledged by the vision plan to be dated and inadequate for the variety of needs that exist today in Järva. The apartments that characterize the majority of the housing stock in the sector are of a size that is too large for single people, yet too small for families (City of Stockholm, n.d.[c]). The vision plan calls for a reconstruction of units, which constitutes “hard” policy towards housing rehabilitation.

A recent survey of integrated urban regeneration schemes across European cities found that Swedish housing rehabilitation programs are mainly purposed with updating and modernizing the existing housing stock (Istituto Universitario de Urbanistica, 2010). The promotion of social diversity and the prevention of social exclusion is a goal of Sweden’s housing programs. However, regeneration projects are not the main focus of urban development: instead, new development was rated as taking a higher precedence than renovation of older developments. Government agencies are the main actors in housing rehabilitation, and funds are made available through subsidies and direct public financing of the rehabilitation of publicly-owned dwellings (Istituto Universitario de Urbanistica, 2010).

Funding for housing and urban rehabilitation in Sweden comes heavily from national and municipal governments. Since the City of Stockholm is the city’s largest landlord, municipal involvement is inseparable from the rehabilitation of housing. The vision plans for communities like the innerburb of Järva are published by the city government, indicating that the process is “top-down” and highly structured. Unfortunately, many of the proposals for “hard” policies for housing are better suited for new construction and not for preexisting construction. Rejuvenating the social and civic sense of community is a very important facet in projects.

The best practices for housing rehabilitation in Stockholm are heavily dependent upon the structural organization of the programs. The scale of such projects is necessarily large, and focuses not only on physical aspects of housing, but also (and often more intensely) upon the public spaces in the community and the social and civic vibrancy of the community. There is evidence that oversight of new development is considered more important to authorities than rehabilitating preexisting neighborhoods.

Housing rehabilitation in Riga, Latvia

Housing rehabilitation in Riga is almost non-existent, despite the increasingly dilapidated condition of many of the city’s Soviet-era apartment blocks, which are home to a sizeable portion of the city’s population. Municipal governments in Latvia are still dealing with the transition from communism to democracy, and the ensuing shift from a centrally-planned economy to a market-based one. There is simply not enough funding or organizational capacity to embark upon large-scale rehabilitation projects, which leaves the private sector in the best position to affect change through private investment. However,

it is difficult for the average citizen to gain access to capital in order to finance rehabilitation.

Latvia, a former Soviet Republic, gained its independence in 1991. Since then, governmental entities have been dealing with the drastic shift from a centrally-planned economy to a market-based one. After the dissolution of the USSR, the general attitude in Latvia was that the Soviet-era apartment blocks were relics of an unpleasant past that needed to be phased out in favor of newer housing (Marana & Treja, n.d.). The Latvian economy, however, experienced levels of instability during the 1990s that precluded any favorable long-term investment (Tsenkova, 2000). This period of instability has had the side effect of making traditional housing-related financing mechanisms, such as mortgages, largely inaccessible to all but the wealthiest members of society (Tsenkova, 2000).

Forty percent of the residential dwellings in Riga, the capital city, are Soviet-era apartments (Marana & Treja, n.d.) housed in blocks made of prefabricated panels. Sixty percent of Riga's population lives in this type of accommodation (ibid.). Apartment block sectors are characterized by poor construction, which is evidenced by poor insulation, leaky roofs, and cracked walls. Heating, so important during Riga's long, cold winters, is inefficient (ibid.). The deficiencies are not solely physical: the social sense of community is lacking in many of Riga's neighborhoods as well. Residents blame the government for problems, while simultaneously failing to realize their own collective power to institute change (ibid.).

Financing rehabilitation of Riga's housing stock is not a simple task. It is estimated that complete rehabilitation of Riga's Soviet-era panel buildings could cost as much as 25-45 lats (50-90 USD) per square meter (Tsenkova, 2000). However, there is a shortage of municipal funding, making it unlikely that the public sector in Latvia will be able to bear the cost of any rehabilitation projects in the near future (ibid.)

The municipal government of Riga has long recognized the deficiencies of its housing stock. In the 1990s, the city council approved a plan that would have addressed many of the needs of the city's apartment-dwelling residents. Unfortunately, no actions were ultimately taken (Marana & Treja, n.d.). Thus, any attempts to rehabilitate housing in Riga on a large scale will face numerous challenges from both political and social institutions.

One particular preoccupation of the municipal government in recent years in Riga has been the oversight of the privatization of housing. Under the Soviet system, all housing was publicly-owned, but after 1991, municipalities in Latvia were authorized to privatize housing (Tsenkova, 2000). This presumably created a hefty bureaucratic burden upon an institution that was already dealing with a radical shift in the way it carried out its operations. Privatizing Riga's housing stock is still a work in progress. It was estimated that at the end of the 1990s, almost ten years after independence and the institution of a market-based economy, only 44% of Riga's housing stock had actually been privatized (ibid.). It appears that the municipal government is focusing most of its attention on completing privatization, and not on housing rehabilitation. This is unfortunate, as "hard" policies to

completely rehabilitate housing would be less intrusive and more opportune if carried out prior to privatization of a unit.

The political and legal structures that exist in Latvia are grossly inadequate at dealing with rehabilitation of the country's crumbling housing stock. It appears that the bureaucracy is preoccupied with taking care of the last steps of privatizing housing, and is therefore in no position to offer much support in the way of financing or structuring of large-scale projects. Therefore, private citizens and communities would do well to attempt to organize to take steps toward improving their neighborhoods. One relic of the Soviet era that lives on in post-independence Latvia is the housing cooperative. Housing cooperatives by nature require that residents organize themselves into working groups. Their status as "old" institutions in a "new" era of government and economics could make them especially attractive to older residents. Although cooperatives do not control the interiors of individuals units, they are responsible for care of the exterior areas of buildings (Tsenkova, 2000). The basic organizational structure of the housing cooperative can be used as a building block to a much more dynamic entity to oversee rehabilitation on the neighborhood level.

Unlike in Stockholm, the municipal government in Riga does not contribute financially to housing rehabilitation. The last few decades have been spent transitioning from the old Soviet system where housing was owned by the state to the new, privatized system. The legal frameworks for housing rehabilitation are almost nonexistent. It appears that the best chance for organizing large-scale housing rehabilitation comes from the private sector, namely community organizations that already exist in the form of housing cooperatives.

It is no secret that Riga's housing stock is in desperate need of rehabilitation; the Riga City Council has officially stated this. However, a lack of funding, a lack of structural and political organization, and a lack of community cohesiveness has prevented any sort of large-scale housing rehabilitation project from transpiring. The private sector is therefore in the best position to effect rehabilitation; however, inability to secure financing is a serious obstacle for all but the wealthiest Latvians. No "best practices" can be gleaned from Riga. Instead, this case study serves to illustrate the consequences of political and organization disorganization, lack of private capital, and social disengagement upon housing rehabilitation.

Conclusions from the Baltics: Stockholm and Riga

Stockholm and Riga have large portions of their populations living in ageing apartment blocks, but the similarities between the two cities' approaches to housing rehabilitation end there. Stockholm is currently embarking upon municipally-funded, large-scale neighborhood revitalization plans that include housing rehabilitation as just one component amongst other targeted areas of improvement. The "green" movement in recent decades has inspired much of Stockholm's physical policies. Certain construction techniques designed to make homes more energy efficient, however, may be best suited for new construction. New developments within the city still take priority over retrofitting

and rehabilitating preexisting neighborhoods, although projects are underway in older sectors.

Any attempt at housing rehabilitation (which is almost non-existent) in Riga would certainly face significant challenges. Legal, organizational, and structural frameworks are not in place to foster project development. The government bureaucracy is still dealing with the drastic shift from communism to democracy, and the ensuing economic reorganization. Communities of neighbors and residents lack engagement and organization. Recourse to financing mechanisms for rehabilitation is practically out-of-reach for most. If any housing rehabilitation projects are to take place, they will most likely be small-scale affairs organized and overseen by the private sector.

The Case of Trinitat Nova in Barcelona, Spain

The Spanish Housing Market

Unlike other European Union (EU) countries, Spain is a country of homeowners (Hoekstra, Saizarbitoria, Etxarri, 2010). Of all Spanish dwellings, roughly 81 percent are owner-occupied, while only 11 percent belong to the rental sector (remaining 8 percent belong to the category of ‘other’). The vast majority of the 11 percent of dwellings belonging to the rental sector are privately owned by individual landlords, leaving very little in the way of subsidized rental housing. While some have benefited from the construction boom and home price increases in the last ten years or so—mainly housing developers and existing homeowners—others such as first-time buyers now face serious problems of affordability and accessibility. This is particularly the case after the 2008 housing crisis since housing production has come to a halt and house prices have plummeted. Still, the Spanish home-owner sector has been characterized by substantial home price increases, particularly after 2000 (with house prices increasing more than 10 percent annually). It is estimated that more than 500,000 dwellings are built each year, while the average number of households has only increased by 300,000 per year (Ibid.); this discrepancy can be explained in part by the fact that most of the surplus home production is used for a second residence.

Another interesting contrast to other EU-countries is that Spain’s social housing is mainly concentrated in the owner-occupancy sector. Traditionally, social housing units have been sold at below-market prices to low and middle-income families, with a so-called ‘qualification period’ protected status, which prohibits their sale at market prices for a given period of time. Only when the qualification period has expired can the unit become part of the normal market-price housing stock. However, with the rapid increase in house prices in the last decade, first-time buyers face serious problems of affordability, making the unsubsidized owner-occupancy sector inaccessible to most. This is problematic since Spanish housing policy disproportionately favors home-ownership in its housing policy instruments with direct and indirect tax incentives and the like, while disincentivizing renting with strict regulations and privatization. Thus, while the rental sector comprised

more than 50 percent of the housing stock in 1950, it represented a mere 10 percent in 2001.

In the Catalonia region, 8 percent (294,207) of dwellings are subsidized, while the rest are non-subsidized (3,534,819). Thus, residents of Catalonia are not only faced with little prospects of acquiring a subsidized dwelling (through a lottery system), but ultimately some of the highest home prices in the country (only behind Madrid and the Basque country). Clearly, unlike those who were able to gain access to the subsidized housing sector more than 20 years ago, the young have severely limited housing prospects. This is to a large extent explained by the temporary aspect of the subsidized owner-occupancy sector, through which homes acquire a special status for a determined period of time, often well over 20 years.

Trinitat Nova, Barcelona

Trinitat Nova is a working-class neighborhood located in the old northeastern periphery of the city of Barcelona. The area is inhabited by approximately 7,700 inhabitants, and is characterized by an aging population and dilapidated housing infrastructure (UN Habitat, 2010). Trinitat Nova was one of the earliest peripheral urban areas of social housing established in Barcelona in the 1950s in an effort to accommodate the thousands of workers arriving from other parts of Spain to Catalonia.

The urban rehabilitation project in the neighborhood began in the early 1990s as members of the community—through their established neighborhood association—sought to address a host of physical and social ailments that were afflicting the now aging community (UN Habitat, 2010). As a result of inadequate urban planning, by the 1990s Trinitat Nova was a neighborhood where the homes suffered from serious structural problems (e.g., aluminum structural decay) and were poorly serviced. There was also concern over the physical connection of the neighborhood, not only to the general metropolitan area but also to adjacent neighborhoods. Then there were the social problems such as high levels of unemployment, drug addiction, and ethnic tension between the different groups (gypsies, etc) residing in the area. Thus, through a process of community planning and collaboration with the local government, the neighborhood association came up with a list of neighborhood-wide priorities that surpassed physical urban renewal to encompass broader adopting social, economic, and cultural aspects into a more integral project.

The main components of the project were to curb the deterioration process through a joint institutional and community plan in which local residents identified their most pressing priorities, which not only touched on rehabilitating flats that had been severely affected by aluminum decay, but ultimately promoted social cohesion and integration in Trinitat Nova. The community—through its neighborhood association—also sought to transform the area into an eco-quarter, petitioning the government for new municipal solar and waste recycling mechanisms that would also take into account environmental dimensions of the rehabilitation project. These are the main features of this rehabilitation program:

- Community self-empowerment and neighborhood initiative

- Rehabilitation of brownfield site and improve existing infrastructure
- Integration of formerly peripheral area through public transportation
- Balance center-periphery urban resources in the metropolitan area of Barcelona

Physical Housing Rehabilitation

The physical and structural conditions in which the homes in Trinitat Nova found themselves were a primary concern for residents. On the one hand, the majority of the social housing units in the neighborhood were considered irreparable (i.e., suffering from acute aluminum structural decay, etc.) given the poor construction techniques and materials used for construction; on the other hand, residents also believed that the housing units that were not to be demolished and built anew had to undergo a rehabilitation process, particularly because residents were unhappy with the size of the housing units (30-50 m²) and the distribution of the space within them. It is estimated that in the next few years 891 social housing units will be demolished and replaced with 1,045 new homes as part of the Special Plan for Urban Regeneration (PERI) for Trinitat Nova; more than 50 percent have been completed and handed over to the residents (EcoCity, 2009). All the blocks and units that did not have to be demolished (206 flats total) were rehabilitated by, for example, installing elevators and increasing their overall living space (UN Habitat, 2010). Renewable energy has been incorporated into the rehabilitation program, and the mobility aspect and quality of public spaces have been significantly improved as well. While only some of the older units incorporated eco-efficient standards, all of the new homes were built using a host of ecological criteria (e.g., solar thermal energy, waste treatment, energy saving and waste water treatment into home construction).

Community Organization for Rehabilitation

The holistic approach to urban rehabilitation in this neighborhood focused on the interplay between the social, economic and environmental spheres of the urban process (EcoCity, 2009). Given that Trinitat Nova was characterized by an aging population (31 percent over 65) and low levels of education (30 percent did not complete primary education), there were concerns over the social exclusion and poverty of the population vis a vis other parts of the metropolitan area. The residents thus identified a series of issues they wanted to address in the community plan:

- Avoid gentrification, while still attracting a younger population
- Increase the quality of life of the residents of Trinitat Nova
- Improve transportation system to increase accessibility
- Create new social and economic opportunities for the residents

Prior to 1996 there was little in the way of economic or retail activity. In recent years, the neighborhood has experienced a significant increase in terms of businesses in the area (CIMAS, 2011). Furthermore, women have played key role in job creation, particularly in creating 'near to home' employment for working mothers as well as small service cooperatives. In addition, a host of educational and cultural centers and facilities (Children's

Center '1 Desván and the neighborhood cultural center) were built thanks to the co-management efforts between the government (i.e. Barcelona City councils) and the local residents themselves. The Social-Education Commission of the local government has also been working for over ten years on providing education and vocational training for residents by creating the School for Adults and the Children's Centre for dynamic education.

In addition to expanding green areas, markets, and football stadiums, the residents prioritized the expansion of the existing public transportation network. Being a brownfield site, the area had already benefited from an existing public transport network, but it was extended to include a new light rail and metro station, in addition to car-free areas and bicycle lanes.

Financing Policies for Housing Rehabilitation: A Model of Co-responsibility

The project's financial resources were generated by diverse sources, depending on the project's development stage (UN Habitat, 2010). Since the rehabilitation program came about due to the collective action and mobilization efforts of the residents themselves, the first stage consisted of using the available human resources as the tool for demand-making. For this members of the neighborhood association of Trinitat Nova contacted two local universities (i.e. Universidad de Barcelona, the Universidad Autònoma de Barcelona) to help draft a community development plan identifying priority areas for intervention which would then be presented before the Catalan Regional Government and other public entities. The finance agreement for the development plan was thus presented before the Catalan Regional Government, the City Council and the Residents Association, in an effort to collect sufficient funds for the diagnostic studies and design programs for the rehabilitation project (UN Habitat, 2010). The financial resources would then be allocated and managed at the corresponding housing and urban planning agencies at the local and state level (e.g., Instituto Catalán del Sol, l'Agència de l'Habitatge de Catalunya, and Gestió d'Infraestructures).

The financial agreement signed by the Residents Association, City Council, and the Catalan Regional Government established the financial base for the regeneration processes keeping with the following formula: the Catalan Regional Government would provide 60 percent of the financing, while the City Council would cover 25 percent. The remaining 15 percent would be covered by the residents themselves according to socioeconomic status and other equitable criteria, concentrating the bulk of the financing on the higher-income sectors of the community.

Regulatory and Legal Policies

As mentioned earlier, since the 1960's the Spanish government almost uniquely focused its efforts on the production of new housing intended for owner occupancy. The subsidized owner-occupancy housing or vivienda de protección oficial (VPO) mainly targeted medium- and low-income households with a household income below 5.5 times the minimum wage (UN Habitat, 2009). The production of subsidized owner-occupancy

dwelling is coordinated through subsidized loans and a host of other subsidies and grants primarily for developers (supply side) and buyers (depending on the level of income). The temporary nature of the subsidization arrangement or the “qualification period” protects the status of subsidized dwellings from being sold at market prices for at least 30 years. In other words, subsidized dwellings can only be sold against fixed prices that are determined by the government in order to prevent speculation.

When the qualification period expires, the unit is incorporated into the unsubsidized housing stock and it can be sold at market prices.

In the last decade or so, a series of changes were introduced in order to change the status of subsidized housing (a postponed ownership) by making the dwellings more permanent. For instance, in the early 1990s the Spanish government liberalized all subsidized owner-occupancy housing that was constructed prior to 1978 (i.e. released from the 20 to 50 year protection arrangements); those that were built after this were reduced to 20 years, or simply left at the discretion of the Autonomous Communities (per 2005-2008 Housing and Land Plan). Furthermore, it was established that if an owner of a subsidized dwelling wants to sell her dwelling, the dwelling could only be sold to buyers that are registered in a registry that is set up by the Autonomous Communities; second-time and subsequent sales of these dwellings are only possible after 10 years (UN Habitat, 2010).

Conclusions For Barcelona, Spain

Trinitat Nova is now a working-class neighborhood in Barcelona with more than 7,700 residents that was built without formal urban planning. Given its self-built character, the neighborhood not only lacked basic urban services and facilities, but ultimately access to other parts of the Barcelona metropolitan area given its peripheral and marginalized status. The situation only deteriorated in the 1990s when the area experienced a demographic shift characterized by an aging and decreasing population. The innovative aspect of the Trinitat Nova rehabilitation project has to do with the participatory process it generated. In this case, the community itself initiated the rehabilitation process, but distributed the decision rights, costs and risks across the different stakeholders.

Rehabilitation programs in low-income communities are important for several reasons. First, only recently have Spanish Housing Plans directly addressed issues of housing affordability and accessibility for low-income groups (Boxmeer, B. & E. Van Beckhoven, 2005). While recent plans have emphasized the importance of stimulating the rental sector as well as the development of more subsidized dwellings, regeneration policies have been emerging at the local level (i.e., Autonomous Communities and local government) in the last few decades, particularly in deprived areas. Second, given the shifting role of government across Europe, the regeneration process that is taking place in the neighborhood of Trinitat Nova is a good example of multi-level governance and shared decision-making. This project shows that civil society has become central in urban planning, particularly in urban rehabilitation programs. Even in welfare states in Europe important responsibilities are now being delegated to lower levels—in this case the neighborhood—sparkling the emergence of new partnerships and modes of participation. This model of

co-responsibility has been so successful in Trinitat Nova that it is now being implemented in over 40 neighborhoods across the city and broader Catalonia region.

Introduction: Soft Urban Renewal

Elisabeth Lichtenberger, in her examination of the “necessity of a renewal of the rental housing stock” in eastern European cities, calls special attention to Vienna and Budapest (Lichtenberger, 469). The two cities share a common historical experience dating back to the Austro-Hungarian Empire, but have followed remarkably different paths in their implementation of municipal administrative systems and urban planning strategies, and thus have enjoyed widely divergent levels of success in urban renewal. They thus provide an apt comparison in assessing processes of urban decay and the efficacy of urban renewal strategies.

Tenant-occupied housing is in most need of housing rehabilitation in both Vienna and Budapest. Thus, in the context of Latin America, the housing policies of these two cities are best applied in situations of high rental occupancy. Moreover, although housing in Latin America has by and large been privatized, the relationships between government and the private sector in these two cities offer lessons about the proper role of the state in urban renewal and housing rehabilitation. The relative successes and failures of the two cities in controlling gentrification and segregation processes are also worth examining.

Specific attention is paid to Vienna’s “soft urban renewal” program, which has been recognized by the United Nations Human Settlements Programme for best practices in urban renewal. The City of Vienna has eschewed demolition of existing housing, kept tenants in their homes, and sought to integrate economic, social, and environmental strategies in a community approach to urban renewal.

Budapest: Housing Policy in the Context of Free Market Transition

Regulatory and Legal Challenges to Urban Rehabilitation

Since the end of the Second World War, Budapest, like many cities in the former Soviet bloc, has undergone separate processes of urbanization (inspired by state-led industrialization) and de-urbanization (inspired by the transition to a free-market economy). These two processes have had a profound impact on the housing stock and rehabilitation in Budapest. Prior to Hungary’s transition to a free-market economy in the early 1990s, the state enjoyed absolute control over Budapest’s inner-city housing market. As a result, high-rise public housing estates developed on the periphery of the city as a function of central planning. The state was responsible for rent setting, demolition, and maintenance of public housing (Kovács, 2009). But as Soviet decline drew near, public spending in the housing sector diminished.

The nature of privatization created a stark dichotomy between public and private housing. Privatization decentralized not only property, but political power as well. The Local Government Act in 1990 introduced a two-tier administrative system that bestowed significant power upon district authorities. Zoltán Kovács argues that “this political fragmentation of the city set up serious obstacles as far as the elaboration and implementation of comprehensive urban development programmes”. Though tenants acquired ownership of property relatively easily through “give-away privatization”, they were then entitled to resell (Kovács, 2009, p. 405-6). Substandard dwellings or dwellings outside the city center often remained in public ownership. When units were sold individually, buildings often fell under mixed ownership (Kovács, 2009).

Physical Rehabilitation and Community Organization/Mobilization for Rehabilitation

Despite the creation of a rehabilitation fund in 1996 for qualifying districts, rehabilitation in Budapest has not been common. The government has predominantly chosen a route of compulsory relocation and demolition in peripheral residential areas, and functional conversion to commercial use in the central district. It has financed its efforts through foreign investment, largely preempting community participation. The kind of segregation that was regularly demonized under the Soviet system has been the result. Perhaps one consequence of these segregating policies is that concentrated slum formations in many places collide with the central business district in Budapest (Lichtenberger, 1994).

A Financial Alternative to the State for Housing Rehabilitation?

In Budapest’s centrally located 5th District, private residential areas have enjoyed significant foreign investment because of investors’ interest in converting dwellings into office and commercial space. Public housing, on the other hand, has suffered extreme neglect. This is in part due to lack of resources, but may also be because many of the occupants in public housing are Roma immigrants (Kovács, 2009).

In 1992, the city government implemented an urban renewal program known as SEM IX. The program, active through 2006, was based on a French model known as *société d’économie mixte*. The project was run by a public-private partnership between local government and a Hungarian-French consortium of investors, but the local municipality owned 51% and maintained direct control over the project. The consortium offered open tenders for demolition and slum clearance, construction of new buildings, and renovation of old ones. Tenants occupying buildings designated for clearance were offered three possible public rentals by the district municipality, but these offerings were not always located in the same neighborhood or district. Because new dwellings were owner-occupied, return after relocation was not likely (Kovács, 2009).

Figure 1 is a map of Budapest's historical neighborhoods. The central business district and location of most rehabilitation efforts is the 5th District.

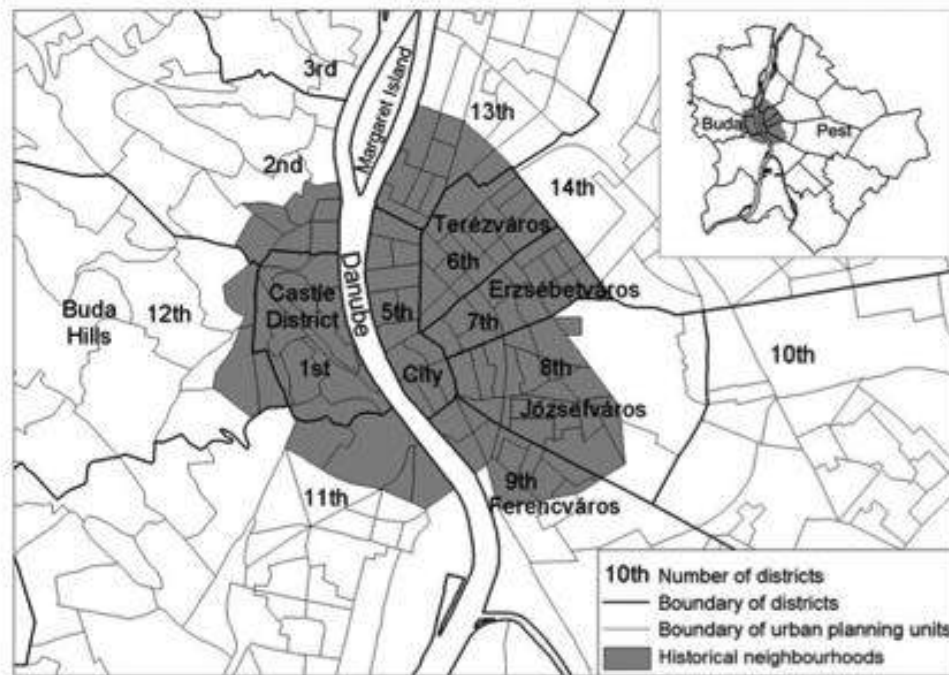


Figure 1

Figure 2 maps poverty levels in Budapest. Note that the dark areas, representing high poverty levels, are located on the eastern periphery of the city, stopping short at the city center. The darkest areas are in Districts 8 and 9.



Figure 2

Figure 3 demonstrates the ratio of public to private housing in Budapest. Note that the highest concentration of public housing is in areas with the highest levels of poverty. Surprisingly, the map indicates some public housing in the city's center. However, given functional conversion of residential space to commercial use, these percentages could be misleading.



Figure 3

Figure 4 shows the ratio of apartments with enterprises in Budapest's inner city, demonstrating a pattern of functional conversion. The eastern periphery has comparatively little enterprise. Some enterprise is developing west of the Danube, but the highest concentration is in the city center.



Figure 4

Finally, *Figure 5* shows the ratio of buildings built or renovated after 1990. Note that most new construction and/or renovation occurred in the center. The demarcated area in District 9 is the location of SEM rehabilitation, i.e. demolition and new construction.



Figure 5

Vienna: Soft Urban Renewal of Tenant-Occupied Housing

Elisabeth Lichtenberger draws several important distinctions between Budapest and Vienna, both in terms of urban formation and rehabilitation strategy (the extent to which urban formation in these two cities dictates rehabilitation strategy is a matter of interpretation). Two primary characteristics distinguish the formation of low-income housing stock in the two cities. First, as previously mentioned, in Budapest slum formations and the central business district collide. In Vienna, on the other hand, there is a buffer zone. Second, in Budapest decaying urban structures are concentrated in “slums proper”, whereas in Vienna these structures are dispersed (Lichtenberger, 1994).

More importantly, the administrative management of urban housing stock in the two cities differs significantly. Ironically, Vienna exercises more centralized authority at the municipal level than does Budapest, in what Lichtenberger calls “centralized municipal socialism”. Districts in Vienna have no powers of decision and no budgets of their own. Their function is purely administrative. Alternatively, political-administrative reform in Budapest granted significant autonomy to the city’s districts (Lichtenberger, 1994). In Vienna, Lichtenberger argues that “the centrally organized municipal socialism succeeded ... in channeling the economic prosperity prevailing in a social welfare state in the postwar period towards extensive construction of social housing in the urban periphery and a wide spectrum of measures for a considerable improvement of the housing conditions in the central city area”. Vienna achieved this through effective anti-segregation-politics, a system of tenants’ protection, and pseudo-private ownership of rental apartments (Lichtenberger, 1994).

Overview of Soft Urban Renewal: Progress and Accolades

The soft urban renewal framework (*wohlfondswien*) was adopted in 1984 by Vienna’s city council. At the time, 300,000 housing units had been categorized as substandard. The program’s implementation required two pieces of legislation: the Tenancy Act, and the Non-Profit Housing Act. The council authorized land procurement for social housing, and created offices for consultation and coordination services and control of subsidized housing improvement. The program was meant as an alternative to demolition and new construction, compulsory re-housing.

The program’s stated goals are the following: (1) avoid social segregation or gentrification; (2) avoid forced change of ownership; and (3) provide affordable rehabilitated housing. To achieve this, the program aims to renovate inhabited buildings by distributing responsibility between owner and tenants, soliciting tenant participation, and offering substitute housing (United Nations Human Settlement Programme, 2010). On its website and in its submission for Best Practices to the United Nations Human Settlements Programme (UN HABITAT), the City of Vienna attributes the following impacts to the soft urban renewal since the program’s inception:

- By January 2009, 10,800 buildings had applied for renewal with public assistance. 6,200 residential buildings had been approved. Renovation had been

completed in 5,170 buildings, comprising over 150,000 apartments (United Nations Human Settlement Programme, 2010).

- Investment volume is valued at €5.7 billion, of which €3.7 billion has come from municipal grants from the City of Vienna (United Nations Human Settlement Programme, 2010).
- Between 1984 and 2006, ‘substandard’ dwellings were reduced from approximately 320,000 (39 % of the total stock) to less than 116,000. Fully equipped apartments increased from approximately 328,000 to more than 715,000 (City of Vienna, n.d.).

The program has won several accolades. Most recently, in 2010 Vienna won the Scroll of Honour award from the UN HABITAT Human Settlements Programme for “uniqueness, sustainability, and social focus”. The UN recognized Vienna’s block improvement schemes and aversion to neighborhood demolition (Wieninternational.at, 2010).

Regulatory and Legal Environment

Two pieces of legislation enabled implementation of soft renewal: the Tenancy Act and the Non-Profit Housing Act. These acts protected tenants’ rights and authorized public subsidies of urban renewal. Just as importantly, the city created the *Vienna Land Procurement and Urban Renewal Fund* (WBSF), tasked with allocating rehabilitation funds. Area renewal offices had been in place since the 1970s, when soft renewal was first conceived, and thus offered the appropriate infrastructure for large-scale implementation.

It is important to note that the bulk of financing (approximately US200 million/year) comes from city budget and is administered by the WBSF. However, as Gerhard Hatz notes, in the 1980s “the city withdrew as housing developer and handed over this task to private developers and housing associations, marking the political restructuring from corporatist urban governance to managerial governance and to public–private partnerships in the segment of social housing” (Hatz, 2008).

Physical Housing Rehab Policies

Soft urban renewal is designed to be tenant-oriented. It is predicated upon a concept of “gradual and basic renewal”, the idea being that if renovation happens incrementally, tenants do not have to permanently vacate their homes. ‘Soft’ housing solutions are also meant to be flexible so that tenants have opportunity to provide input (Wieninternational.at, 2010).

Perhaps soft renewal’s most innovative approach to urban renewal is *blocksanierung*, or block improvement schemes. Such schemes are designed at the level of whole blocks of buildings and incorporate different owners. They include housing renewal, improvement of public spaces, and ecological measures to comprehensively revive neighborhoods. The City of Vienna contends that “complete restoration of the base of buildings is the most important strategy in this process, involving as it does the division of responsibility be-

tween owners and residents, co-determination by those renting, modernization according to the wishes of those renting, offers to convert and subsidies”. *Blocksanierung* includes such tactics as promoting retail, building social infrastructure, clearing and merging backyards of adjoining properties to create green spaces, and creating traffic-reduced zones (United Nations Human Settlement Programme, 2010).

Dr. Betül Bretschneider of Vienna University of Technology argues, however, that Vienna has a growing problem of ground floor vacancy and “deactivated” desolate street and/or common space.¹ This is largely the result of private traffic and the disappearance of retail. As part of its block renewal program, Vienna is now in the process of developing a strategy for the “improvement and recycling” of ground floor zones to promote “sustainable restructuring and reusing of blocks at the ground level” (Bretschneider, p. 1-3, 2010).

Some questions about soft renewal remain unresolved in the literature. For instance:

1. Can tenant-directed rehab ensure efficient use of space?
2. Can *blocksanierung* reconcile the need for private space given the social value attached to the ground level?
3. How does the city determine the decision-making tenant when beginning renovation?

Community Organization/Mobilization for Rehabilitation

The primary facilitators of community organization and mobilization for urban rehabilitation in Vienna are what are known as area renewal offices. These offices serve as local support services that provide information, communicate with residents, coordinate the renewal of public spaces, and identify self-help activities. Conceptually, it is their job to “link plans for housing redevelopment with the transformation of public spaces and ecological measures” (United Nations Human Settlement Programme, p. 5-7, 2010). Additionally, *the WBSF offers administrative and technical support*.

Though not discussed in the literature, it would be interesting to explore the impact that area renewal offices have on social capital development in Vienna.

Financing Policies for Housing Rehabilitation

Urban renewal in Vienna is largely subsidized. In 2001, approximately 60% of all households resided in subsidized apartments and subsidized rental apartments comprise 40% of the housing stock in Vienna (Hatz, 2008). For rehabilitation purposes, however, the city does not distinguish between public and private rental buildings. Subsidies depend on the existing condition of apartments. Generally the worst-kept houses are the best subsidized and allowances are granted to low-income households. Vienna uses rent control to address the risk that housing rehabilitation will drive gentrification and/or segregation. Rent

controls are imposed on dwellings that have received subsidies or grants for rehabilitation, and these controls remain in force for 15 years.

The WBSF is the principal financier of housing rehabilitation. The fund uses a point system to determine appropriate public assistance. Nonetheless, the City of Vienna stresses that financing is divided between landlords, owners, and tenants. Unfortunately the literature does not go into any sort of detail on how costs are distributed and what responsibility is bestowed upon the tenant.

Conclusion: Best Practices from Budapest and Vienna

The successes and failures of Budapest and Vienna offer several lessons that may be applied to the Latin American context. From a governance standpoint, at a macro (i.e. municipal) level the two cases demonstrate that some level of municipal centralization has value for crafting a coherent city-wide urban renewal strategy. Although extreme levels of state financing, as seen in Vienna in particular, may not be appropriate in Latin American cities, city involvement in the planning process is helpful in keeping private development in check.

From a physical rehabilitation standpoint, the Vienna case demonstrates that demolition and reconstruction is not a foregone conclusion. Housing rehabilitation can occur gradually, without compulsory relocation of tenants. The Vienna case also introduces a new concept of block development and ground level rehabilitation as a means of fostering a sense of community at the street level in areas where ground floors are otherwise vacant and streets are in disuse.

From a community standpoint, the two cases show remarkable contrast. Budapest incorporates little community participation in its rehabilitation programs, and as a result faces problems of forced tenant-removal and gentrification. The area renewal offices that link communities with policymakers in Vienna can serve as a model for Latin America.

Finally, financing is perhaps the biggest challenge that Latin American cities face in implementing rehabilitation projects. Latin American cities might consider public-private partnerships similar to those in Budapest and Vienna. Strategic combinations of public-private partnerships, tenancy protections, temporary rent control, block-level planning, ground-level functional conversion, and public space creation are worth considering in the Latin American context.

Physical Housing Rehabilitation, - The Netherlands

The current physical dwelling stock of the Netherlands is divided into four time periods: prewar dwellings (before 1945), postwar dwellings (1946-1970), from 1970 to 1990 and from 1990 to today. There are four types of tenure: owner-occupied, non-profit rented sector (social rented housing), private rented sector by persons, and private rented sector by institutions. Each of these categories includes single-family dwellings or apartments (Boelhouwer, van der Heijden and Priemus, 1996). Social rental housing has generally

been maintained better than private single-family dwellings. Policy has a long history in the Netherlands, beginning in 1901 with the *Housing Act*. The act created structures, which aimed to guarantee affordable housing for everyone residing in the Netherlands. One of the neglected areas of housing stock in the Netherlands has been ageing private housing stock. A paper presented in Rotterdam at a sustainable urban areas conference held from June 25-28, 2007, detailed the need to rehabilitate this area of neglected housing stock, the focus of this section.

To determine the extent of the problem, four questions were asked: “1) What is the building quality level of the privately owned housing stock? 2) What is the level of maintenance and maintenance efforts in the private stock? 3) What is the gap between the actual maintenance efforts and quality backlog (or: are the efforts sufficiently adequate to maintain the required physical condition)? 4) What is the need for enhancing the maintenance efforts by private owners and what measure and incentives should be provided?” (Thomsen & Meijer, 2007).

Dutch housing policy favored socially rented housing units, and from 1901 until today, Housing Associations (or later re-names Housing Corporations) managed them, which were privately owned, non-profit. This was the lever by which the government controlled housing policy. A change in policy in the mid-1970s to move from social-rented housing to owner-occupation, showed success as from 1977 to 2007 “owner-occupation grew from 30% to over 55% “ and the private rental sector declined from 25 % to 11%. This change is represented by new construction, selling out of rented dwellings, drop in the production of rented dwellings, and an increase in the demolition of social rented dwellings (Thomsen & Meijer, 2007).

As of 2000, the total current housing stock of the Netherlands is as follows: prewar-22.8%; postwar-30.2%; 1971-1990-35.4%; after 1990- 11.6%. The below table shows more details related to tenure and type of housing stock. The private rented tenure has been collapsed into one. The information comes from the Netherlands’ Qualitative Housing Survey of 2000, which surveys the housing status every five years (Thomsen & Meijer, 2007).

When Built	Owner Occupied	Social Rented	Private Rented
Pre-War	25.2%	11.8%	45.5%
1946-1970	23.7%	42%	22.9%
1971-1990	36.3%	37%	26.3%
After 1990	14.8%	9.2%	5.3%
Total # Dwellings	3,445,669	2,352,099	777,303

The Dutch further analyzed the quality of the dwellings, from the same survey, with a rating from 1 (best) to 6 (worst). The average score of all dwellings were 2.67. (2 = good, 3 = fair). The pre-war stock is relative old, but the structural quality is good. Otherwise, the need for rehabilitation of these houses outstrips the need of the other dwellings. The

lowest scoring dwellings are private rental, single-family dwellings at 3.29 and apartments at 3.17. Owner occupied single family dwellings are 3.02, apartments 2.90 and social rented single family dwellings are 2.91 and apartments at 2.81. Overall the stock scores better as the dwellings become newer. Because of the success of previous housing policies, the need for repairs of the pre-war stock diminished by 8 billion euros from the previous survey in 1995 (Thomsen & Meijer, 2007).

The costs of the repairs and the number of each type of dwelling with the type of repair needed have been identified. Rehabilitation of the least quality housing stock, pre-war and 1946-1970 are being targeted.

When Built & Cost of Repairs	Owner-Occupied Single Family #	Owner-Occupied Apartments #	Private Rented Single Family #	Private Rented Apartments #
Pre-war:				
< €5,000	470,551 (Avg: € 2,391)	94,518 (Avg: € 1,737)	74,792 (Avg: € 2,707)	135,886 (Avg: € 2,155)
€5,000 to 10,000	188,906 (Avg: € 6,924)	18,865 (Avg: € 7,072)	48,912 (Avg: € 7,107)	42,899 (Avg: € 6,840)
> €10,000	91,870 (Avg: € 23,474)	4,594 (Avg: € 13,729)	35,506 (Avg: € 17,559)	15,458 (Avg: € 13,727)
1946-1970				
< €5,000	549,009 (Avg: € 2,202)	141,002 (Avg: € 1,277)	51,546 (Avg: € 2,371)	96,985 (Avg: € 1,422)
€5,000 to 10,000	99,580 (Avg: € 6,367)	5,524 (Avg: € 6,021)	18,261 (Avg: € 7,154)	6,909 (Avg: € 6,600)
> €10,000	23,313 (Avg: € 18,426)	177 (Avg: € 12,721)	3,445 (Avg: € 15,343)	966 (Avg: € 10,816)

The largest problem of rehab housing in the Netherlands is with single-family dwellings of the owner-occupied sector, in dwellings built both in the pre-and post war period. The problematic area for private rented dwellings occurs with pre-war single-family dwellings, and this is in municipalities with less than 30,000 inhabitants (though not shown in the table). The authors write that owner-occupied households in need of repair have less household members, have lived longer in their current home, and have a lower income than other owner-occupied dwellings. In the private-rented dwelling, household size and

income is the same as other private-rented dwellings, except the occupation period is longer (Thomsen & Meijer, 2007).

To better understand the needs of various households for rehab, the authors examine the Housing Demand Survey (WBO) of 2002, detailing the responses of the interviewee. The categories of repair included: insulation/energy saving measures, maintenance, structural repair or improvements, new provisions, embellishments, and activities on common parts of the building. For example, the owners of pre-war single-family dwellings invested on average of €2,900 per dwelling per year. Owner-occupied post-war apartments invested an average of €2,500. However, necessary “structural repair costs in these segments are considerably higher.” Four percent of the owners in the first example post-pone repairs because of a lack of money while five percent in the latter example do. People who are not satisfied with the maintenance of their dwellings are tenants in the private rental sector, mounting to about 30-40% of the total, agreeing “with the proposition that their dwelling has a poor maintenance condition.” This is in accord with the findings in the data about the dwellings quality (Thomsen & Meijer, 2007).

What kinds of repairs are needed? For owner-occupied pre-war (and 1946-1970) single-family dwellings, located in smaller municipalities (<30,000), repair costs are related to storage, garage, roof and other elements. These are mostly detached houses, as opposed to row houses. Pre-war private rental single-family dwellings’ repair costs are “related to the roof, the exterior windows,” storage, and garage. In postwar private rental single-family dwellings parallel the same needs as prewar dwellings, except that the rents are higher and they are located in larger municipalities. For both prewar and postwar private rental and owner-occupied apartment dwellings, most are in the urban areas, small in size, and rather “run down.” The owners and occupiers are less well off, and they have less of an ability to organize and finance improvements. Surrounding neighborhoods believe that this segment has a negative effect on their housing values (Thomsen & Meijer, 2007).

Owners put a majority of their investments in maintenance and structural repairs, with a slightly greater investment by owner-occupiers and owners of single-family dwellings. Knowing the exact specifics of the investments is not known, but the data “points to mainly maintenance and structural repairs.” Nevertheless, even in prewar dwellings with the poorest structural condition, considerable amounts are invested annually.

For policy purposes, “the overall condition of the privately owned housing stock” does not provide compelling reasons for general policies, but rather there are several reasons “to advocate special dedicated instruments for quality improvement by private owners (Thomsen & Meijer, 2007).” First, there is building quality and age. Specific buildings are not known from these surveys, but the local authorities could distinguish which buildings would be eligible for grants and loans. Moreover, older buildings are to be considered first. Second, location has an effect on decay, like more damp areas. Third, incentives should target private landlords, who invest less due to less income compared to owner-occupiers, who invest more in their dwellings. Incentives for the former look at “improvement of the investing potential” while for the latter it is improving “the availa-

ble investment potential.” Additionally, to maintain and perpetuate good housing in the Netherlands, it is better to follow a policy of prevention rather than having to invent a policy to fix a problem of seriously deteriorated dwellings (Thomsen & Meijer, 2007).

Community Organization for Rehabilitation – Rotterdam, Netherlands

In 1999, the focus of urban renewal moved definitively beyond thinking in terms of only “physical” renewal. This section uses a case study (or studies) from Rotterdam, which has proven to be successful, especially from the days of housing protests from the 1960s and 70s when demolition of social housing took place. Van den Berg, van der Meer, and Pol defined “organizing capacity” as the “ability of those responsible for solving a problem to convene all concerned partners (public and private, internal and external), in order jointly to generate new ideas and formulate and implement a policy that responds to fundamental developments and creates conditions for sustainable economic growth (2003).” The key elements for organizing capacity are vision of long-term sustainable development, leadership qualities, creation and support of strategic networks, and generation of political and societal support. Moreover, it is necessary to have a knowledge of the metropolitan context, including the policies used to tackle problems, drawing lessons from other cities, helping others understand the urgency of social problems, being prepared for changes in metropolitan contexts that may change the outcome of the policy process, and to understand the administrative context to better grasp the level of cooperation between actors (communication) (van den Berg, et al., 2003).

First, a sound vision sees “the development of an urban region as well as plans to solve social problems” that are able to gain broad support. The municipality of Rotterdam drew lessons from its urban renewal policy carried out during the 1970s and 1980s. For example, physical restructuring was an insufficient condition for achieving a livable community. Rotterdam invested quite generously in physical undertakings, but relatively little in keeping social structures alive. The new vision makes efforts for individual needs and the ‘human factor’ is fundamental to physical restructuring (van den Berg, et al., 2003).

Second, strategic networks “aim is to find out who co-operates with whom in the development and implementation of social policies and how, and to what extent, this cooperation takes place.” For Rotterdam, this was at the level of the borough and second between the borough and the municipality. In Rotterdam there are 13 boroughs and the municipality targeted Hoogvliet for new social housing. The borough administration and the housing corporations were of one mind with respect to tackling the social problems, identified in the “policy” section below. Both have a stake in an improved and varied housing stock (van den Berg, et al., 2003).

Third, leadership is the assumption that the key actors contribute substantially to the successful design, development and implementation of projects. Consensus was developed in Rotterdam. The Steering Committee, which had members from all groups, had consensus with most policy plans. A good understanding between the two main actors, the adoptive Alderman from the municipality and the borough Chairman, seemed crucial to the im-

plementation of the policy. The Borough chairman led the project. The borough elected him, and he was strongly committed to the project (van den Berg, et al., 2003).

Fourth, political support was a prerequisite for organizing capacity, since political relations and financial pre-conditions are decisive for the opportunities for initiating and implementing new social policies. Given the serious social problems of Hoogvliet, there still was strong political support for the Integrated Area Approach (IAA) approach at both the national and the city levels. At all levels, the fight against social exclusion had a prominent place. With wide public support for the program, changes within political parties posed no threat to program (van den Berg, et al., 2003).

Fifth, no matter how valuable a project might be for sustainable metropolitan development, lack of societal support from those directly involved -- either the 'clients' or 'customers' or the interested parties (local population, business society, interest-groups) - - may curtail the chances of successful implementation. Societal support was considered a decisive success factor in the Hoogvliet approach, "mainly due to the high degree of solidarity and involvement of the population (van den Berg, et al., 2003)."

Sixth, with the help of good communication between all relevant actors, a broadly supported vision for the perceived social problems was developed. The local authority and other relevant actors worked out an efficient communication strategy designed to explain to the population at large the extent of the social problems and the policy to be implemented to resolve them. This included creating sufficient support for the demolition plans. To ensure trust in Hoogvliet, the message was carried to the residents by a neutral party (a welfare NGO) and not by a direct stakeholder, like the municipality, the borough or the housing corporations. "One of the findings of the comparative study is that lack of societal or political support is often due to the poor communication of the programs to those involved (van den Berg, et al., 2003)." Moreover, balancing communication is important. Too little communication could starve certain links of necessary information and thus lead to tension between actors. Too much of it could delay and frustrate the implementation of policy (van den Berg, et al., 2003).

Here is a diagram of the "Participation Structure" for Housing Policy implementation in the Netherlands for the New Urban Policy (Kruythoff, 2008).

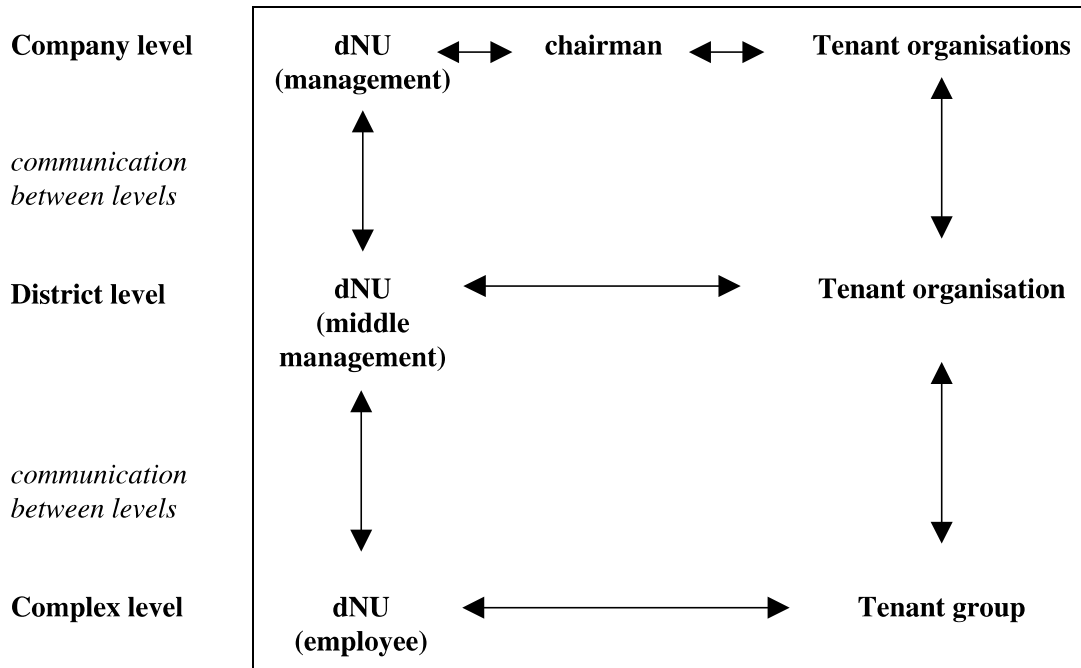


Figure 1. Deliberation structure for *de Nieuwe Unie* (dNU) and tenant representation

Below is a diagram of the concept of tenant participation (Kruythoff, 2008).

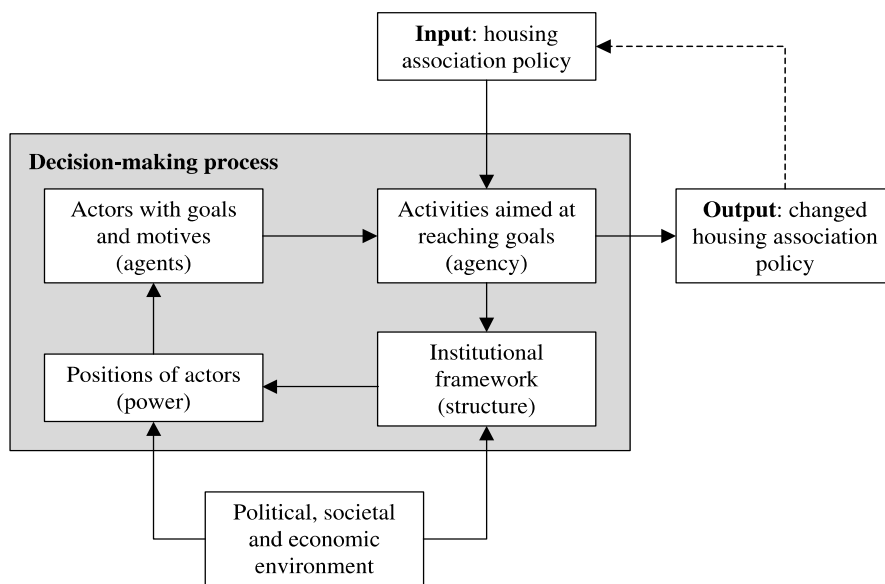


Figure 2. Conceptual framework for the analysis of tenant participation

Van den Berg writes, “Compared with most other European countries, municipalities in the Netherlands are financially strongly dependent on general and specific payments by the state (for more than four-fifths of the municipal income).” And, “The local authority has considerable freedom to formulate its own policies and spend its own budget.” Naturally, the borough is financially dependent on the municipality, which uses it funds principally for implementing policy in the fields of employment, borough economy and safety. Helen Kruythoff writes that

Housing Associations are self-funded (privately owned, non-profit corporations). They are staffed with experts in their field. Housing Committees that represent the tenants are weaker, as the positions are filled by tenants who volunteer for them. The tenants come from varied backgrounds. The actors meet to discuss rent increases, changes in renting policies, or anything that may pertain to the tenant. Landlords are required to inform tenants of any changes that are being contemplated (2008).

In 1994, a “Major Cities Policy” linked housing, the environment, economic, cultural and social affairs as well as municipal and national policy. “Before 1994 all kinds of specific but poorly coordinated subsidy schemes existed. The basic idea of the Major Cities Policy is to integrate subsidies as much as possible in one new urban renewal fund.” Additionally, there was a “new urban renewal policy” that was the physical pillar of housing renewal. The aim was to increase the number of owner-occupied dwellings, pushing up the price and quality, and combine or enlarge small dwellings. Moreover, urban planning would be structured better, cars would find better facilities, and public space and greenery would be of better quality (Priemus, 2004). A second policy was signed between the national and local governments from 1999-2004. “An important difference compared with the first policy period is that separate projects are no longer financed; instead, agreements are reached on the targets on the basis of the Multiyear Development Plans of each city. Government approval for these programs signifies guaranteed financing for the covenant period (Priemus, 2004).” In this period, 25 cities and five local authorities received money directly from the state. This is in the form of a special-purpose grant (ISV) “aimed at improving the quality of the spatial environment in urban areas (Priemus, 2004).” Total grants made available to these places from 2000-2009 amounted to €4.3 billion, with an additional amount of €1.9 billion for soil decontamination from 2000-2004.

Social housing had been considered part of the solution to the housing problem before the 1990s, whereas beginning in the 1990s homeownership is considered the solution to the housing problems. To avoid middle and upper-income flight from the city, focus is on private ownership, improving the condition of privately owned stock. One fiscal incentives reduced taxes for maintenance. For example, labor-intensive services have been taxed at 6% instead of 19% from 2000 to 2005 for dwelling over 15 years old (e.g. for repainting and stuccoing). It is unknown if these financial incentives improved housing stock quality, or if the improvements would have been made without financial incentives. Data is unclear, therefore, “Prior to shaping fiscal incentives, monitoring and evaluation of the intended qualitative effects is thus essential (Thomsen & Meijer, 2007).”

Second, a revolving fund was created, launching in 2005. This provided loans to private owners (not owner-occupiers) for dwelling improvements from low to zero percent interest. The rate is tied to the needs and solvability of the client. The fund is the joint responsibility of the private sector and the national government. The national government will donate € 100 billion during the first ten years. This investment will be more than recouped from increased taxes and enlarged employment (Thomsen & Meijer, 2007). The following proposal did not include pre-war owner-occupied stock, but a proposal was made similar to the above, and it is still pending with the government as of 2007.

Regulatory and Legal Policies, The Netherlands

After World War II, the Netherlands began a policy of “increasing the volume of new building in order to solve the post-war housing shortage (Priemus 2004).” This model continued from 1946 to 1970. After 1970, the government “turned its attention to the quality and differentiation of new building” and existing housing stock, particularly with rigidly rent-controlled dwellings (subsequently relaxed), which had been under-maintained (Priemus 2004). These were pre-war, privately rented dwellings. From 1968 to 1972 more than 20,000 dwellings a year were demolished, which were often met by strong protests (Priemus/2 2004). From 1973 to 1977, the policy changed from demolition to renovation and the “predominant transition in tenure was from commercial rented housing to social rented housing (Priemus 2004).” By 1993, owner-occupied dwellings went from 28% in 1947 to 46%. Non-profit-rented sector went from 12% to 40% in the same period (Boelhouwer, et al., 1996). The Netherlands focused on pre-war urban districts through the 1980s. Additionally, emphasis on physical renewal was also accompanied by an emphasis on social renewal. *The Ministry of Housing, Spatial Planning and the Environment* developed a report every ten years, analyzing housing needs, policies and programs. The 1990 report stated that the Urban Renewal Policy, as analyzed in 1980, completed half its goals. The policy would continue until its end and be phased out by January 1, 2005 (Priemus, 2004). In the 1990s, “attention shifted to post-war districts, consisting for the most part of social rented dwellings.” In the Netherlands, social housing is private property, run as non-profits (Ibid.).

By the 2000s, housing demand remained strong among the unemployed and other low-income groups for cheap housing (social rented dwellings), and it was “paralleled by a growing demand for high-quality urban housing” which was not being met by Dutch municipalities (Thomsen & Meijer, 2007). High-quality urban housing included owner-occupier housing, penthouses, and family homes with a garden. This is the “new urban renewal” perspective in the Netherlands. In comparison, the demand for low-income housing in the 1990s was accompanied with “a host of social problems began to present themselves in” “less popular postwar [1946-1970] urban districts (Priemus, 2004).” These social problems included “feelings of insecurity among the residents, vandalism, crime, gangs of youths and neighborhood disputes.” These areas became increasingly less integrated into Dutch society, forming homogeneous ethnic communities of immigrants from Morocco, Turkey, Suriname, and other countries. National and municipal governments formed housing policies aimed to balance low, medium and high-income people in urban and suburban areas (Priemus, 2004).

Otherwise, housing policy is considered a success. “The relatively positive quality development of the last decades was partly due to extensive governmental subsidies based on the Urban Renewal Act” of 1975. This policy “supplied the municipalities with instruments and money for the rehabilitation of the oldest and most run down stock and urban areas. Though the Urban Renewal Act was very successful, the means were temporary and mainly directed to catch up with the bulk of the structural decay and maintenance backlog after WWII (Thomsen & Meijer, 2007).” The withdrawal of this policy left in force the Housing Act, dating from 1901. Consequently, there has not been a general policy for enduring maintenance and quality improvement. Policies for private stock therefore slowed down and ended, except in larger cities like The Hague, Amsterdam and Rotterdam, whose municipal policies maintained “special policies” for the private stock (Thomsen & Meijer, 2007). Nowadays, policies emphasis owner-responsibility for proper maintenance, but “some governmental support may still be needed (Thomsen & Meijer, 2007).” To avoid the postwar housing stock that was built on a massive scale from sliding into disrepair -- preventive interventions, including financial incentives, may stop the slide.

At the turn of the 21st century, “local governments sought the full participation of their residents,” aiming particularly at more economically well off residents to help them find “housing career” opportunities in the cities as described above. The effects of these policies are continuing to be evaluated; yet it appears “the performance in new urban renewal lags far behind the ambitions of both municipal and national governments (Priemus, 2004).” This evaluation is confirmed in an article written by Bolt, van Kempen and van Ham, who state, “The optimism about the positive effects of social mix is hardly substantiated by empirical research (2008).”

An additional example of putting this policy into action comes from The Hague. The Hague has an area with a high concentration of privately owned small apartments, called Rustenburg Oostroek, dating back to the 1930s. Owners are supplied with energy efficient enlargement designs, which are “based on either horizontal extension,” vertical extension (roof), or “merging of adjoining apartments”. Each participant is given an “individual feasibility assessment, the management of the building process and the financing... (Thomsen & Meijer, 2007).” Results are still not available.

Conclusions from the Netherlands

Three conclusions that effected community organizing were drawn. First, all six components formed a ‘package deal’ for sound social policies. Not giving sufficient attention to one of them might result in the loss of the effectiveness and efficiency of the intended policies. Vision was the most important and communication was the most neglected. Second, social policy linked to other policy fields gives the best chances for success. A central feature of housing policy included ways to create more attractive boroughs and at the same time to empower individuals, in order to encourage local people to be more self-sufficient. Third, administrative restructuring may be required. Decisive management was important for its success at the level of the borough. However, at the level of the city, organizational structures were sometimes so complicated that the implementation of certain

policies became problematic. Delegating more responsibilities to the borough level, less at the municipal level, may solve this (van den Berg, et al., 2003).

Finally, some caution in developing housing policy is in order. A study by Reinhout Kleinhans found that the heterogeneity of social capital within an area did not have positive effects on those with lower social capital. His study involved two areas of Rotterdam, De Horsten and Hoogvliet. Studying the relationship between social capital and the propensity to move, his final model showed “no significant relationship between any of the social capital components and propensity to move.” Moreover, it also showed that newcomers “are almost three times more likely to report an inclination to move than stayers, net of all other factors and despite their relatively high levels of social capital (2009).” Still, Kleinhans concluded that physical renewal should remain an important element of regeneration measures, meeting the demands for housing of the middle and upper classes (i.e. up-scaling of dwellings, especially in areas dominated by inexpensive social rented multi-family dwellings).

Urban and Housing Rehab in North America

Introduction

Housing rehabilitation policy in the United States and Canada is a messy, tangled web of bureaucracy and informal systems. As such, it is prudent to view the information on the federal, state, and local/community level in order to have a framework of understanding. The information is further refined through divisions into categories of Financing, Regulation, Physical Rehab, and Community Organization. The table below provides a snapshot view of where most of the activity is occurring.

	<i>FEDERAL</i>	<i>STATE</i>	<i>LOCAL</i>	
<i>FINANCING</i>				GOVERNMENT
				NGO
<i>REGULATORY</i>				KEY: ACTIVITY LEVEL
<i>COMMUNITY ORG.</i>				HIGH
				MODERATE
<i>PHYSICAL HOUSING REHAB</i>				MINIMAL

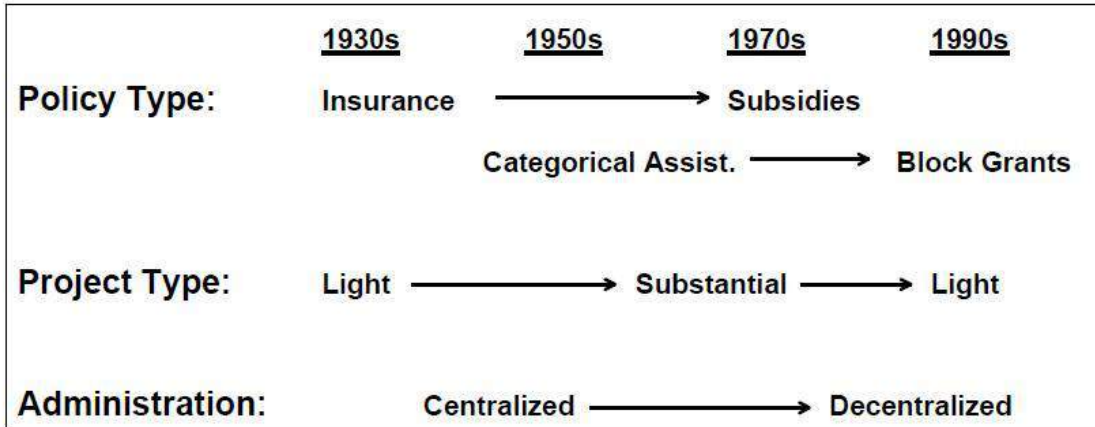
As evidenced by this table, the majority of activity occurs on the local level. In practice, much of the money for housing rehab makes its way from the federal government down to state agencies which then distribute this money to various localities and community groups (NGO or otherwise) who perform the actual rehabilitation.

Financing

The financing of housing rehabilitation in the United States is best analyzed from three perspectives. The first two of these perspectives, namely the allocation and use of funds for housing rehabilitation, are often inversely related: although significant funds come from the national and state level, most of this money is funneled to local organizations that oversee the actual rehabilitation efforts or provide financing mechanisms for rehabilitation. The third approach to understanding housing rehabilitation efforts deals with the specific ways in which these funds are used. Support for rehabilitation can take a variety of forms, including both direct and indirect subsidies, or by encouraging private sector participation through insurance programs and the leveraging of public money.

Federal Support for Rehabilitation Financing

Federal support for housing rehabilitation has changed significantly since the first national housing programs were implanted in the 1930s. While the first round of federal support was more centrally administered and focused mainly on insurance guarantees for rehabilitation loans, more recently, the administration of housing rehabilitation efforts has been decentralized, and the use of funds has been allocated for a variety of direct and indirect subsidies. According to Duda (2001), federal support for housing rehabilitation has undergone “a shift away from categorical assistance to block grants, from general tax in-



centives to targeted tax credits, from large-scale loan guarantee programs to more niched activities, and from support for substantial back to light rehab but delivered through a more decentralized structure than in the early years.” This is shown by the figure above. Currently, the federal government allocates close to \$6 billion annually for housing rehabilitation. By using this money as leverage, local organizations and municipalities attract additional funds from the “private sector, from not-for-profit groups, and from state and local governments, to support the rehabilitation of over 40,000 units annually,” most of which “largely benefits those with low incomes” (Duda, 2001).

Although discussing the current federal policies for housing renovation in detail is beyond the scope of this work, a brief description will help to situate later descriptions of specific policies within a national context. It is important to note, that local organizations overseeing rehabilitation efforts will often mix the following subsidies in order to reach the needed level of financial assistance and the actual use of funds varies widely between cities (Duda, 2001). See appendices for more detailed information regarding the quantity of funds used by each program.

Federal Support for Housing Rehabilitation

- **Direct subsidies:**
 - Community Development Block Grants (CDBG) and HOME block grants: nearly \$1.5 billion of federal money is funneled to local organizations who use these funds for housing renovation within “broad guidelines.”
 - HOPE VI, the Comprehensive Improvement Assistance Program, and the Comprehensive Grant Program: nearly \$2.5 billion of federal money is allocated to state and local public housing authorities for the renovation of public housing units.
- **Indirect subsidies:**
 - Low Income Housing Tax Credit (LIHTC) and Historic Rehabilitation Tax Credit (HRTC) programs: “tax credits are sold to investors to raise equity and lower debt payments on rehabilitated properties.”
 - Mortgage Interest Deduction and Property Tax Deduction: allows homeowners to write off their mortgage interest and property tax on their federal income tax returns, although this subsidy tends to benefit primarily moderate- to high-income earners.
- **Insurance programs:**
 - FHA Title 1: “insures single-family home improvement loans” up to 30,000 per year, mostly limited to low-

Source: Dreier, 2006; Duda 2001

State Support for Housing Rehab

State support for housing rehab varies from state-to-state and from Canadian provinces to the United States. The case studies offer some examples of these differences, although they should not be considered comprehensive. All of the United States serve as middlemen for federal money, channeling it down to the local and community level. Most offer some additional state-level funding, but to varying degrees. Canadian provinces also seem to offer greater levels of support than their US counterparts, but more research is needed to determine the veracity of this statement.

Local Monetary Support for Housing Rehabilitation

Case studies of cities in the U.S. and Canada demonstrate that each municipality approaches financing for local rehabilitation efforts in different ways. Thus, it would be futile to attempt to generalize about which strategies are most common or most successful. In most cases, federal funding often plays a significant role in determining the extent of rehabilitation efforts, although the allocation and actual use of these funds varies widely. Certainly, in some areas local governments use property taxes for various efforts to

upgrade infrastructure and public space. In many cases, housing renovation can often lead to an expanded tax base, although not all municipalities are able to capitalize on this possibility (Simons, Magner, & Baku, 2003).

The presence of a variety of non-governmental actors, such as charitable organizations, NGOs, community development corporations (CDCs), and private enterprises, further complicates any attempt to generalize about local rehabilitation efforts, as the presence of these activities undoubtedly varies widely between municipalities. At the same time, municipalities utilize a wide variety of funding sources in very different ways, largely as a result of the decentralization of housing programs discussed earlier (Thoreson & Larson, 1995).

Community Development Block Grants and Community Development Corporations

While not all cities use the same financing strategies, some have become quite common. In the U.S. Community Development Block Grants have become a popular means of financing local residential rehabilitation efforts. The funds from CDBGs are allocated to local organizations, such as Community Development Corporations (CDC), who oversee rehabilitation efforts. According to the Urban Institute (as cited in Simons, Magner, & Baku, 2003), in 1998 there were more than 3,600 CDCs working on housing rehabilitation in the U.S. However, because many CDCs receive funding from multiple sources in addition to CDBGs, and seeing that no cross-city data sources exist for these funding sources, it is difficult to measure the direct impact of such funding. Nevertheless, efforts have been made to identify additional factors that may influence the success of rehabilitation efforts. These include local employment and housing market conditions, social problems within the neighborhoods being served, the quantity of leveraged public investment, and the assets and liabilities held by the neighborhoods. As Walker (2002) argued, determining the “CDBG ‘threshold effects,’” or the “points after which increased CDBG expenditures trigger an acceleration in the pace of neighborhood improvement” is undoubtedly vital to the allocation of more funding for rehabilitation. However, preliminary research shows CDBG-funded rehabilitation did “provide substantial benefits to the local economy. From a fiscal impact standpoint, units returned about \$0.55 for every local government dollar invested. In addition, Simons, Magner, and Baku (2003) found economic benefits such as increased property values and tax base and construction and permanent jobs were created and sustained by the programs.”

Private Support for Rehabilitation Financing

While CDBGs and other federally funded rehabilitation programs are relatively successful, many local communities continue to lack the necessary funds to complete needed housing renovations. Leveraged financing techniques provide one possible solution to this dilemma. According to a U.S. government report (1979),

“[L]everaging combines public dollars with private dollars to create a pool of funds for rehabilitation loans at below-market interest rates. CDBG funds are used as a “lever” to involve private resources in public rehabilitation programs. With the inclusion of private funds, committed through negotiated “leveraging agree-

ments,” the scope and capabilities of local programs can be expanded dramatically.”

Not only does leveraging increase the availability of funds for rehabilitation efforts, but it allows lenders to create a positive self image and to meet the expectations of legislation aimed at reducing discrimination such as the Equal Credit Opportunity Act of 1974, among others (Mathews, 1982).

In general leveraging of public funds takes two forms: direct subsidies and deposits. Direct subsidies, as the name implies, provide direct assistance for home renovation efforts by reducing the cost to the borrower. These direct subsidies can take the following self-explanatory forms: interest reduction, principal reduction, interest subsidy, and payment reduction grants (Hanson & Florida, 1980). In the second form, known as deposit subsidies, funds “are deposited with private lenders and provide security and other benefits on loans made at lower interest rates or other special terms” such as agreeing to participate in leveraging or providing insurance guarantees (US, 1979).

Traditional Lending or Microlending

Although many homeowners undoubtedly finance home improvement activities through traditional bank loans and mortgage refinancing, this option is not necessarily feasible for low-income homeowners, many of whom can’t afford traditional mortgages due to high debt payments for “core units,” difficulty making regular monthly payments due to life circumstances, the absence of clear title, and a lack of interest by traditional lenders (Ferguson, 1999) (although this latter concern is addressed by certain leveraging techniques, such as insurance guarantees). According to Ferguson (1999), “micro-finance” of housing means small loans – typically US\$ 300 to US\$ 3,000 - at market rates of interest amortized over short terms - often, two to ten years.” In addition, microlending is often offered on with flexible collateral requirements and on a rotating basis, meaning that borrowers, once having paid off one loan, are eligible for another. Many organizations also provide technical assistance and training programs to support self-builders, and the flexible, affordable structure means that “[m]icrofinance of housing well suits the incremental upgrading process” of many low-income self-help housing settlements (Ferguson, 1999). However, recent evidence from a review of microlending for housing rehabilitation may put in question the affordability of microloans for some recipients—20% of those interviewed experienced affordability problems when both loan payments and other financial obligations were taken into account (Giusti & Estevez, 2011).

Regulatory Policy

Introduction

This section summarizes the regulatory and legal policies that characterize housing rehabilitation in the United States and Canada. Because of the layers of bureaucracy and different levels of government present in the United States, this section is broken down into federal, state and local policies. Much of the regulation occurs at the local level, though guided by some large-scale policies implemented by the federal government.

States often act as intermediaries between funding from the federal government and local entities, although activity at the state level varies widely.

Federal Regulation

The federal government's involvement in regulating housing rehabilitation is limited. During the 1960s and 1970s, the government passed several laws aimed at ensuring fair and affordable housing for all Americans, such as the Fair Housing Act of 1968 and the Housing and Community Development Act of 1974 (HUD Presidential Order). Other federal regulations were implemented to ensure fair lending practices for all eligible homebuyers. Similar housing acts were passed throughout the 1980s and 1990s, and these policies form the basis for current HUD programs (HUD Programs). Overall, HUD serves as a funding source for rehabilitation projects and largely leaves regulatory policy up to local jurisdictions.

For example, the HOME Investments Partnership Program, the federal government's largest block grant, provides formula funding to all states and some local governments. Receiving entities can then determine how best to allocate the resources. Those grants that are competitive are awarded based on how well they meet HUD's five-year strategic plan and current policy priorities. The strategic plan contains broad goals such as bolstering the economy, strengthening the housing market and supporting sustainable communities (HUD Strategic Plan). The policy priorities are similarly broad and do not contain specific regulatory requirements (HUD FY 2010 Funding). The federal government's approach to affordable housing and housing rehabilitation has evolved over the past several decades to a more decentralized structure with increased control at the local level (Duda, 2001). Canada's national housing authority, the Canada Housing and Mortgage Authority (CHMA), adheres to an equally hands-off approach to regulation of rehabilitation projects. CHMA partners with territories and provinces to provide low-interest loans and grants to qualifying homeowners based on broad eligibility requirements (CHMA Programs & Financial Assistance). One noted difference between Canadian and US policy is Canada's focus on indigenous populations. Canada administers large-scale rehabilitation programs targeted at its aboriginal population (Canada's Economic Action Plan), while the US gives less emphasis on directing programs to specific ethnic or racial groups.

State Regulation

States have differing regulatory climates for housing policy. While state governments don't play an active role in regulating rehabilitation, state legislatures can impact rehabilitation by creating policies that are likely to impede or encourage projects. For example, legislatures in Texas and Arizona have attempted to regulate colonias by imposing stiff penalties on dwellings that do not meet strict codes; this type of regulation would make it extremely difficult for homeowners in colonias to make improvements on their homes (L. Arizmendi, D. Arizmendi, & Donelson, 2010).

Another example of state policies inhibiting the creation of affordable housing can be taken from the state of Texas. Texas bans inclusionary zoning, a practice that requires

that a certain percentage of housing units in new developments be devoted to low- or middle-income families. Since cities can't mandate affordable housing, they must use incentives to ensure that builders create affordable housing units (Austin Comprehensive Housing Market Study, 2008). In addition to passing legislation, state governments regulate housing projects through state housing authorities, often called Housing Finance Authorities.² These agencies funnel money from the federal government to local entities, but their involvement in grant-making and administering programs varies greatly.

Local Regulation

Local rehabilitation policies and regulation also vary widely among local entities. While it would be difficult to summarize the regulatory policies for all of North America, some examples are provided below. Individuals and agencies working to rehabilitate homes face high levels of bureaucracy. One example lies with the city of Austin's home repair program, which is funded through General Obligation bonds. If the City of Austin repairs a home directly through this program, it must bring the entire house, including all major systems- electrical, plumbing, roofing, etc- up to code as a matter of legal policy. Two years ago, the cost to bring a house fully up to code was about \$42,000.

However, if the City reimburses a nonprofit for working on a home, that nonprofit is only required to bring systems they work on up to code. At present, the City will reimburse a nonprofit for up to \$15,000 of work. Some of the cost of the City program is due to labor and subcontractors, while many nonprofits use volunteer labor to do the work. It is also important to note that cities and counties have different types of regulatory authority regarding houses and other structures. For example, Texas counties have weak land-use ordinance authority and therefore homes located in unincorporated areas of counties face fewer regulatory restrictions. However, some counties do offer small-scale rehabilitation projects, such as Alameda County, California (Alameda County Community Development Agency).

Eligibility for rehabilitation projects in North America are usually based around several different criteria: 1) family income of the homeowner; 2) location of the home in a target neighborhood or area; 3) physical components of the rehab project; 4) applicant's membership in a particular social or ethnic group. The criteria used to determine eligibility are based on the overall goal of the program. Some rehab programs aim to assist low-income homeowners while others are more targeted at improving entire neighborhoods and do not take into consideration incomes as long as the home is located within certain geographical boundaries. Other programs focus on certain outcomes such as improved energy efficiency, accessibility for the elderly or disabled, or environmental sustainability, and eligibility would be contingent upon the applicant demonstrating the project will meet that physical rehabilitation goal. Other program eligibility is based on whether the applicant is part of a target social group, for example an indigenous Canadian who is part of a First Nation.

² For a directory of all state housing authorities, see: <http://www.ncsha.org/housing-help>

Physical Housing Rehab policies

The patterns of colonial and subsequent urban development in the U.S. and Canada has followed an east to west trajectory, resulting in wide variations in median housing stock age throughout each country. Housing development however was not generally achieved through a piecemeal approach; rather it often was spurred by waves of top down policy initiatives. Urban historians note that such an approach produced uniformity in built form that “formalized and systematized the society [Americans] hoped to create” (Wright, 1981). However the uniformity of form on various scales, from apartment block to suburban single family home, concealed growing inequalities and residential segregation that have remained a prominent feature of the housing landscape.

In the U.S. and Canada, the issue of housing rehabilitation has focused on public housing infrastructure, emerging from the reforms of the post World War II period (Purdy & Kwak, 2007). However mid-twentieth century trends favored slum clearance, or better phrased, urban redevelopment, over rehabilitation of existing housing stock. In the place of deteriorating tenements buildings high-rise towers and massive housing blocks were constructed, which are now facing redevelopment or rehabilitation themselves in the face of anti-discrimination legislation and changing housing norms and needs.

Private market housing physical rehab programs have lagged behind their public counterpart. For the most part, the lack of funding and feasibility through the regulatory systems disincentivizes rehab at on smaller scales, and redevelopment or relocation often becomes the more affordable option. Without alternative, self-help rehab efforts similar to those seen throughout Latin America have developed along the U.S. side of the U.S.–Mexico border. Known as *colonias*, these informal settlements in unincorporated areas have built and rehabbed existing structures outside of the municipal codes and regulation. Non-profit organizations have responded with financial and other assistance for *colonia* residents, however studies have shown that these communities are in need of additional resources and that the local and state government have yet to address their needs (See Starr County Case Study).

While the issue of self-help rehab remains invisible in the larger housing policy arena in the U.S. and Canada, existing physical rehab programs tend to focus on the following issue areas:

1. Upgrading aging housing stock & infrastructure:

Metropolitan areas in the U.S. and Canada have experienced a “return to the city” in the recent decade, resulting in urban core densification that has spurred the need for infrastructure replacement or upgrading (Filion, Bunting, Pavlic, & Langlois, 2010). This physical need for upgrading, improvement, and bringing structures up to code, has been enforced by regulation and incentivized as part of economic development and revitalization efforts, resulting in neighborhood scale rehab initiatives. These types of programs are often large-scale and interdepartmental, integrating departments such as public works, housing, economic development, and transportation. However these upgrades can pose challenges for neighborhood affordability. Chicago’s Housing Preservation program serves as an

example of a municipal partnership that focuses on both upgrading housing and building stock and preserving affordability. The program works with private lenders and foundations to facilitate cross-sectoral initiatives that rehab vacant, abandoned, and out of code properties and preserve existing affordable units through rehab (see Chicago Case Study).

2. Sustainability:

U.S. and Canadian federal governments have promoted sustainability and energy saving policies and opportunities for homeowners and renters through various grants and public private partnerships. Toronto in particular has become a leader in sustainable retrofitting programs for both the public and private market housing. Examples include the Renewable Energy Initiative, the Social Housing Renovation and Retrofit Program, and Toronto Community Housing Corporation's Green Plan (see Toronto Case Study).

3. Affordable housing:

Rehabilitation of current housing stock has been identified in strategic plans across several large metro areas as a key approach to maintaining affordable housing (Chicago Metropolis, 2002). Non-profit organizations, such as Affordable Housing Associates in Oakland, have helped provide rehab resources and funding for low-income residents (see Oakland Case Study); however few policies exist at the municipal level to help enable this strategy, and additional funding is needed. Recommendations for facilitating affordable rehabbed housing include local government adaptation of HUD's "Nationally Applicable Recommended Rehabilitation Provisions."

4. Safety, accessibility, & health:

In Canada and the U.S., municipal levels programs provide income based funding for rehab and repairs for elderly and disabled populations. Municipal, state, and federal programs for emergency repairs (heating systems, roofs, etc.) exist, with different eligibility requirements, generally focused on very low-income residents and essential repairs. Additional municipal programs provide financial assistance for lead abatement in older homes.

5. Changing housing norms:

The changing housing paradigm is related to other rehab issues, including the "return to the city" and sustainability movements. These new housing demands have influenced both private market and public housing rehab opportunities. While Canadian social housing has followed a different trajectory, public housing in the U.S. has only in recent years begun focusing on issues of social integration and diversifying public housing typologies (Vale & Graves, 2010). Part of the changing housing norms includes a demand for increased access to public transportation, additional green space, and sustainable solutions. Programmatic examples include Chicago's Plan for Transformation (see Chicago case study) and Toronto Community Housing Corporation's Green Plan.

6. Historic preservation:

Programs and neighborhood-based initiatives are available at municipal and at some state levels in order to incentivize historic home rehab and preservation. These programs generate economic stability through increased tax bases and home values, and foster social identity. Chicago's Historic Bungalow Initiative

serves as an example of such programs that help preserve distinct housing stock and facilitate sustainable retrofits.

Current challenges in physical rehab solutions include the lack of flexible solutions to respond to changing housing needs; the lack of regulatory mechanisms to enable rehab as an affordable option; and the lack of housing solutions during rehab of both public and private market housing. Researchers have also argued that rehabilitation is a tool of gentrification, which can potentially push out low-income and minority residents and increase economic residential segregation (Helms, 2004). Thus incentivizing affordable rehab, reducing upfront costs, and expanding program eligibility are critical components for equitable rehab initiatives.

In the U.S. and Canada, significant bureaucratic obstacles make adaptive, community-based, and ground-up housing rehab initiatives difficult. Despite these challenges, effective strategies have been identified to enable rehab. These include reforming municipal policy to enable rehab at the building code level; increasing the acquisition of vacant and abandoned properties for rehab and designation as affordable housing; and creating multi-issue based rehab programs, such as Chicago's Green Bungalow initiative or Housing Preservation program.

Community – State Interactions

As stated above the relationship established between community organizations/institutions and the administrative levels of the state are highly bureaucratized in the United States. The main actors of these interactions are community organizations and institutions (profit and non-profit) on one side, and the state, and the city council on the other. The interaction of federal agencies, in this case the Department of Housing and Urban Development (HUD) is mediated by the lower levels of the federation hierarchy (i.e. state and city) that administer federal funds and follow the rules and directions established by HUD.

In this sense, it remains clear that most of the relationship between the administrative levels of the state and the community follow a well-defined framework basically determined by funding allocation depending on the objectives of each federal program. It is possible to observe the complexity of the interaction by only looking to the Community Development Block Grant (CDBG), one of the three programs that HUD has established throughout these years, along the Housing and the Public and Indian Housing programs.

In table 1 it is possible to see how, within CDBG programs, funding allocation and actors vary depending on each of the specific subdivisions of the program. It is also possible to see how federal programs channel and define the later interactions of community organizations.

Limits of interaction for the individual and the collectivity

Given the characteristics of the programs established by federal authorities the position that individuals and collective organizations occupy in front of state authorities when ne-

gotiating programs and their objectives, varies depending on the level of interaction. In this sense, when referring to the federal level, only state entities, such as counties or local governments, interact with the federation. If the state becomes the center of analysis, local governments, counties, private (profit or non-profit) organizations are the ones that interact with it. Along with participation of official and recognized community organizations and institutions, local governments open the space for individuals and their families to directly interact with housing authorities, depending on their income status. As the Memphis study case shows through its Neighborhood Stabilization Program (NSP) (City of Memphis NSP), families considered low-income or very low income can directly apply to the City Council to receive the benefits of the program.

TABLE 1
Grants recipients by program

	Potential grant recipients				
	State	County	Local gov't	Private Non Profit	Indian tribes, Colonias or Insular areas
Community Development Block Grant Entitlement Communities Grants	X	X	X		
State administered CDBG			X		
HOME Investment Partnerships Program	X		X		
Housing Opportunities for Persons with AIDS (HOPWA) Program	X	X	X	X	
Emergency Shelter Grants (ESG) Program			X	X	
Community Renewal Initiative					
Disaster Recovery Assistance	X		X		X
Neighborhood Stabilization Program Grants (NSP1)	X		X		
Neighborhood Stabilization Program Grants (NSP2)	X			X	
Neighborhood Stabilization Program Grants (NSP3)	X		X		
Colonias	X				X
Brownfields Economic Development Initiative (BEDI)			X	X	

Prepared by: North America group from www.hud.gov sources.

Role of Community Organizations and Institutions

Community organizations and institutions focused on housing rehabilitation interact mainly with the State and the City, with a higher emphasis in the latter. Both of these administrative levels determine the limits and the requirements that community organizations and institutions should fulfill in order to be eligible as fund lenders or recipients.

A clear example is the case of the Michigan State Housing Authority's (MSHDA) that sets parameters for *Participating Lenders* and *Community Agents* (MSHDA Lenders & Community Agents). The former are financial institutions (banks) that are entitled to provide loans for urban rehabilitation while the latter are community organizations and institutions that are entitled to receive funding for the same objective. In order to become a *Participating Lender*, county financial institutions should be first registered as HUD Title I lender or as a HUD approved Supervised Loan Correspondent and then sign a participation agreement with MSHDA. For being considered as a Community Agent, organizations and institutions should be either a local unit of government officially recognized as a city, county, township or village in the State of Michigan, or a Community Action Agency in good standing as a CAA in accordance with Michigan P.A. 230, of 1981³ or a nonprofit corporation incorporated in the State of Michigan to administer housing related programs. The MSHDA makes public the listings of participating lenders and community agents on a county basis.⁴

At the local level, the city of Memphis provides another example of how the city council shapes the interaction with the community. A public list of entitled Community Housing Development Organizations (CHDOs) is published, recognizing these institutions as the main recipients for funding.⁵ From this example, the previous one in Memphis and the study cases of Cleveland, San Antonio, Starr County, Chicago and Saint Paul it is possible to see the wide variety of organizations that are entitled by local governments to receive and administer funds for housing rehabilitation. They may range from private profit or non-profit organizations (St. Paul, Chicago, Cleveland) to faith-based organizations (Memphis), or education institutions and civic organizations (Cleveland).

Consolidated plans: a vehicle for community participation

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

³ Available:

[http://www.legislature.mi.gov/\(S\(b1fdnf55terrle3f3s4rxn55\)\)/mileg.aspx?page=getObject&objectname=mc1-act-230-of-1981](http://www.legislature.mi.gov/(S(b1fdnf55terrle3f3s4rxn55))/mileg.aspx?page=getObject&objectname=mc1-act-230-of-1981)

⁴ Available at <http://www.michigan.gov>

⁵ Available at <http://www.cityofmemphis.org>

Case study summaries

Chicago, IL, USA - The Chicago Metropolitan Area has been the site of numerous housing rehabilitation initiatives for public and private market housing. The recent metro area planning initiative identified housing rehab as a key strategy to ensuring adequate affordable housing, while the local housing authority is in the process of rehabbing its entire public housing stock. These local housing programs have been historic in scope and have targeted a variety household income levels; however they also have been met with public contestation and lingering political struggles.

Toronto, ON, CAN - The Canadian state of Ontario has a history of strengthening municipal management of housing programs, which has led to the development of an assortment of housing solutions in Toronto. However the greater Toronto area has among the highest median household incomes and labor force participation rates in Canada, making redevelopment and gentrification, rather than housing rehabilitation, key trends. Nonetheless development in Toronto is constricted by its water and wastewater dependence, which has lead local policies to focus on housing rehab in the context of urban densification and sustainability initiatives.

Austin, TX, USA – Austin is a unique in that it offers General Obligation bond financing for home repair and low-income housing creation. Texas also forbids inclusionary zoning, which would allow cities to mandate that a certain percentage of created housing be used for low- to middle-income families. Austin’s recent housing plan also noted that the rental situation for the lowest-income families in the city is untenable.

New Orleans, LA, USA – Much of the home repair that goes on in New Orleans is in response to the devastating effects of Hurricanes Katrina and Rita. Programs vary on a parish-to-parish basis. There is a heavy emphasis on building affordable housing, with the remaining efforts put towards revitalizing post-Katrina neighborhoods. In order to combat the poor rental situation in the city, New Orleans has considered assisting landlords with repairs through direct payments. HUD in New Orleans has been criticized for being understaffed and inaccurate in the city.

St. Paul, MN, USA - Community Neighborhood Housing Services (CNHS) of St. Paul, MN partnered with local nonprofits and lenders to conduct a community revitalization project focused on the physical rehab of homes.

Winnipeg, Manitoba, CAN – Details a recent effort to rehabilitate low-income neighborhood in Winnipeg.

Starr County, TX, USA – A case study on financing and rehab in a South Texas *colonia*.

Memphis, TN, USA - The city of Memphis shows an example of very well undertaken federal programs funded by the Department of Housing and Urban Development (HUD) regarding urban renovation. The state of Tennessee, Shelby County and the City of Memphis, have received altogether an amount of 60 million dollars, from federal funds for urban renovation. This study case also shows the structure of relations between the city council and local institutions and organizations eligible to receive federal funds and a closer look at the bureaucratic structure of the city council's divisions - and their departments – in charge of urban renovation in Memphis.

Detroit, MI, USA - The city of Detroit study case shows an approach to urban safety focused mainly on demolition of abandoned, dangerous and dilapidated buildings. Detroit is considered to be one of the most dangerous cities in the US in terms of crime. For 2010 the city council programmed the demolition of 3,000 housing units, and for 2013 has programmed the demolition of a total of 10,000 units. This case also shows the requirements for local institutions and organizations to become Property Lenders or Community Agents. The former will administer lending funds, and the latter will be eligible for receiving urban renovation funds. An amount similar to a quarter of the funds destined to demolition goes to minor home repair and public spaces renovation. Finally, the case shows references to city council departments that have the task of receiving complaints about blight spots and evaluate them to determine if these spots should be subjected to demolition.

Minneapolis – St. Paul, MN, USA – Demonstrates how a Community builds and reinforces its capacity in the collective actions.

Cleveland, OH, USA - How NGOs and development intermediaries help to organize the neighborhood and assist neighborhood to go through the institutionalized channel to gain external resources.

San Antonio, TX, USA – Details how public agencies initiate and coordinate citywide community planning actions.

Oakland/Alameda County, CA, USA - The City of Oakland Community and Economic Development Agency and Alameda County Community Development Agency have partnered to reduce overcrowding, dilapidated housing stock and excessive cost of housing in the city and surrounding areas. Other nonprofit agencies, such as the Affordable Housing Associates, work to increase affordable housing through the rehab of existing homes and development of new units. Most of the rehab programs are targeted at bringing dwelling up to code and access for the disabled and elderly.

Appendix: North American Case Studies

Chicago, Illinois

The Chicago Metropolitan Area has been the site of numerous housing rehabilitation initiatives in the public and private sector, perhaps due in part to its older housing stock. Local housing rehab programs have been historic in scope and have targeted a variety household income levels; however they also have been met with contestation and lingering political struggles.

Public Housing Rehab

One of the largest scale and perhaps most closely scrutinized rehabilitation plans in the U.S. is the Chicago Housing Authority (CHA)'s ongoing Plan for Transformation. Over a 15-year period the CHA aims to rehab or redevelop 25,000 local public housing units, with an emphasis on integrating public housing and its residents into the larger urban fabric and broader opportunities (Vale, L. J., & Graves, E., 2010). Funded by the U.S. Department of Housing and Urban Development (HUD) as a Moving to Work program, the plan is subject to public housing integration and antidiscrimination policies upheld by Supreme Court decision *Hills v. Gautreaux*. Because of the city's history of legal, political, and social struggles concerning racial segregation, the plan has been met with concern and criticism from housing activists and residents.

Currently the rehab plan includes the following components: physical upgrade or demolition of deteriorating public housing units; renovations specifically for senior housing; increased courtyard and open space in new designs; resident relocation counseling services; employment services; and options to transition into private rental market. While integrated resident services have the potential to galvanize community organization efforts and reduce social marginalization of residents, the outcomes have been debatable. Nonetheless reports suggest that service providers are contacting residents and resident counseling services have improved since the plan's onset (Vale, L. J., & Graves, E., 2010 and Rasinski, K. A., Lee, L., & Haggerty, C., 2010). Best practices and recommendations identified from the Plan for Transformation include:

- Integration of social services / counseling for public housing residents
- Include partnerships with neighborhood associations and churches in order generate social capital and resident buy-in in the rehab and relocation processes
- Long term commitment to residents must be made (Rasinski, K. A., Lee, L., & Haggerty, C., 2010)

Private Housing Market Rehab

Chicago's private sector housing rehab policies and programs target a variety of household income levels through a range of issues including historic preservation, blight reduction, safety, and sustainability. Rehabilitation has also been identified as a key strategy for providing affordable housing by the Chicago Metropolis 2020's Workforce Housing Action Agenda. Currently, the metro area has a strong network of community organizations working collaboratively on issues surrounding housing rehab, including rehab funding. Best practices and recommendations from the private sector include:

- Enabling rehab strategically at the municipal level:
 - Affordable Housing Preservation Ordinance requires owners of federally subsidized rental housing to notify the Department of Housing and Economic Development at least 12 months prior to expiration or termination of the development's affordability restrictions, which gives the department sufficient time to solicit bids from pre-qualified, affordable housing developers to purchase the property (Housing Preservation, 2010)
 - Housing Preservation program has partnered with private lenders and grant foundations to fund rehab initiatives such as:
 - Troubled Buildings Initiative: saving properties falling into disrepair through a variety of mechanisms
 - Preserving Communities Together: facilitating rehab and use of vacant and abandoned properties
 - Preservation Compact: partnership focused on funding rehab and preservation of existing affordable housing
- Combining issues of historic preservation with sustainability: Chicago Historic Bungalow Initiative & Green Bungalow Blocks: incentivizing preservation and sustainability of historic homes
- Expand current successful non-profit rehab funding programs & resources: Neighborhood Housing Services, Community Investment Corporation, Hispanic Housing, Chicago Community Loan Fund, Local Initiatives Support Corporation, Northwest Housing Partnership, Chicago Rehab Network
- Increase local rehab subsidies
- Adoption of HUD's "Nationally Applicable Recommended Rehabilitation Provisions" to facilitate rehab process through building codes (Chicago Metropolis 2020, 2002)

Toronto, Ontario, Canada
Physical Housing Rehab Policies:

- Public housing & cooperative housing:
 - Toronto Community Housing Corporation's 2007 Green Plan: set goals for reduction in green house gas emissions, waste production, and energy and water consumption; initiated building investment, maintenance, and rehab to improve sustainability; development of community gardens on properties; redevelopment of Regent Park; increased resident opportunities
 - Social Housing Renovation and Retrofit Program: grant program funding rehab of eligible social housing projects
 - Sustainability Programs: *Renewable Energy Initiative*: partnership with qualified renewable energy vendors that provides funds for installation of these technologies; *Feed in Tariff*: Enables housing co-ops to sell electricity back to provincial power grid, administered through Ontario Power Authority; *Innoserv Solar*: Assists co-ops in assessing options for solar energy projects; *GLOBE*
- Programs for private sector housing:
 - Canada Mortgage and Housing Corporation's Residential Rehabilitation Assistance Program (RRAP) provides funds for: mandatory affordable housing

repairs, housing renovation for elderly and disabled, conversion of non-residential buildings to affordable rental housing, low-income rental unit repairs, and creation of a low-income secondary/garden suit

- Emergency Repair Program
- Home Adaptations for Seniors' Independence
- Toronto Heritage Preservation programs

Community Organization/Mobilization for Rehab:

- Toronto Community Housing Corporation has effectively engaged neighborhoods and residents, and in particular youth, and those with mental illness or disabilities, to empower residents and gain buy-in in decision making
- Ontario Non-Profit Housing Association and the Co-operative Housing Federation of Canada serve as a regional networks for affordable housing development and provide education, representation, management, and collaboration opportunities

Financing Policies for Rehab:

- Canada Mortgage and Housing Corporation funds both regional and municipal agencies and direct developments, including renovations and retrofits
- Ontario Non-Profit Housing Association matched federal funds for the 2007 Green Plan
- RRAP provides loans that are forgiven for low-income private rehab

Regulatory/Legal Environment for Rehab:

- Municipal policies and planning environment strongly encourage densification, especially in the urban core
- Federal, provincial, and local government policy have strong commitment to environmentally friendly and sustainable housing, and Toronto envisions becoming a "green leader" in North America
- Toronto's high cost of living has maintained a large rental housing stock, and recent local policy has been passed to protect residential property from demolition and conversion

Austin, Texas

1. Physical Housing & Rehab Policies

- a. If the City home repair program is to work on a house, it must bring that house entirely up to code. This is **not** the case for GO! Bond home repairs done by nonprofits, which are reimbursed after the fact. In this case, only major systems upgraded must be brought to code (electrical, plumbing, roof, HVAC).⁶

⁶ Unless otherwise cited all information was retrieved from Austin Housing Finance Corporation. www.ci.austin.tx.us/ahfc/gorepair.htm

- i. “Eligible repairs will be limited to those that pose health and safety risks, such as those listed below:
 - 1. Accessibility modifications,
 - 2. Electrical, plumbing, mechanical repairs,
 - 3. Exterior siding repair,
 - 4. Window and door repairs/replacements,
 - 5. Minimal drywall and flooring repair,
 - 6. Ceiling fans in bedrooms and living room,
 - 7. Painting as related to repairs, and
 - 8. Roof repairs.”
 - b. Austin makes emergency home repairs available through the Austin Area Urban League.
- 2. Community Organization & Mobilization for Rehab
 - a. The Austin Home Repair Coalition = a collection of individuals representing home repair organizations throughout the city as well as community members and other interested parties. They are gathering funding to become a permanent fixture to lobby on behalf of effective home repair policies in Austin.
 - b. There are many home repair programs in Austin, and they are all beginning to do the same sorts of repairs because of the ease of getting GO! Bond money.
- 3. Financing Policies for Housing Rehab
 - a. Austin is unusual in that it takes out General Obligation bonds to serve as funding for home repairs and low-income home construction, known as GO! Bonds, which are managed by Austin Housing Finance Corporation.
 - b. Average home repair costs around \$42,000 to bring entirely up to code.⁷
 - c. Austin also offers loans to qualifying families for home repairs.
 - d. See also 4§e
- 4. Regulatory and Legal Policies for Rehab
 - a. Texas is fairly unique in that it bans inclusionary zoning, which would require a certain percentage of new units be devoted to low- or middle-income families.
 - b. Austin has the Economic Growth and Redevelopment Services Office (EGRSO), which has worked to create (through tax incentives) 1,641 new affordable housing units (rental & purchase) as well as garnering \$2.7 million for a new affordable housing fund (Evins, F., 2010)
 - c. Austin has a large renter population (54% of total population), in part due to having so many students. An estimated 13% of renters could afford the median priced home for sale (Austin Comprehensive Housing Market Study, 2008). However, home rental has been a neglected policy area to date.
 - d. Current zoning regulations are determined on a community-by-community basis, which can constrain growth. Austin has mitigated this constraint sby developing a citywide comprehensive growth plan.

⁷ Personal conversation with Fernando Hernandez. 2008.

- e. Given that the city may not mandate affordable housing, downtown developers currently have two choices under the current policy framework: pay a \$10 per bonus square foot in the downtown area or seek Central Urban Redevelopment (CURE) Combining District rezoning. Given that, to date, developers have chosen to navigate the rezoning process rather than pay the downtown fee in lieu, one can deduce that the fee in lieu needs further review to ensure that it is tied to the market. The current fee in lieu may require further evaluation as currently, it does not appear to be an attractive option for developers.

New Orleans, Louisiana

Note: New Orleans is a fairly unique case study due to the impact of Hurricanes Katrina & Rita. Many of the parishes that would have needed repairs are gone but being slowly rebuilt. As such, most of the policy is now focused on rebuilding homes, not repairing them.

1. Physical Housing & Rehab Policies
 - a. Emphasis on new construction in the areas hit hardest by the storms.
 - b. NIST has suggested stronger building standards and codes post-Katrina (DHS, n.d.).
 - i. Codes are meant to be minimum standards but have been treated as failsafes
2. Community Organization & Mobilization for Rehab
 - a. “Neighborhood organizations have rightfully been hailed as the heart and soul of the city’s recovery.” (Plyer, A., 2010)
 - b. Small sample of organizations that do repairs or rebuilding:
 - i. Beacon of Hope⁸
 1. Resource Center and Coordinating Body
 - ii. Project New Orleans
 - iii. Greater New Orleans Foundation
 1. Community Chest
 - iv. The Phoenix of New Orleans
 - v. Common Ground Relief
 - vi. Neighborhood Housing Service
3. Financing Policies for Housing Rehab
 - a. “Beyond private insurance and investments, much of [the] recovery was fueled by federal funding in the form of rebuilding grants to underinsured homeowners and tax credits to low-income housing developers.”(Plyer, A., NRR)
 - b. LIHTC – Low Income Housing Tax Credits
 - i. Program is noble but flawed in execution due to unfair housing practices.

⁸ <http://www.lakewoodbeacon.org/>

- c. Used to have a ‘soft second mortgage’ program that allowed for home repair financing. No longer.
 - d. Jefferson Parish:⁹
 - i. \$20,000 grant program for emergency home repairs.
 - ii. \$95,000 grant for homes beyond repair.
 - iii. Only parish with a reasonably functional website, unfortunately.
4. Regulatory & Legal Policies for Rehab
- a. Affordable rentals are nearly nonexistent for households earning less than \$20,000 and only 14% of those earning between \$25,000 and \$35,000 (Plyer, A. *et. al.*, 2009:5)
 - b. Policy options considered include (Plyer, A. *et. al.*, 2009:20-24):
 - i. Payments for landlords to repair houses in exchange for below market rental rates.
 - ii. Community land trust to try to achieve larger scale affordability.
 - iii. Employer assisted housing programs
 - c. Title has become a huge issue in the city, and programs may require clear title for some period of time (i.e. one year) before commencing repairs. Doubly difficult because so many houses no longer exist.
 - d. HUD wrote a blistering critique of the Housing Authority of New Orleans last year for being understaffed and inaccurate (HANO, n.d.).

St. Paul, MN

Community Neighborhood Housing Services (CNHS) of St. Paul, MN partnered with local nonprofits and lenders to conduct a community revitalization project focused on the physical rehab of homes.

Purpose of organization: *“The organization provides NeighborWorks Full-Cycle Lending services, including first-mortgage programs; homebuyers counseling and education; housing improvement loans; and acquisition, rehabilitation and sale of homes. The organization also provides loan servicing for other organizations. The mission of CNHS is to promote community development through education and affordable housing programs in the communities it serves.”* (quoted text)

Program partners: CNHS, Neighborhood Development Alliance (NeDA- another community redevelopment nonprofit), Firststar Bank’s “Adopt a Block Program”

Redevelopment area: several blocks that encompassed 425 homes, about half of which were rental properties. The organization first bought 3 homes, rehabilitated them and sold them to first time homebuyers. They then provided grants and loans for rehab, home improvements and purchasing of homes to people in the neighborhood.

- Requirements/grant amounts:
 - \$1,500 maximum grant for exterior repair
 - No income requirement
 - Homeowners must live in target area and have real rehab needs- no luxury items

⁹ Jefferson Parish Programs and Services. www.jeffparish.net/index.cfm?DocID=1219

- Physical rehab:
 - The money went primarily for retaining walls, repairing steps, windows, doors, etc., exterior painting, and roof or soffit work
- Loans:
 - CNHS and NeDA offered low-interest loans for larger improvements to families earning more than 80% of median area incomes
 - CDBG loans were available at below market rates for those earning under 80% of the median area income
 - The average loan was \$10,000
 - CNHS managed all grant and loan packaging
- Project awareness:
 - Firststar Bank paid for marketing in the form of flyers, newspaper articles, open houses, and one-on-one contact with homeowners.
- Funding:
 - Washington County and HOME Grants
- Problems with project:
 - They did not offer loans for rental properties. Since about half of the homes in the target area were rentals, the neighborhood revitalization was not as complete as it could have been.
 - The loan and grant administration was expensive and time-consuming. They plan to charge fees in the future to recover these costs and to also ensure that homeowners feel connected and involved in the project.

Results: In three months, 30 grants were made and 8 homes received rehab loans. Twelve households contributed their own money to extend the scope of the rehab. Other homeowners in the neighborhood have been inspired to do their own rehab projects after seeing the improvements made to the exterior of homes in the area.

Winnipeg, Manitoba, Canada

Recent efforts to rehabilitate inner city housing in the Spence neighborhood in Winnipeg, Manitoba have met with mixed results. While the Spence Neighborhood Association, a community-based organization led by a group of concerned homeowners, was successful in rehabilitating over one hundred homes and helped to reverse decades of declines in both population and property value in the neighborhood, the resulting gentrification has created affordability issues for the area's lowest income residents (SNA, 2007).

Originally developed in the early 20th century as a middle-class neighborhood, much of the Spence area's housing stock was in need of repair by mid century. The relocation of many families to the suburbs led to a population decline from 7,649 residents in 1951 to 3,912 in 2001. In the last two decades this demographic change was accompanied by the increase of the Aboriginal population, a typically impoverished and marginalized group in Canada, from 17% in 1991 to over 30% in 2006, compared with 9.6% for Winnipeg as a whole. Over a similar time frame, the average home values in Spence fell from \$44,100

in 1989 to \$30,200 in 1997. Currently, more than 55% of the current housing stock was built prior to 1946 and is in need of serious repair (Buchanan & Budiwski, 2009).

Community Organizations: The Role of the SNA

The SNA began as a group of concerned homeowners seeking to reverse the trend of neighborhood decline and housing deterioration that had occurred over previous decades. In total, by leveraging public funds acquired through the Winnipeg Development Agreement, the SNA has rehabilitated 100 houses and built 24 new dwellings on previously vacant lots (CCPA, 2008). According to the SNA's 5-Year Plan, the organization has focused its renovation efforts on ensuring energy efficiency through "a small incentives program and an information resource center" that incorporates adherence to Power Smart standards, technical advice and resources, and incentive grants for energy-saving renovations.

The SNA set goals to improve regarding "safety, environment, connecting and recreation, parenting and childcare, employment and business development" (SNA, 2007). Some of these projects include improved neighborhood and dwelling lighting and the installation of peepholes for security reasons (Buchanan & Budiwski, 2009). In addition, efforts were made to help facilitate wealth accumulation among low-income families through the establishment of Individual Development Accounts with "matching funds provided by institutional sponsors" (CCPA, 2008).

Implications of Housing Rehabilitation in Low Income Areas

However, not all of the SNA efforts were met with support. Even though renovation efforts were intended to target low-income populations—families earning less than \$46,379—many of the lowest income residents of the Spence neighborhood may be unable to qualify for a mortgage. While the median income and unemployment rate for Winnipeg as a whole stand at \$63,567 and 5.7%, respectively, the situation for Spence neighborhood residents is far worse, with median incomes of only \$27,308 and an unemployment rate of 14%. As the Spence neighborhood has gentrified, property values have nearly tripled (from \$28,000 to between \$80,000 and \$100,000) and more and more of the neighborhood's low-income residents have been forced to move elsewhere (Buchanan & Budiwski, 2009).

Recent efforts to improve the condition of rental housing units also risks excluding the area's poor unless measures are taken to prevent subsequent rising in housing costs (CCPA, 2008). Thus, the SNA has attempted to "identify groups in the community that do not often have input into planning process" to address the burden placed on selective populations by the gentrification process. These groups include Aboriginal residents, immigrant communities, small business owners, youth and the elderly, parents, and rental unit tenants (SNA, 2007). However, simply incorporating these constituencies into planning discussions will likely not address the fact that housing rehabilitation in the Spence has resulted in a drastic increase in property values which, for many of the neighbor-

hood’s poorest residents, has resulted in unaffordable housing costs and subsequent relocation.

Starr County, Texas

Starr County, Texas is one of the poorest counties in the nation, with a median household income of \$21,512 a year, less than 42% of the national average (census). The residents of Starr County’s *colonias*, typically identified as unincorporated, low-income residential settlements with substandard housing and insufficient utility and waste disposal services (TSS), often earn only one quarter of the Texas average (USCB in Giusti). Typically, state and local governments have been slow to respond to the housing needs of these residents, and at times legislators have attempted to enforce regulations that would penalize *colonia* residents for failing to meet building codes or “would have made it impossible for many colonias homeowners to improve their housing conditions, since families do so incrementally, as finances permit” (Arizmendi). In recent decades efforts have been made to acquire adequate utility services (Henneberger) and to undergo title regularization to ensure secure tenure for *colonia* residents (Ward). Through the Nuestra Casa (NC) micro-loan program, the Community Resource Group (CRG), a non-governmental organization, has provided more than 1000 loans to the residents of the *colonias* of Starr County, Texas (Giusti).

Financing:

The NC loans, which range from \$2500 for first-time borrowers to a maximum of \$3500 for clients who successfully complete payments on their first loan, have totaled more than \$2 million since the program began in 2000. Issued on 24-month terms at 9% interest, these loans provide support for low-income families that are typically unable to access other formal types of lending. In order to qualify, the NC program requires proof of legal tenancy, income, credit history, and a form of identification, among other things.

Affordability index	Not including loan	(3) Including only NC loan	(4) Including NC loan and other obligations
0-10%	45%	80%	13%
11-20%	30%	19%	37%
21-30%	21%	1%	30%
31-50%	3%	0%	19%
More than 51%	1%	0%	1%

Source: Giusti & Estevez, 2011.

In order to assess the viability of the program, Giusti and Estevez determined that “monthly household obligations above 30% (AI > 30%) of the household income” constitutes a lack of affordability. According to their analysis, less than 4% of applicants were

identified as having an affordability problem when the NC loan payments were excluded. This is contrasted with 20% of clients who experienced affordability problems when both NC loan payments and other financial obligations were taken into account (Giusti)

This data suggest that for some families, even small loan payments may constitute an excessive burden on household finance strategies. Nevertheless, defaults have fallen from a high of 8% in 2001 to 3% in 2005. However, because “the NC program does not require collateral to back up the loans” and have not used legal means to recoup payments from delinquent borrowers, clients experience minimal risk, although they are excluded from seeking subsequent loans. Giusti and Estevez partially attribute low default rates to the reliance upon social security payments (31% of respondents), a reliable source of steady income.

Rehabilitation

While NC does require that applicants submit “a plan explaining the proposed improvement and including a pro forma budget...NC appraises neither the technical merits of the request nor the relevance of the improvement.” Nor, does NC supply technical assistance or training services. Thus, specific rehabilitation activities depend entirely upon the homeowner. A survey conducted by Giusti and Estevez revealed that home improvement activities funded by the program varied widely, with major improvements including air conditioning and/or insulation (15%), flooring (12%), roofing (11.5%), fencing (8%), cabinet work (7%), building or repair walls (5%), and building an annex (4%). Frequently, clients needed more than one loan to complete the project. Often, they used the first loan to buy materials and stored them onsite until the second loan was acquired and construction could begin.

Community Impact

The impact of home improvement activities on the local economy is worth noting. Of the 138 survey respondents, 37% reported hiring at least one paid worker to assist in the construction process, most of who were hired from within the neighborhood. Using conservative estimates of 8 hours per hired worker and \$5.15 per hour, Giusti and Estevez project a monetary impact of \$32,215 for the lending program as a whole (impacting a total of 782 workers). In addition, survey respondents reported using significant unpaid labor to complete home improvement projects (estimated to total 385 workers). Finally, the impact of the loans on local stores is also important, as 87% of respondents reported buying materials from local vendors. (Giusti).

City of Memphis, TN¹⁰

¹⁰ Unless cited otherwise, information comes from www.cityofmemphis.org.

Authorities of the city of Memphis, TN have envisioned it as a national model in community revitalization. In the last few years, several city programs have received federal assistance in many cases on a competitive basis. What distinguishes the city of Memphis from other cities is the presence of faith based community organizations that in cooperation with the city council, sponsor programs of community development. According to the US Census of 2000, the population of Memphis was of 650,100 inhabitants.

Physical renewal

Programs undertaken by the city of Memphis are mainly funded by federal assistance and administered by the local council.

- Community Development Block Grant (CDBG) - Principal source of federal funding for localities to improve the physical, social and economic conditions in their low and moderate-income communities.
- Home Investment Partnerships Act (HOME) - Provides funding for the development of standard affordable housing. HOME also encourages the development and capacity building of community development housing organizations (CHDO's) to create and manage affordable housing.
- Emergency Shelter Grant (ESG) - Funds supportive services for homeless individuals and operating assistance for shelters serving the homeless.
- Housing Opportunities for Persons With AIDS (HOPWA) - Provides funding for housing for low-income persons and their families affected by HIV/AIDS.
- Neighborhood Stabilization Plan - The program provides emergency assistance to state and local governments to acquire and redevelop foreclosed properties that are abandoned or vacant.

It is also important to mention here that the Housing Rehabilitation Loan Program for Homeowners, from the State of Tennessee, funds home repairs and the Preserve Loan Program provides funding for emergency repairs to homes owned by low-income elder citizens¹¹.

Funding

Funding resources for the city of Memphis derive from federal HUD programs, the State of Tennessee¹² (through the Tennessee Housing Development Agency) and the City of Memphis.

Specifically, the State of Tennessee along with local banks has opened 4 million dollars credit for home repairs, since the Housing Rehabilitation Loan Program for Homeowners started in Middle and West Tennessee (Madison County). Additionally, since 2006, the THDA established a Housing Trust Fund of 1 million dollars destined to home repairs.

¹¹ Further information available at the THDA website: <http://www.thda.org/>

¹² The State of Tennessee offers two main programs for homeowners to repair their houses. They both have been developed by the Tennessee Housing Development Agency (THDA) and they focus on low and moderate-income homeowners. They generally consist of home repair loans at a 4% rate. Funds are allocated in Middle Tennessee and the Madison County in Western Tennessee.

Some other programs, like the Neighborhood Stabilization Plan, are part of Federal funding delivered in a competitive basis. The city, the county and the state were awarded federal grants in the following manner,

- The City of Memphis - \$11,506,415
- Shelby County - \$2,752,708
- The State of Tennessee - \$49,360,421

Community Organizing

A main element in the relationship between the City Council and the community is the elaboration of the Annual Consolidated Plan and the Consolidated Plan to receive HUD funds. In this process, the latter provides an outline of the community priorities for affordable housing, homeless assistance and non-housing community development. The Annual Action Plan is used to inform the public about the programs and projects to be implemented each fiscal year. Every community organization eligible for funding, whether profit or non-profit, is recognized by the city council. A list of the Community Housing Development Organizations is provided by the city council.

Regulations - Bureaucratic structure of the City Council

In terms of urban renewal and revitalization, Memphis' City Council has two different divisions that work on the matter, the Division of Housing and Community Development (HCD) and the Memphis Housing Authority (MHA). Both have the mission of urban renewal. Each of these divisions has specific departments dedicated to urban renovation. In the case of HCD, Real Estate Development, Single Family Housing and Homeless and Special Needs Housing Services departments provide assistance for creating or rehabilitating affordable housing units, working with community organizations, profit and nonprofit developers, financial institutions and other agencies. In the case of MHA, the programs HOPE VI tries to move residents away from public housing and public assistance, by training them to become self-sufficient. The consolidated department of Planning and Development, corresponds to both HCD and MHA, and has the tasks of planning, coordination and resource development. At the same time its functions include soliciting grants, coordinating, internal program applications and reporting on federal and state funding received by the Division.

City of Detroit, MI¹³

The city of Detroit, MI, represents an exceptional case of urban renewal because of its focus on providing high security standards to its citizens. Being one of the most violent cities in the US¹⁴, most of urban renovation and improvement programs focus on demolition of abandoned, dangerous and dilapidated buildings. The amount of funding destined to demolition exceeds in four times the funding allocated for minor house repairs and

¹³ Unless cited otherwise, information is from www.detroitmi.gov

¹⁴ <http://homesecurity.net/research/detroit/>

public spaces renovations. According to the US Census of 2000, the population of Detroit was of 951,270 inhabitants.

Physical renewal

As stated above, most of the efforts in urban renovation in Detroit aim to demolition of blight spots. So far, 2085 units have been demolished in a plan that pretends to demolish 10,000 units by the end of 2013. However, through HUD and its Community Development Block Grant program, 47 community profit and non-profit organizations received funds for minor home repairs. Another 25 community profit and non-profit organizations also received funds for public spaces renovation.

Funding

Under Detroit's CDBG (Community Development Block Grant) program with the locally funded Neighborhood Opportunity Fund (NOF), 4 million dollars have been allocated to more than twenty community, profit and nonprofit organizations for minor home repair projects. An additional amount of 550,000 dollars have been allocated to almost the same amount of community, profit and nonprofit organizations for public facility rehabilitation.

Additionally, the city of Detroit received 47 million dollars as part of the 2008 Housing & Economic Recovery Act used to stabilizing neighborhoods. From this amount, 16 million (or around 20) are destined to the Neighborhood Stabilization Program for demolition of dangerous residential structures.¹⁵

Finally, the Michigan State Housing Authority's (MSHDA) Neighborhood Stabilization Program allocated a grant for the city Buildings, Safety Engineering and Environmental Department for a demolition blitz in the Southwest Detroit neighborhoods to eradicate 100 blighted properties¹⁶.

Community Organization

Probably the biggest link between community organizations and the city council comes at the moment of defining the allocation of grant funds for HUD funded programs. In this process, the Mayor and the City Council determine how grants will be used after a citizen participation process that includes proposals from community organizations and public service agencies.

The city council does not provide information about the recognition of community organizations and institutions that would be eligible as lenders or community agents, something that the Michigan State Housing Authority, does. In order to become a Participating Lender HUD should approve the institution. To become a Community Agent, it is necessary to be one of the following:

¹⁵ Available on the BSEE website at <http://71.159.23.2/BSEOnline/home.action>

¹⁶ Available on the BSEE website at <http://71.159.23.2/BSEOnline/home.action>

- A local unit of government officially recognized as a city, county, township or village in the State of Michigan; or
- A Community Action Agency in good standing as a CAA in accordance with Michigan P.A. 230, of 1981; or
- A nonprofit corporation incorporated in the State of Michigan to administer housing related programs¹⁷.

Regulation

In accordance with the Michigan Housing Law and City of Detroit Ordinance 290-H, the Dangerous Buildings and Demolition Division, prepares cases to remove dangerous and abandoned structures. For 2010, 3,000 “dangerous residential structures” (abandoned, dangerous and dilapidated buildings) were planned to be demolished in order to reduce blight and eliminate potential hot spots for crime. The goal is to demolish 10,000 dangerous structures by the end of Mayor Bing’s term in December 2013.

Part of this program responds to complaints made by neighbors to the Dangerous Buildings and Demolition Division, which targets the qualifying buildings for demolition after an evaluation.

In this sense, it is important to mention how the city of Detroit places high emphasis on the task of overseeing that buildings comply with regulations about zoning, maintenance and usefulness of residential and commercial places. The Buildings, Safety Engineering and Environmental Department (BSE&ED) is in charge of enforcing sections of the Blight Ordinances that since 2004 govern private property zoning and maintenance.¹⁸

Minneapolis-St. Paul, Minnesota¹⁹

Community builds and reinforces its capacity in the collective actions

- Actors:
 - Official neighborhood organizing groups: Minneapolis neighborhood organizations and St. Paul Planning Councils; NRP (neighborhood Revitalization Program)
 - Non-profit social service agencies
 - Non-profit community development corporations
 - Universities and Institutions like YMCA
 - Church

¹⁷ Available online: http://www.michigan.gov/mshda/0,1607,7-141-49317_49319-187310--,00.html

¹⁸ Available on the BSEE website at <http://71.159.23.2/BSEOnline/home.action>

¹⁹ Based on Craig, William and Sarah Elwood, How and Why Community Groups Use Maps and Geographic Information, research paper of *Neighborhood Planning for Community Revitalization*, Center for Urban and Regional Affairs, University of Minnesota, Minneapolis, 1998.

Community ability of obtain geographic information depends largely on government attitude towards local decision-making. Government and community relations are cooperative and less confrontational

- Case 1: Seward
 - Neighborhood group + neighborhood-based non-profit community development corporation
 - \$2.1 million received from NRP, recent years. Loans for property owners to rehabilitate their properties.
 - Use maps to targeting area in particular needs, generate productive neighborhood discussion, mail loan applications/ information to non-participants in the target area and create computerized database of property information
- Case 2: Jordan
 - Community action aimed at improving the quality of rental housing available in the neighborhood
 - Use map to: compare Jordan's rental properties to those in Minneapolis as a whole, identify 30 worst rental properties, force owners to improve conditions, and cooperate with other neighborhood groups pressure the city to institute rental license program
- Casa 3: Powderhorn Park
 - Target areas of the neighborhood in most need of assistance
 - Use map + walking survey to decide targeting area, to display information visually in the meeting to people get more involved, and to build database (then don't have to go to city office to ask for information)

Cleveland (Neighborhood Progress Inc.)²⁰

- Local context:

Industry close down and economic restructuring: “What does a city built for 900,000+ residents do When confronted With population loss, job loss and a tsunami of foreclosures that result in half the peak population, and thousands of vacant homes and land”?
- Actors:
 - Public sector agencies: city council, municipal development department etc.
 - Private foundations: The Surdna Foundation, The Cleveland Foundation etc.
 - NP Inc.: community development intermediary
 - Universities: Center for Neighborhood Development (CND), Cleveland State University; Cleveland Urban Design Collaborative, Kent State University; Center for Urban Poverty, Case Western Reserve University;
 - Community development corporations (CDC)
 - Block clubs and other civic, religious groups
 - Residents

²⁰ Based on Burkholder, Susan, Mark Chupp and Philip Star, Principles of Neighborhood Planning for Community Development, research paper of Center for Neighborhood Development Maxine Goodman Levin College of Urban Affairs, Cleveland State University, 2003.

- NP (Neighborhood Progress) Inc.
 - Partnership with philanthropy, government and private corporation to rehabilitate neighborhoods.
 - Strategic funding, technical assistance and policy advocacy.
 - Through programs and projects, 2010:
 - neighborhood stabilization program
 - strategic investment initiative
 - Reimagining a more sustainable Cleveland 2010 land reuse projects

- NP's observation on neighborhood actions:
 - All planning efforts involve the use of consultants. Some design and implement the process, more facilitate meetings and create visuals of designing
 - Some consultants put forward their own ideas at the expense of what neighborhood desires
 - Plans that best exemplify citizen participation included a steering committee, made up of residents, staff from CDCs and other groups.
 - The best plans have specific goals for those specific areas, but usually lacks overarching goals
 - CDCs (community development corporations) find it difficult for residents to think and plan more comprehensively and neighborhood-wide
 - Residents participation was most likely to be at high level and meaningful if the organization had a history of involving residents
 - When CDC initiates the planning process, it tends to frame the process within the context of organizations' current activities; when non-CDC convene a planning a planning process, the plan tends to be more comprehensive.
 - Being inclusive is not easy: two groups of people at odds
 - Many organizations use existing block clubs to organize citizen involvement, and use a variety of methods to engage the community (interview, survey...)

- Feasible community organizing strategies include
 1. Establish Steering committee
 2. Engage residents in asset-mapping
 3. In addition to community meetings, survey/ interview/ focus group to gather data and information
 4. Residents must be full participants: de-professionalization, decentralization, demystification and democratization
 5. Engage the community to explore alternatives, such as bus tour to other neighborhoods
 6. Information techniques
 7. Participation techniques
 8. Workshop to build neighborhood capacity for interested residents

9. Taking advantage of block club activities to enhance neighborhood pride, sense of identity and cohesion
- Goals of community planning: provide a focus of investment, coordinate disparate investment activities, leverage resources from outside, inform stakeholders within and outside and provide a road map for future development.
- Challenges to neighborhood planning:
 1. Small scale and presents economic, political and logistical difficulties
 2. Sacrifice economy of scale achieved by city-wide programs
 3. Neighborhood has little power over contextual factors, such as regional economy or private developers' interests
 4. Encouraging segregation and parochialism (not-in-my back-yard conflicts)
 5. Prone to poor representation and unclear expectations/ responsibilities: low-income population tends to be less involved
- 14 neighborhood planning principles:
 1. Thoughtful preparation in neighborhood planning process
 2. Plan should identify and build on neighborhood assets
 3. Plan should build on neighborhood capacity
 4. Inclusive process for the specific, agreed upon area
 5. Resident involvement
 6. All participants should have defined and appropriate roles
 7. Transparency
 8. Democratic decision-making
 9. Must generate a vision for what the neighborhood can become
 10. Data must be collected to inform the planning process
 11. Clear relationship to existing activities & plans
 12. Recognize market dynamics
 13. Neighborhood residents & other stockholders included
 14. Must include a feasible plan to implement the plan's recommendations

San Antonio, Texas²¹

How public agencies initiate and coordinate city-wide community planning actions

- City Council initiated, to create “safe, dynamic and sustainable neighborhoods which offer employment opportunities, high quality education, adequate and affordable shelter, health care, and recreational amenities.”
- The CBNP Program was developed based on:
 - Community Revitalization Action Group Final Report,
 - Master Plan policies,
 - City Council priorities,
 - Meetings with neighborhood groups and community stakeholders,
 - National research of other neighborhood planning programs and
 - Discussions with City Departments (including Asset Management, Budget and Management Analysis, Community and Housing Development,

²¹ Based on City of San Antonio Planning Department, *Community Building and Neighborhood Planning Program: Partnering to Build Better Neighborhoods*, 2001

- Community Initiatives, Economic Development, Finance, Neighborhood Action, Parks and Recreation, and Public Works).
- Components: building capacity, focusing on issues, master planning and implementing initiatives
 - Building capacity
 - Organizing
 - The Planning Department has created a more responsive tool by developing a “By-Law Questionnaire” and a “By-Law Specification” book. The questionnaire helps neighborhood groups think through organizational issues.
 - Neighborhood leader training (with UTSA)
 - Distributing information on public buildings through internet
 - Entails direct mail distribution of Zoning and Planning Commission cases sorted by Council District, to a few community groups and leaders
 - Self-help workbook/ toolbox made by Planning Department
 - Volunteer corp
 - Non-profit partnership
 - Neighborhood registration
 - Planning Department provides the services of neighborhood registration, the listing of associations, and mapping the location of registered neighborhood associations.
 - Cyber hood
 - Until June 2006, 363 Neighborhood Associations registered, 50 Community Organizations registered.
 - Focusing on the issues
 - Special studies (Studies on critical issues of the community)
 - Goals and strategies report (Snapshot of community value; community initiative on agreed upon goals; Studies and report will serve as input to community plan and be presented to mayor, city council members and city departments)
 - Planning partners (working with School districts, college, public agencies and NGOs to create plans)
 - Master Planning
 - All master plans will address issues of land use, community facilities and transportation network
 - Three levels: neighborhood plans to community plan to Comprehensive Master Plans
 - All master plans will be developed through partnership and formally adopted by city council and planning commission
 - Implementing initiatives
 - Neighborhood improvement challenge program (neighborhood learning fund, neighborhood tree fund and neighborhood project fund);
 - Annual improvement project report
 - Selection of neighborhoods to receive planning service
 - The selection of neighborhoods to receive planning services will be based on:

- Neighborhood Action Department target sweep areas, Economic Development Department's Neighborhood Commercial Revitalization program participants, Planning Department rezoning initiatives and CBNP Program Application Process
- Financial Impact
 - \$60,600 --1 Special Coordinator and 1 Planner II for CRAG/NAD Support
 - \$44,123-- Planner II and a drafting technician for graphic support.
 - \$100,000- Neighborhood Improvement Challenge Program (\$95,000 for grants;
 - \$5,000 administration)
 - \$10,000 - Neighborhood Leader Training (one time)

Urban and Housing Rehab in Latin America

Introduction

The perception of self-building in Latin America as a viable practice for filling gaps in low income housing production by the state and the market reflects a paradigm shift from a 1960s dependency theory view which saw informal settlements as depressed zones in need of top-down rescue to viable communities. This perception is undergoing yet another modification, with increasing evidence that self-built communities are not only viable but cultivate building practices that refine contemporary notions of sustainability and “greening” of cities. This suggests a bottom-up generation of lessons that might be learned not only for contexts in Latin America, but for neighbors to the north as well.

Looking across five countries of Brazil, Ecuador, Mexico, Argentina, and Cuba, it can be inferred that while states are continuing to perceive informal communities as viable housing solutions and that when they upgrade tend to build “with” the sometimes less than regular physical grain that characterizes informal settlements, the extent that self built communities are seen as places from which to learn and derive building practices is emergent. However, as states diversify the ways in which financing is acquired and policies are enacted, conventional relationships - where the state supports self-help building through microloans, building materials, or tenure of lots to self-builders or where public and/or private initiatives implement a project – provide a platform through which self-building might begin to provide feedback loops that modify the larger structure. This modification from the bottom up would then begin to respond to criticism of progressive programs that succeed in all ways except the re-uptake of on the ground building practices and innovations. Such a re-uptake has significant consequences for the refinement and concretization of sustainability and sustainable building practices because it would identify low income communities as forerunners in solving a global concern: how to build sustainably?

Physical Sustainability: Aspects of Rehabilitation

As a backdrop, this section will consider physical sustainability in the context of current programs and policies, with particular focus on the Brazilian cases of Salvador and Rio de Janeiro. Other cases from Ecuador, Mexico, and Cuba are summarized in the appendices. This section concludes with lessons learned, possible next steps, and implications for policy.

The Favela Bairro Project, Rio de Janeiro, Brazil

The Favela Bairro (FB) project emerged from a shift in housing policy from the state to municipal level as set forth by the 1988 constitution, which was inspired by the National Movement for Urban Reform, giving responsibility of land use and increased budgets to municipalities. While FB is funded by the IDB and implemented by the municipal government of Rio, the program design owes to housing policy history and character of poverty in Rio. It is, therefore, a partnership between local initiatives and international policy objectives(Riley, Fiori, and Ramirez, 2000). The project deals with mid-size communities (500 – 2500 households) that make up one third of all favelas in Rio but which house 60% of the favela population(Riley, Fiori, and Ramirez, 2000). The sister *Bairrinho* project deals with smaller communities and the *Grandes Favelas* project deals with large communities. Favela Bairro I and II projects use social infrastructure, land tenure, and social development initiatives to upgrade favelas. Initiated in 1994, the total budget for the first two phases was US\$600 million, \$360 million in loans contributed by the IDB. Phase three will covered more than 330 neighborhoods, with a \$400 million contribution by the Municipal government, and phase four is in process(http://www.citymayors.com/report/rio_favelas.html).

The Programa Quinquenal (1985) built upon the idea of service provision as only water and drainage to include integration of mail service and placement on maps. While this program was not implemented, it inspired the Rio Masterplan (Plano Diretor) of 1992, which drew on municipal funds to make neighborhood improvements. The agency responsible for neighborhood improvements was GEAP (1993) and one of the projects was the Favela Bairro I where 38 favelas were upgraded. Favela Bairro II (2000) expanded yet again on the idea of service provision to also include activities for education, health and training, and community development (Vianna, 2004).

Architecture and the physical consequences of the Favela Bairro

The Favela Bairro project inspired other projects and policies within and beyond Latin America to build within the physical grain of self built communities. This is in part a reflection of the reliance of architect Jorge Jauregui in beginning phases, who thought that to build within self built communities it was critical to intimately understand their particular morphologies and as well ask plain questions, relying on the local knowledge of users to inform program and form. As a result, the Favela Bairro projects are characterized by bright colors, local materials such as sun baked bricks, and low rise structures that continue existing urban fabrics. This is a markedly different approach than one taken by, for example, the Banco Nacional de Habitação, responsible for dense, high rise housing blocks implanted without services at far outskirts of the city mostly because the Favela Bairro projects begin with shared services, programs, and public space upgrades. As described by the architect, despite its influence on other context, the Favela Bairro project is not a formula, but works case by case. Second, it works through partnerships

between professional designers and local residents. Third, architecture is rendered “good” if it is liked and thus maintained by the community. That is to say, there isn’t room for a formal modernist vision in the project – it has to work for its users. Finally, the Favela Bairro project puts forth the power of urban design – physical rehabilitation – to realize change in social conditions (Machado, 2003).

The Favela Bairro project is important because it focuses on social and physical exclusion and inequality in Rio (Riley, Fiori, and Ramirez, 2000). It directly impacts the poor, operates at a large scale, and works to reduce the gap between rich and poor access to urban space. However “the lack of community participation permeates all levels of the program, undermining the ability of projects to satisfy the demands of residents, undermining the speed and efficacy of construction work, and threatening the prospects of long term maintenance of infrastructure and services” (Riley, Fiori, and Ramirez, 2000). Within an otherwise very successful program, this latter point is an opportunity to explore.

Plano de Reabilitação Integrado, Participativo, and Sustentavel do Centro Antigo do Salvador, Salvador, Brazil

This project, implemented in 2010, is supported by State, Federal, and Municipal funds and has four main areas of intervention. 1 – Qualification of Public Space and the Natural Environment; 2 – Promotion of cohesion and social inclusion; 3 – Socio-economic revitalization; 4 – Studies of the social / economic environment. It is a partnership between Federal Government, the Instituto do Patrimônio Histórico e Artístico Nacional (IPHAN), the State government of Bahia, and the Municipal government of Salvador (Interview, Arq. Sergio Ekerman). As well, it is supported by UNESCO and coordinated by the Secretary for Culture for the State of Bahia. Since 2007, the municipal government has partnered with Secretary of Urban Development at the State and Municipal levels to expand revitalization of centrally located historic structures for the specific use of low-income housing. This section on Salvador will review how current policies have come into being and then focus on the Vila Nova Esperança project to talk specifically about physical rehabilitation in a historical context.

Historical Center of Salvador

Since the 1960s, the historical center has been in decline, due in part from the transfer, in 1970, of the state government (CAB – Centro Administrativo da Bahia) as well as municipal government from central locations to an ex-urban pole called Shopping Igautemi (Texiera and Santo, 2009). *Pelourinho* is a historic district designated as such by UNESCO in 1985. The flanking areas are called the Historic Center and Old Center. The historic center, a “second ring” within the first ring, has become stigmatized and is where lower classes still live, even though they exist alongside the higher rent tourist destinations of Pelourinho. There are three main moments in the history of the Center that affected all three of these zones.

The Historic Center as Tourist Zone

The *Plano de Recuperação da Área do Pelourinho* (1967) sought to transform the center into a place of tourism and leisure with heavy state level financing. An offshoot of this series of policies specifically targeted the second ring “historic center” expanded the previously laid out plans for Pelourinho to include the neighboring areas. The project, the *Plano de Recuperação do Centro Histórico do Salvador*, cost \$92 million dollars and sought to transform the historic center into a decadent “commercial center open to the sky” interesting to tourists (Texiera and Santo, 2009). This project was characterized by a significant amount of removal of families who were living in historic structures and also the dis-appropriation of small local businesses for the inclusion of commerce, hotels, bars, restaurants, financed with high subsidies from the state government.

The message that emerged from these initiatives and policies was that public policy was more about tourist fluxes and commerce than local culture and social aspects of the historic center. Additionally, while the historic center became a tourist scene, the stigma of crime, drugs, and poverty that had framed the Historic Center for years remained the same in the eyes of city residents of all socio-economic classes. Therefore, the Historic Center was “closed” to many different kinds of Salvador residents in favor of tourism.

Resistance

Resistance from poor local residents of the Historic Center culminated in a civil action suit to the Public Ministry by the Association of Residents and Friends of the Historic Center (AMACH). This action called for social infrastructural services and the support of people already living in what is known as the 7th ward of the Historic Center. This resulted in an agreement called *Termo de Acordo e Compromisso* (TAC) between the Public Ministry, the State government, and the Ministry of Culture to support community programs, collective use spaces, and the use of local labor for the project. This initiative resulted in a formal agreement (2004) between AMACH and CONDOR (*Companhia de Desenvolvimento Urbano do Estado de Bahia*), which is a public company of the state government that is responsible for implementing housing projects. The agreement instated the first efforts at the physical upgrade of historic structures for low-income habitation. 103 families were affected (Texiera and Santo, 2009).

Economic, Physical, and Social Sustainability in the Historic Center

Beginning in 2007 and influenced by the Ministry of Cities and the *Estatuto da Cidade*, Brazilian federal law of 2001, Salvador took a more progressive, integrated approach to the historic center, culminating in the *Plano de Reabilitação Integrado, Participativo, and Sustentável do Centro Antigo do Salvador*. This initiative is important because it seeks to target regions that are neither the “outer burbs” nor part of the Pelourinho tourist area.

The package of policies is a partnership between the Federal Government through the Ministry of Cities, IPHAN (Instituto do Patrimônio Histórico e Artístico Nacional), the

State government of Bahia via CONDOR and SECULT (Secretária de Cultura), and the Municipal government of Salvador. The policies are structured over short, medium, and long term goals for addressing cultural and economic activities as well as infrastructure and habitation.

The outcome of these iterative phases can be seen in the *Plano de Reabilitação Integrado, Participativo, and Sustentavel do Centro Antigo do Salvador*, managed by the Secretary of Culture. This program reflects a different approach to the idea of sustainability: that it is not just “a question of bricks and mortar but also of immaterial, human, and symbolic values to be rescued and developed” (Meiralles, 2008). To organize the many stakeholders, the State government established the Escritório de Referencia do Centro Antigo de Salvador, which is responsible for the integration and oversight of all projects and policies related to the Historic Center as well as stakeholders: the government, residents, business owners, and institutions. An Executive Board was formed to include six ministries, six municipal secretaries, and six state level secretaries, to which UNESCO was added in April of 2008 (Texiera and Santo, 2009).

In 2008 a series of proposals for upgrades of housing and public space in the Historic Center were put forth under the categories of institutional, social, investment, and communication. As these categories were being formed, the Executive Board was modified to include Civil Society.

All of these actions resulted in the re-definition of the purpose of space in the Historic Center through the expansion of the notion of culture to encompass economic and social issues at once with particular emphasis on habitation. Of key importance here is that “Historical Preservation is not incompatible with low income housing” (Texiera and Santo, 2009) This stance refines the issue of sustainability and associates one of the highest tenants of sustainability – re-use of existing structures – with a conventionally “high culture” organization within the government *through* low-income housing.

The most significant take away from the Salvador case is embodied in the latter point: that a viable, sustainable historic preservation plan can work alongside of, and in many ways be augmented by, the inclusion of low income housing. The specific policy tool that made this possible is the ZEIS – Zona Especial de Interesse Social – a zoning designation that identifies areas of the city that are of particular social interest and attempts to support versus supplant that interest. The Vila Nova Esperança project, which is in progress, is the first project to come out of this last phase of policies that address the historic center of Salvador.

Vila Nova Esperança. The community of Vila Nova Esperança houses 49 families, 147 inhabitants. It is located within the central historic district of Salvador, on a hill at the edge of the upper city with a view of *Bahia de Todos os Santos*. 70% of the population works in jobs directly related to tourism, in the historic center. There are also issues with drugs and violence (Texiera and Santo, 2009).

The project for the Vila Nova Esperança (VNE) community began in 2007 and is designed by Brasil Arquitetura, a São Paulo office with significant connections to Salvador. Because VNE is located within an UNESCO historical district, “all physical interventions within the Area of Rigorous Protection shall abide by the general norms of set forth by IPHAN, IPAC, and the Mayor’s office of the city of Salvador, through the studies that were performed on each area” (Salvador, 1983). The project restores and reconfigures structures already being used by the community, from bars to community centers, and as well inserts new housing. These programs are connected to adjacent city streets so that VNE does not remain a closed community, but one that is open to the circulation fluxes that transpire on a day-to-day basis in surrounding areas. Like the Favela Bairro project, the VNE project looks to the existing morphology to set up subsequent building cues.

Conclusions

In considering multiple cases throughout Latin America, we find that it is critical to look at existing urban morphologies, techniques, and methods of construction as a first step in developing rehabilitation projects. Such an approach does several things: 1 – vets opportunities for the re- use of existing structures; 2 – extends the opportunity of design to residents; 3 – forms partnerships between local and municipal and private entities that can begin to draw resources from “the bottom up” and 4 – looks into how sustainable technologies, from solar hot water heaters to shading devices – might physically be detailed into existing built environments.

Next steps might include a more thorough inventory done at the beginning or pre-design phases of construction processes that note not only existing physical resources but also local skill sets that might be integrated into projects. Currently, a pre-project onsite inventory of existing conditions includes only social data taken by city social workers. If existing conditions are mapped in detail, it is usually at the expense of the architect. Therefore, a way to ground progressive policies such as the Estatuto da Cidade and open feedback loops of different kinds of knowledge might be to require the design team to take such an inventory and make recommendations to policies that deal specifically with the upgrading of self built communities.

Social Sustainability: Community Organization/Mobilization for Rehab

This section looks at the social aspect of rehabilitation programs for self-help housing in Latin America. The need for improvements to informal housing settlements has in many cases brought on a greater sense of community to many parts of the region, and people have been willing to work together to create better living situations for themselves.

Organizing for Their Cause

Programs for housing rehab sprung up across Latin America in the 1960s and ‘70s, and since then, this issue has continued to have an effect on community organization and mobilization.

Grassroots movements, along with the support of NGOs, and often the state as well, are mobilizing in order to support workers and families whose homes are in need of renovation and rehabilitation. These movements often gain momentum and attract more followers when a society's living situation is at its worst. Residents of poor, dilapidated buildings can find support and a sense of hope by joining the programs or activist groups that demand the state's attention.

The State

Governments are often eager to help, with the low profitability of having deteriorating irregular settlements throughout the country. One of the most effective ways to encourage community mobilization is to have those who live in the project neighborhood to have a large say in the renovation of the settlement.

When the state or other financial support trains the community members to work on the homes themselves, and supports them to continue this work as a daily job, mobilization often results.

Community Participation in the Programs

While not all housing rehab programs have complete community participation, we find throughout our cases studies that this participation supports successful projects, and simultaneously, communities that are included in these projects are able to enjoy the benefits of their improved neighborhood. Residents who are given the responsibilities of construction and rehab implementation also take on a social responsibility toward the rest of the community.

In some cases, voluntary labor can be productive, but this often does not provide enough incentive for residents to put great effort into their homes. Financial support from the state in the form of subsidies and worker training encourages residents to fix up their living space, which creates pride and cohesion throughout the dwelling.

Santiago, Chile

Location of the settlements is important. The neighborhoods that are close to work centers are often appreciated the most, as residents are more likely to have work outside of the home, and a source of income. We see this especially in the Santiago case. In this program, a private development corporation worked in conjunction with the state to provide renovations to homes in urban centers, encouraging families to move there, and thus be available to work in the area.

Here, social capital is generated through incentives for residents to work together to improve the homes in the area, as well as enjoy public spaces. This project gave financial assistance to support not only economic activities, but cultural ones as well. The com-

munities in this program benefited from improved public areas, newly created green zones, and overall residential building rehabilitation. Many residents claimed to enjoy the ease of receiving services that living in these areas offered. This set up has been successful in not only providing more livable homes for the poor in Santiago, but also a greater ability to develop social cooperation and mobilization.

Cuba

Cuba offers an example of two different setups of housing rehab programs that bring together the residents that live in the targeted communities. Cuban settlements can be in a regular microbrigades program or in a social microbrigade. These programs are unique to Cuba because of its socialist foundation, but their success allows them to be a model for other housing rehabilitation projects.

Microbrigades

Microbrigade projects in the neighborhoods of Havana require close coordination with the local administration and imply a social responsibility toward the community's residents. They have their own autonomous institutional set-up, organized into divisions according to the geographic formation of local government units. "The decentralized form of organization permits a more flexible architectural approach, the use of local materials and the recycling of salvaged building components, closer links with the neighborhood and the pooling of technical assistance, supervision, education, and catering services among several microbrigades" (Mathey,1992). These groups also provide community facilities like schools, doctors' offices and child care centers that are often urgently needed in these areas.

Social Microbrigades

Social Microbrigades are when workers do not belong to the same work center, but live in the same neighborhood. By the end of 1987, these groups were found in different parts of the capital, including Centro Habana, Marianao and Aroyo Naranjo and took up the experience of a local initiative of Las Guasimas barrio in the province of Havana. "The main activity performed by this type of micro is the repair or renovation of the existing housing stock and urban infrastructure. Previously, the maintenance of the housing stock was the responsibility of municipal repair enterprises, directed by Poder Popular, but the poor performance of these units demanded more efficient solutions" (Mathey,1992).

Since social micros are not centered around work centers, the unemployed are incorporated into the project, including young adults, housewives, and the elderly. Voluntary labor is incorporated in this system. These social microbrigades provide jobs, improve housing opportunities, and create social control of the neighborhood, which make them better taken care of. Microbrigadistas are assigned to work houses first, and then they are to work on community facilities next.

Housing cooperatives

Another form of housing in Cuba is known as housing cooperatives: collective forms of self-help housing include agricultural co-operatives and, in theory, regular housing co-operatives. This system can be seen as a best practice in the area of encouraging community involvement in housing rehab projects.

Regular housing co-operatives had been introduced with the 1984 law and were tailored to the urban context. The idea was that several individual self-builders, possibly brought together by a union or professional association, would form a team and build their houses together. The benefit here is that they could share skills and support.

Construction of multifamily blocks was encouraged in order to save in land and infrastructure. Some say that in Cuba, social mobilization toward construction of this sort is considered an intermediate stage that will disappear with the advances of industrialization and the utilization of prefabricated systems. While this idea hasn't been widely implemented, it has proved to be a successful way of developing social mobilization.

Financial Sustainability in Housing Rehab

This section reviews an array of financing mechanisms and practices for urban rehab in Latin America. It begins with an overview of the market-based model promoted and theorized by international organizations. It examines one case often cast as a policy model, i.e., the renovation of Quito's historic core, and the Corporación para el Desarrollo de Santiago. Other financing mechanisms targeting low-income households, set to mitigate the gentrification effects of the market-based approach, are then considered. Finally, large-scale contemporary initiatives relying more heavily on public investment and direct subsidies are reviewed.

The market approach

From the standpoint of a market-oriented approach to urban management, rehab policies face a serious coordination problem. This problem is summarized by Eduardo Rojas in the IDB publication *Volver al Centro* (Rojas 2004).

In deteriorated urban zones, positive returns on private investments in rehab are expectable only under conditions of a collective, coordinated intervention that improves the overall standing and market value of the area. So long as the environment is depreciated by physical and social degradation, returns to individual private ventures will be offset by negative neighborhood externalities. If, however, multiple private-sector investments occur simultaneously, they can generate an appreciation of the whole area, and thus each individual investment will yield substantive profits.

According to Rojas's reasoning, this coordination problem underpins the need for public sector intervention. Public sector intervention serves two basic purposes: restore the basic

infrastructure to make business profitable in the area and take the lead in a series of showcase renovations (e.g., old houses, commercial settings) to lure private investments and enhance the area's standing. Ideally, a snowball movement follows that solves the initial collective action problem.

In other words, the state assumes the initial risks of investing in rehab and prompts the private sector. Aside from the demonstration effects, other tools are available to public authorities, such as subsidies and relaxation of building and land use codes, for attracting business and upper-class residents (Rojas 2004).

In line with the market-based framework, any rehab plan must incorporate a cost-recovery strategy or be geared toward generating profits. The pioneering experiment in Quito's historic core provides some insights as to how such goals can be attained.

Engaging private capital

a. The public-private partnership: Quito's historic center

The city of Quito was declared a World Heritage Site by UNESCO in 1978. Yet a steady effort to recover (*recuperar*) the center was not launched until the aftermaths of the 1987 earthquake.²² The *Fondo de Salvamento* (FONSAL) was then created, a public agency endowed with a substantial budget and relative autonomy.

The most innovative feature, however, was the creation of a public-private partnership through the *Empresa Mixta de Desarrollo del Centro Histórico de Quito* (ECH). Established in 1994, the company was tasked with promoting the renovation of the historic center as part of a "master plan" launched by the municipality two years earlier (Donoso 2008; Rojas, 2004). The plan involved improvements in accessibility and organization of transit, renovation of public spaces, upgrading of services, and restoration of residential and commercial buildings, among other goals. The plan benefited from a \$41 million loan from the IDB (Donoso, 2008). This was a comprehensive initiative, one of whose basic features was the construction of a trolley line (*Trolebús*) running across the historic core by the municipality in 1995.

The main expected source of income was the reselling of restored buildings. Tourism and administrative activities located in the city center offered an attractive market for restaurants and hotels, while colonial or early republican houses would, once restored, appeal to middle- and upper-income classes who had deserted them since the 1950s.

In some instances, the ECH struck profitable deals. Though immediate reselling was the original plan, when fluctuations in the housing market and macroeconomic conditions made the latter not worthy, ECH adapted its policies. Most of the times, this meant engaging in renting until real estate market prices recovered.

²² Perhaps there is a parallel with the revitalization of the inner-city area of Mexico D.F. described by Susan Eckstein (1990) in the wake of 1985's earthquake.

b. Public-private cooperation: the barrio Poniente in Santiago

From the 1990s onward, the municipality of Santiago encouraged the rehab of a sector of downtown Santiago (e.g., the *barrio poniente*) for residential uses by middle-income classes under the *Programa de Repoblamiento*. A central actor in the process was the *Corporación para el Desarrollo de Santiago* (CDS). The latter is defined as a not-for-profit private entity on whose board sat representatives of various social interests and institutions (Rojas, 2004).

Aside from three showcase instances, the CDS did not undertake direct investments but, rather, provided expertise and feedback to private and public actors alike. Thus, it identified and reported to the Housing Ministry (MINVU) dysfunctions in its incentives program, which was predicated upon a threefold scheme similar to the one used in Quito: a combination of government subsidy, credit (in this case, standard private loans), and savings. Following CDS's advice, subsidies were raised to about \$6000 (Rojas, 2004).

Ensuring access to housing for lower-income households

A downside of the market-driven approach to rehab is the likelihood of spurring a gentrification process. In areas with limited opportunities for extensive development and high built-in historic value, the maximization of profits entails targeting higher-income groups. Thus, if successful, the rehab policy may result in the displacement of previous residents who can no longer afford to buy or rent in the area.

Rosa Donoso (2008) describes one mitigating device used in the case of Quito: the plan *Vivienda Solidaria*. Under this plan launched in 1998, the Housing Ministry (MIDUVI) emits a voucher worth \$3 600, which recipients can use to purchase a dwelling in any of the renovated historic centers of the country. Applicants must prove that they do not own a house, that their income per household does not exceed \$600, and that they possess savings up to at least 10% of the value of the house. The voucher is not convertible into cash; it must be used to pay developers registered at the Housing Ministry, who then retrieve the voucher's cash value. The remaining cost is financed by a mortgage loan from state-own Banco de la Vivienda.

According to Donoso, the program was initially very popular and achieved its goal of providing access to housing for low-income citizens. However, as the economic climate deteriorated, defaults increased, loan agreements had to be renegotiated, and some houses were eventually foreclosed. Besides, the dramatic economic downturn of the late 1990s left the ECH with restored estates it was unable to lease or sell (Rojas, 2004).

Large-scale state-led rehab

Recent initiatives in Brazil aimed at upgrading housing and service provision in consolidated squatter settlements (especially *favelas*) are less embedded in a market-based

paradigm. Even when they incorporate market mechanisms, programs like *Favela-Bairro* in Rio or Vila Viva in Belo Horizonte involve massive public investments, reaching two rounds of \$ 120m in the first case (Soares & Soares 2005) and \$350m over four years in the second (Lara, 2010).

These projects appear less concerned with ensuring return over investment and more geared toward the public interest by improving the quality of life for the residents of the targeted area. Economic repercussions transpire in the fact that investments in human capital by means of (free) workshops or training programs are made (Bremmer & Park, 2010) and that local workforce is hired for the public works, but the strategy is not business driven.

It is noteworthy that even in this state-led, participatory model, international cooperation and financial institutions play an important role. Thus, in *Favela-Bairro*, the IDB matched the municipal funds with two \$180 m investment loans (Soares & Soares, 2005). Likewise, the Italian cooperation agency AVSI played a crucial role in the initial developments of the Vila Viva program (Bremmer & Park, 2010), though most of the resources came from the nation-wide *Programa de Aceleração do Crescimento* (PAC) under the Lula administration.

Conclusions and Lessons for the Innerburbs

International agencies provide legitimacy and interest (e.g., UNESCO) as well as funds (IDB) and guidelines in most rehab cases. In some cases, this aid comes with conditions, such as the managerial character of the institutional structures in charge of implementing the plan, as Carrión (2007) points out in the case of Quito.

Hence the use of external funding (1) conditions the design of rehab policy, (2) can raise coordination problems between newly created agencies and long-time ones whose functions become blurred or encroached, and (3) forces negotiations between various levels of government that hinder the process – e.g., IDB loans to municipalities are guaranteed by the state and thus require approval by the national government (Carrión, 2007; Rojas, 2004).

Macroeconomic conditions appear crucial to both the launching and the continuity of rehab enterprises. Brazil has been able to revert the market-driven approach thanks, in large part, to the availability of public funds owing to steady economic growth, while the late-1990s' crisis seriously harmed the rehab program in Quito (Rojas, 2004)

The market-based model of intervention presents various pitfalls, among them the gentrification and what Carrión (2007) refers to as the “boutiquization” phenomenon, that is, the sprawl of shops and stores coupled with a neglect of residential needs. Further, for large-scale private investment, this model requires that the areas under consideration have a high business potential, either because of location (e.g., Santiago's center) or touristic attractiveness (e.g., Quito's *centro historico*).

Due to their centrality, inner-burbs do offer business opportunities, especially in retailing and artisanal crafts. Yet these opportunities are unlikely to attract the kind of area-wide private investment that was required in Quito's renovation plan. Either the state should be expected to play a larger role (as it did in the Brazilian cases considered) or a more micro-level, small-scale approach is needed if a market model is to be used.

The market-based perspective on rehab focuses on increasing the exchange value, however, which is highly dependent on neighborhood ranking. Hence the collective action problem outlined at the beginning. Because of their mainly residential function, all occupants of innerburbs's dwellings will benefit from the increase in use value of their home, regardless of whether their neighbors engage in rehab of their own houses or not.

An overarching project should be defined from the outset and a public body should be vested with the capacity to enforce (or, if necessary, redirect) its implementation. Otherwise, all-too-common shortages in funding leave a legacy of scattered, incomplete works and fail to raise the overall value and quality of life of the intervened area. This is all the more crucial under the market-driven approach, where private actors target punctual, profitable projects without much concern for the coherence of the whole.

Ideally, the sources of funding should be diversified, involving public investments and incentives (e.g., in the form of low interest-rate credit, tax deductions to private business, direct subsidies, etc.) as well as private investment, external aid, and local resources (e.g., generated through taxation on appreciated assets, business developments, etc.) to ensure continuity of financial inflow (Carrión, 2007).

Regulatory and Legal Policies Environment for Rehab

This section looks at the regulatory and legal policies environment of rehabilitation programs for self-help housing in Latin America. Rehab issues differ widely across the case studies, from the level local participation which influences the efficacy and effectiveness of the projects, and by the manner which title acquisition and flexibility of building codes encourage rehab.

Participation

The level of local, community, and/or grassroots participation is an important aspect of the regulatory and legal environment facing rehab. In conjunction with social movements and even media coverage, community participation plays a big role in the level of inclusion of the families affected in the construction or rehab process. As such, the legal and regulatory terms can be altered to the benefit of those most affected. Increased monitoring of the building or rehab process reduces corruption, waste and clientelism. On the other hand, lack of community participation does not allow the involvement and valuable contributions of the beneficiaries to be reinserted back into the project, thus undermining the ability of projects to fully satisfy the demands of residents, as well as the efficacy of the construction process.

Participation can be encouraged and supported by government and non-governmental actors, policies and funding. But in the case of Latin America, some of the best case studies involving a high level of neighborhood inclusion include forced or defensive participation where the communities themselves demand to be heard and mobilize to that end. Neighborhood-based unions, a type of localized popular urban movements, have formed in Latin America as a collective way to defend tenants' rights from evictions or rent increases, to push for access to and regularization of public land reserves, to alter government's rehab and reconstruction plans, etc.

Regularization

One of the key problems facing low-income housing programs in Latin America is access to land with regularization programs often times the only viable land and housing policy for the poor. Regularization programs, including house and land inheritance and titling, are thought to encourage rehab and housing upgrades as well as and facilitate the process of consolidation. Put another way, lack of legal tenure delays the investment in and installation of urgently needed neighborhood/urban infrastructure. On the flip side, there are drawbacks to the formalization process as communities develop and monetary incentives for private gain kick in. That is, with legal acquisition of property comes further subdivision of land, densification and the construction of precarious rental dwellings (Math  y, 1992). Gentrification can also be problematic as lower income residents are driven off by better-off income groups if the neighborhoods become more attractive (physically or because of location).

Policies and Codes

The stringency or flexibility of reconstruction/rehab policies and building codes can improve and/or facilitate housing interventions. Policies are those put in motion by federal, state and municipal level governments in response to community need, as a means of anti-poverty intervention, and/or as a result of disasters that displace families. Such policies can be carried out most effectively (improves the welfare or quality of life of the beneficiaries) and efficiently (at least cost or maximum gain from the cost) when community involvement is present to oversee the construction or rehab process. In some countries such as Mexico housing programs tied anti-poverty objectives have been diffused towards the municipal governments, while in other Latin American countries such as Argentina housing intervention strategies are weakly supported by the federal government (Zanetta, 2004). This level of support is also tied to funding mechanisms, including international organizations.

Building codes and their enforcement reflect the commitment and knowledge of officials. On the one end, stringent codes place undue burden on persons and end up impeding household/neighborhood rehab. On the other hand, too flexible of codes can lead to unsafe household/neighborhood construction practices. The question of enforcement is also important since adequate building codes can be overtaken by undue diligence on behalf

of building officials which again leads to unsafe construction practices. Accountability must also be considered because when those in charge of the structural design and construction of buildings are not held legally or criminally responsible then inadequate materials and other cost-cutting building measures will be rampant.

Mexico City – Renovación Habitacional Popular

Tlatelolco and Guerrero Neighborhood Reconstruction after the 1985 Earthquake

The magnitude 8.1 earthquake that struck Mexico City on September 19, 1985 devastated the densely populated central area of the city. Throughout the city 2,831 buildings were reported destroyed or structurally damaged and the damage to the public and private buildings affected an estimated 100,000 residential units – more than 30,000 housing units were completely destroyed and another 68,000 were damaged (Soberón, 1986). High-rise public housing and run-down tenements (*vecindades*) were particularly hit, displacing much of the urban poor (Connolly, 1993). A scene of major disaster occurred in the delegación or borough of Cuauhtémoc where the neighborhoods of Tlatelolco and Colonia Guerrero are located. As a result of this devastation, these residents and others, including workers from the neighborhood sweatshops, mobilized to form the *Coordinadora Unica de Damnificados* (CUD) to demand representation in the reconstruction process.

As federal agencies began formulating a reconstruction plan in the days and weeks following the disaster, the president – Miguel de la Madrid – and the PRI were forced to acknowledge community, labor and opposition groups when their significance in the city's recovery became clear. The combined political pressure resulted in the *Convenio de Concertación Democrática para la Reconstrucción de Vivienda* (Democratic Agreement for Reconstruction) which adhered to two core demands of the beneficiaries:

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

The *Programa de Renovación Habitacional Popular (RHP)* was established and became the most important effort for the urban reconstruction and rehabilitation of houses and apartments damaged by the quake. Two years later, with the help of World Bank funds, the RHP built or renovated over 48,000 units, most on the original plots and to the benefit of the original tenants.

The legal terms of the expropriation determined that the families who had been occupying the lots at the time, or immediately prior to the earthquake would be the beneficiaries of RHP renovations. This reduced the traditional corrupt mechanisms for allocating housing credits and the use of clientelistic tactics to gain political or economic capital (Connolly, 1993). More so, the temporary nature of the program also meant that there

was no time for the usual build-up of vested interests in bureaucratic power; RHP, as an institution, terminated in 1988. Thus, the expropriation solved one of the main problems facing low-cost housing programs – access to land – and met the demands of the families affected – the right to remain in their respective neighborhoods and places of work. The property regime changed from an uncertain situation to a secure holding since most families previously rented before the earthquake then became co-owners of the renovated residential units.

Prior to the quake, building regulations contained deficiencies that failed to mitigate human and physical losses resulting from the quake. Most of the damage from the 1985 earthquake occurred to buildings constructed between 1957 and 1976 when the city started to build upwards between six and 15 stories in height: these structures were most affected by the resonance effect of the lakebed. Post-1985 new regulations were published and contained important modifications for increasing the structural security of buildings and houses. Codes have since been upgraded regularly and, in particular, in 1987 and 2003 regulations were modified to include advances in structural design and building materials. Key improvements related to building and security included: To obtain building permits and licenses, it was no longer optional as in the 1976 regulation, but it was required for licensed professionals to assume technical responsibility of the construction. This assured legal accountability in the structural and architectural design.

Seismic and geological characteristics of the land are mandatory in order to make necessary structural improvements to strengthen the buildings and floors so that they can absorb the localized resonant energy produced by seismic waves. This also ensures that buildings do not topple on one another, a situation that caused much damage in the 1985 quake. To make buildings and houses more solid and resistant to seismic movements, structures such as columns, roofs and foundations must be built with steel and concrete. High resistance concrete is required to increase structural durability and stability; this type of concrete also requires less maintenance and better resists environmental wear and tear. The study of masonry pieces with different geometric forms has also been applied to improve structural load and impact. New construction had to incorporate accessibility for persons with disabilities or special needs. Construction had to also account for ways to diminish fire hazards.

Overall, the Mexico City reconstruction process provides a good case study on how community mobilization can guide policy; how beneficiaries can be effectively included in the intervention, reconstruction and rehab of their neighborhoods, housing and workplaces. Corrupt practices are also minimized since these beneficiaries provide supervision of the construction credits made available to them.

Mexico City – The El Molino Project

The El Molino Project was a community-level movement to develop a housing project for its low-income members. El Molino was a land reserve of about 50 hectares controlled by FONHAPO (*Fondo Nacional de Habitaciones Populares*) southeast on a former lake bed in the periphery of Mexico City. In 1984 when this cheap land resource

was learned about, the *Libertad* union of settlers, renters and homeless was created to negotiate land acquisition and meet credit requirements (Mathéy, 1992). Its collective nature allowed it to work with FONHAPO, practically the only financial institution which could provide credit for low-income housing of this nature (Connolly, 1993). To formalize the land allocation, *Libertad* obtained technical assistance from CENVI (*Centro de la Vivienda y Estudios Urbano*), a non-governmental organization that designs and implements alternative ways of low-cost housing. In early 1985, *Libertad* purchased 21.4 hectares of the El Molino land.

A key role negotiated by the housing cooperative was direct and constant participation in the development layout of the land and home construction. While technical expertise was provided by CENVI, the organizational and political aspects remained with the union (Connolly, 1993). Community policies dynamic in nature to be modified were set in place by *Libertad* via a 10-page statute that combined elements of both direct and representative democracy (Mathéy, 1992). These included general assembly neighborhood meetings, subgroup family meetings, representative meetings that decided on operational matters of the general assembly, and multiple commissions – financial, technical, public relations, honor and justice, organizational, and cultural.

Planning permission and a building license were granted with the provision of alternative waste disposal since conventional drainage was impractical on the former lake bed. A version of the SIRDO (Integral System for Recycling Organic Waste) was adopted. A total of 1,088 core dwelling units were constructed between 1986 and 1989 through a combination of self-help brigades assigned to specific tasks and hired construction workers. The administration of the project was ultimately the responsibility of the union, including the work quotas needed to be fulfilled by beneficiaries. Constant member participation and technical guidance from CENVI held costs down, improving the efficacy of the project.

Like any home mortgage, legal transfer of title was based on full payment (20-year time period) of the initial building credit. Soon after the home construction ended, there was no evidence of gentrification since few people left the community. However, 20 years have passed and land tenure has transferred to individual families. Much of the initial open-community layout continues and much of the regularization process has led to land subdivision, densification and rental property construction is at issue. For example, houses were built in groups of 12, 14 and 16 and these shared a common backyard (Mathéy, 1992). Whether or not these backyards have been fenced in and more building has occurred to accommodate extended family determines the level of community spirit that remains. The achievements of El Molino have not been widely reproduced across Latin America.

Overall, the El Molino Project provides a good case study of go-between technical assistance from a NGO to help a community organization made of up low-income members obtain credit for land, drainage infrastructure, and home purchases. The project combines collective self-help with features of ‘popular’ (alternative) urbanization and local democracy at the neighborhood level.

APPENDICES

CASE PROFILES

Name of project: Microbrigades

Location: Various neighborhoods in La Havana, Cuba

Length of intervention: In 1970 Castro put forth initiatives for self-help, but state-assisted housing programs. In 1984 laws for large-scale housing reforms were put into place. The microbrigades continue to be a part of the housing system in Cuba today.

Population affected: These projects are popular in multiple regions of the country, especially in the capital, in neighborhoods such as Centro Havana, Marianao, and Aroyo Naranjo barrio areas. These sites typically have dilapidated housing structures that were created in the 1960s or '70s and the residents are eager to improve their living situations.

Resources invested: The new housing law foresaw particular provisions to support self-help housing, mostly credit, technical assistance and official outlets for standard-quality building materials. Credits of up to 5000 pesos were available to pay for materials and assistance, but not for the owner's own labor input. The state also provides the building materials, and the residents are responsible for the construction and rehabilitation work.

Actors involved: These projects depend on the support of the state, and the labor of the residents, as it is assigned as their work for the period, as well as volunteered help.

Goals: Microbrigades are a way to incorporate community participation into home repair and rehabilitation projects. The residents are supported by the state to improve their residential dwellings, making the neighborhoods more livable.

Name of Project: Programa de Repoblamiento – La Corporación

Location: City centers in Santiago, Chile

Length of Intervention: In 1990 La Corporación and the Chilean government developed a special program to subsidize remodeling as a part of the Programa de Repoblamiento. This went on through the 1990s, and in the 2000s the housing projects were consolidated into Microcentros that are still currently inhabited.

Population Affected: These projects were aimed towards those who lived in city centers, or to encourage more people to move to these areas. Low income citizens in need of updated housing in a convenient location were the target for the program.

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

Actors Involved: Federal and local governments worked in conjunction with La Corporación, a development company in Santiago.

Goals: La Corporación is interested in moving families into the newly renovated urban centers, where more of the population can be close to business centers, and thus more available to work. It aims to accelerate participation in the private sector by pushing for these housing programs. La Corporación also helps with other programs, including: actions for improving public spaces, façade recovery, building recuperation, support of cultural and economic activities, and the creation of new green zones.

Name of project: Recuperación del Centro Historico

Location: Quito

Length of intervention: From 1987 (founding of Fonsal) to present

Population affected: 75.000 inhabitants/ 300.000 visitors p.day

Resources invested: \$51 m

Actors involved: Municipality, FONSA, Empresa Centro Histórico, IDB, Ministerio de Vivienda

Goals: Recover historic legacy, promote tourism, revive economic activity, improve living conditions/prevent 'slumization'

Name of project: Plan Vila Viva

Location: Belo Horizonte

Length of intervention: 2007-present

Population affected: 75.000 inhabitants/ 300.000 visitors p.day

Resources invested: \$ 360 m

Actors involved: Municipality, *Programa de Aceleração do Crescimento* (Federal growth program), URBEL (municipal development company), neighborhood dwellers (through participatory budget and consultation mechanisms).

Goals: Upgrade/formalize housing infrastructure, manage risks for endangered dwellings, build human capital, solve environmental issues.

Name of project: Neighborhood Improvement Program

Location: Argentina (nationwide)

Length of intervention: 35 to 44 months, per project, followed by 12 months of monitoring and finalization of transferring the process to the private sector

Population affected: neighborhoods applying for projects and funding must have 75% of its population below the poverty line and 75% without basic needs to be approved. Bene-

ficiaries within the population will be those who have been in residence for 2 years or more, and are not receiving funding from any of the other funds for rehabilitation and infrastructure for low-income settlements.

Resources invested: from 2007 to 2010, the government had invested almost \$2 billion pesos argentines into 310 projects.

Actors involved: Community leaders and the national government, specifically the Ministry of Federal Planning, Public Investment and Services

Goals: to “improve the quality of life and contribute to urban and social inclusion for the households of the most poor segments of the resident populations of villas and irregular settlements...to consolidate the beneficiary population in the space they [already] inhabit, providing access to land ownership, contributing to the provision of urban infrastructure, community facilities, and environmental cleanliness, and promoting the strengthening of [the community’s] human and social capital”.²³ The Neighborhood Improvement Program has four arms. “Legalization of property” entails physical and legal regularization of self-help settlements with the aim of giving owners legal title. “Provision of infrastructure, facilities, and environmental health” refers to the production of public services and community facilities, as well as the rehabilitation of public space and environmental practices to mitigate problems. “Increase of human and social capital” includes projects to organize communities and to provide activities to promote health, education, and recreation. “Strengthening management capacity” attempts to prevent the creation of new irregular settlements through better urban intervention (<http://www.promeba.org.ar/institucional/index1024.html>).

Location: Villa 21-24, La Boca, Buenos Aires, Argentina

Population: 12,000 residents

Resources invested: unknown

Actors involved: community leaders, Movimiento Territorial de Liberación (*piquetero* group)

Goals: to reestablish Villa 21-24 as an area of interest for investment and rehabilitation, to promote private investment, to bring shantytowns back to the forefront of the Argentine consciousness

PHYSICAL REHAB

Mexico City

In Mexico City, the El Molino project is exemplary because of the extent to which technical assistance was offered to self built settlement residents of Libertad Union from an NGO, Centro de la Vivienda y Estudios Urbano.²⁴ As a result, Libertad Union obtained

²³ <http://www.promeba.org.ar/institucional/index1024.html>.

²⁴ Founded in 1979, Centro de la Vivienda y Estudios Urbano is a NGO in Mexico City that works with and on behalf of low-income community-based organizations. The aim of the NGO is to design and implement alternative low-cost housing provision which affects social, economic and political change. Housing provision is central to shaping an entire community, from conception to design to financing and implementation and maintenance.

credit from FONHAPO to acquire land, finance drainage infrastructure and purchase homes for low-income members.

Building in the context of the El Molino project resulted from self-help and hired contractors. Brigades of people organized around the completion of specific goals and each person had to fulfill a work commitment. The utilization of the brigades was the most successful aspect of this project and takeaway, ensuring constant progress and post-occupancy maintenance. The main tenants of the project are 1- participation in urban planning' 2- new forms of urban environment emphasis on shared, communal spaces; 3 – integration of future users; 4 – cultivation of new ways of working around a common goal – finances, decision making, collectivity; 5 – consolidation of “popular culture” to revive neighborhoods (Connolly, 1993).

Cuba

Individual self-help housing was always a major element in Cuban housing production. Much was helped or tolerated by authorities; some was spontaneous and illegal, but only a few were linked to national state-assisted programs. These official self-help projects were isolated ventures and conceived only as a temporary fix to the problem of urban slums, and to replace the primitive bohíos (traditional thatched huts) with durable houses built to modern standards.

State-built housing, the conventional socialist model, accounts for about half of all dwellings. The majority of it is constructed by the Ministry of Construction (MICONS) using standard plans – there was a shortage of architects and engineers in the first years of the revolution. To speed up construction, prefabricated building systems were promoted, with large and repetitious concrete panels, parallel orientation of long linear buildings and a uniform number of floors. This type of housing has been increasingly criticized for its monotonous appearance, and for its cultural incompatibility with living traditions, especially in smaller towns and rural areas.

The need for urban repair and conservation, particularly of historic neighborhoods, had been recognized and resulted in various reconstruction and infill projects in the 1970s. Typical renovations include: roof repair, painting of facades and occasionally modernizing the electrical and sanitary work.

Quito

In Quito's central historic district, access was established via the construction of a Trolley Bus, which runs across the city from south to north, throughout the center, and is the easiest means to access the area.

A central basic problem of low income housing in the center according to the book *Volver o Centro* was that century-old houses, prevented from being redrawn for business or dwelling purposes, were subdivided in multiple housing tenements targeting low-income

population. Incentives for investment in rehab were thus low and the situation led to a process of “tugurización” (‘slumization’) found elsewhere.

SOCIAL SUSTAINABILITY

Mexico City

After the 1985 earthquake, about 100,000 families were left homeless, and there was a desperate need for low-income housing. Just days after the earthquake, many grassroots movements representing the displaced poor (damnificados) appeared to work alongside the existing community organizations, and they worked together to create a strong political and social force. This led to the creation of many workers unions that created a strong sense of cooperation, as people demanded improved urban reconstruction plans, donations to disaster victims, and denouncing the corrupt form of granting construction licenses.

The groups in Mexico City offer a form of best practice in response to natural disaster and devastation that often hits the poor the hardest. The unions formed after the earthquake not only helped bring an improved housing situation, but also created a form of social mobilization that gave residents political power.

El Molino, Mexico

The houses in this area were built with a combination of self-help and hired construction workers. The self-help component consisted of brigades which were organized for specific tasks; the prospective beneficiaries had to complete a work quota. Here, the self-build process was not very economical; due to their very low productivity, the work brigades achieved only a marginal reduction in cost. The brigades’ role in ensuring constant participation in the project was most important here.

A resident’s union was developed at this site as well. In addition to its housing efforts, the Guerrero Resident’s Union also manages a large social development program. This consists of: distributing 750 breakfasts daily to children - financed by the government under the DIF (Integral Family Development) program; providing 30 cheap meals to families still living in temporary shelters; and three on-going workshops for 75 families, providing training in tailoring, weaving and integral health.

La Boca and Barracas, Argentina

Community organization in Argentina, formal and informal, has grown rapidly in the last few decades. The number of formal NGOs grew from 6 in 1960 to 168 in 1992, mirrored by a growth in grassroots movements among the low-income urban populations. Grassroots movements peaked during the 80s, and then decreased in activity in the 90s, with the transition to democracy, while formal NGO activity increased in the 90s (Mathey, 1992).

Some formal NGOs, like Fundación de Organización Comunitaria, started out as informal organizations and expanded rapidly through ties to the government. FOC was started by Buenos Aires shanty town women in 1981. They worked extensively in development, with many projects in housing improvements and construction of community facilities like kitchens and schools. When the organization initiated cooperation with the municipality, the two agencies gradually became indistinguishable from one another, as they shared staff, financing, and project goals (Mathey, 1992).

Among grassroots movements, the most important organization is the Movimiento Territorial de Liberación (MTL), a group of piqueteros that “self-defines as a political, social, and territorial movement in the fight for land and housing.” (Thomasz and Gretel, 2008: 332-365, 338). Most who belong to the movement do not own their own house. Many of MTL members live in La Boca and Barracas, along with a few other southern neighborhoods, and are immigrants from neighboring countries.

Favela Bairro, Brazil

The Programa Quinquenal (1985) inspired the Rio Masterplan (Plano Diretor) of 1992 which drew on municipal funds to make neighborhood improvements for the poor settlements of the region. The agency responsible for neighborhood improvements was GEAP (1993) and one of the projects was the Favela Bairro I where 38 favelas were upgraded. Favela Bairro II (2000) expanded yet again on the idea of service provision to also include activities for education, health and training, and community development.¹ The Favela Bairro project is important because it focuses on social and physical exclusion and inequality in Rio. It directly impacts the poor, operates at a large scale, and works to reduce the gap between rich and poor access to urban space. However “the lack of community participation permeates all levels of the program, undermining the ability of projects to satisfy the demands of residents, undermining the speed and efficacy of construction work, and threatening the prospects of long term maintenance of infrastructure and services” (Riley, Fiori, Ramirez, 2000: 531).

Belo Horizonte, Brazil

The plan Vila Viva for ‘slums upgrading’ has been carried out in Belo Horizonte under the leadership of URBEL, the municipal urban development company created in 1986. This plan targets favelas and other informal settlements facing environmental hazards, service shortages, and other problems.

Examples of interventions in various neighborhoods have been street widening, the creation of water channels, and the construction of new buildings. In some cases, like Vila Novo Ouro Preto, community involvement has been an important feature. It includes workshop and training of the community as well as hiring of local personnel for public works.

FINANCIAL STRATEGIES

Cuba

Given the peculiar socialist context in which rehab is conducted in Cuba, the policies rely heavily on direct state investment, which has fallen short in some cases. Because of the organizational model used for intervention (i.e., the microbrigades), resources sometimes come from the state-owned companies to which workers belong. This is not a plan based on large-scale investment but rather small improvements contingent on resources at hand (both financial and technological), with a large share of sweat equity.

El Molino, Mexico

As it developed on land owned by a state agency (FONHAPO), the financing pattern of El Molino project displays some peculiar characteristics. Indeed, following land occupation, FONHAPO also assumed the provision of credit to allow for settlers to develop and formalize their dwellings. Thus, while other resources were mobilized, such as expertise from NGO's or social capital for the *toma*, the financing was provided mostly by the state, with the use of settlers' labor.

LEGAL AND REGULARIZATION ISSUES

Rio de Janeiro

Early community associations were organized under the Federação das Associações de Favelas do Estado da Guanabara in 1963. Regularization resulted from 1956 federal and 1960 state policies aimed at urbanizing and improving favelas. During the 1980s and as part of the 1988 constitution, housing policy shifted from states to municipalities, inspired by the National Movement for Urban Reform. This gave responsibility of land use and increased budgets to municipalities. The Favela Bairro project is an important initiative for land tenure and access to urban space to reduce inequalities between rich and poor. However, community participation is lacking, thus ensuring little return on local engagement. This lack of involvement, “undermines the ability of projects to satisfy the demands of residents, undermines the speed and efficacy of construction, and undermines long-term maintenance of infrastructure and services” (Riley, 2000).

Buenos Aires

Grassroots movements peaked during the 1980s, and then decreased in the 1990s with the transition to democracy, while formal NGO activity increased in the 1990s. The most important movement in the fight for land and housing is the Movimiento Territorial de Liberación. Title regulations of self-help settlements are produced via the Neighborhood Improvement Program. Anti-poverty programs in Argentina lag behind other progressive Latin American countries that promote housing and urban development at the municipality level. Thus, support for community participation in the diffusion of policy that tackles low-income access to housing is also lacking.

Quito

Urban planning in Quito results from two laws – the Ley de Monumentos Nacionales and the Ley General de Urbanismo y Construcción. Important legal modifications include urban financing and allowing municipalities to work with the private sector in urban planning in areas such as public spaces, green areas, and infrastructure. Community-level participation and inclusion in urban planning is weak.

Cuba

In addition to several sporadic initiatives in the 1960s and 70s, the government has formally included different forms of self-help housing provision in the housing laws of 1984 and 1988, and the massive implementation of most of those forms since then. Housing production is organized along three lines: state-built houses, individual self-help, and collective self-help construction. These forms coexisted for many years, but were only given a legal framework in 1984. The new housing law of 1984 turned all state-housing tenants (20 percent of population) into owners, but this left them with the responsibility of repairing and maintaining the buildings. Owners were also allowed to swap their houses without involving the state. Uncontrolled sales at market prices were simultaneously legalized, but rampant speculation (since no one can own more than one unit in Cuba) caused the cancellation of this possibility.

Microbrigade projects in existing neighborhoods require a close coordination with the local administration and imply a social responsibility toward the resident population. They have their own independent institutional set-up, subdivided into divisions according to the geographic structure of local government units. The decentralized form of organization permits greater flexibility in the construction process and closer links with neighborhoods.

Santiago

In 1990 la Corporación para el Desarrollo de Santiago (business group for the development of Santiago) and the central government created a special program to subsidize housing remodeling as a part of the Programa de Repoblamiento. This offers a strong incentive for prospective home buyers to live in urban renovation areas where they are eligible to receive the subsidy. With a municipal administration change in 2000, la Corporación took on more programs and responsibilities in the way of housing developments and improvements.

BACKGROUND DATA ON CASES

Rio de Janeiro

As with many municipalities, the perception and thus the policies related to informal settlements in Rio have shifted over time. Prior to the 1940s, policies took an eradication stance, and *favelas* were not recognized as part of the city fabric. The 1940s saw a combination of eradication and urbanization as well as the construction of housing or

temporary housing for those removed from eradicated *favelas*. The church had an important role in improving conditions in *favelas* and initiated urbanization policies outside of government, first through the Leão XIII Foundation (1946) and then Cruzada São Sebastião (1955). The latter actually began to serve as a mediator between favela communities and government policies. SERFHA (*Serviço Especial de Recuperação de Habitações Anti-Higiênicas*, 1956) was the first federal level policy aimed at urbanizing and improving favelas, replaced by *Companhia de Habitação Popular* (COHAB) in 1960. Community leaders of residents associations self-organized under the *Federação das Associações de Favelas do Estado da Guanabara* (FAFEG) in 1963. The Federal Council on Housing created in 1960 raised the housing question to a federal level along with COHAB at the state level, which implemented housing for the poor. A third alternative for upgrading favelas through community members sweat equity also emerged in 1967 with help from young architects and social workers under the CODESCO program (*Companhia de Desenvolvimento de Comunidade*), dissolved during the worst years of the military dictatorship (1970 – 1972).

The military government (1964 – 1984) stuck with an eradication of favelas stance via *Coordenação de Habitação de Interesse Social da área Metropolitana do Grande Rio* (CHISAM). The infamous *Cidade de Deus* housing project was a result of this initiative.

The 1980s reflect a sea change where favelas were seen as integrated into the city (PROMORAR / BNH 1979) and their urbanization taken up by municipalities (PROJETO MUTIRÃO 1981). During this time, the percentage of people living below the poverty line increased from 27.2% to 32.5% and Rio was the city with the largest number of poor people in Brazil, 3.64 million people (Cardoso and Lago, 1993 and Riley, Fiori, and Ramirez, 2000). Roçinha, the largest favela in Rio, was serviced and upgraded through Projeto Mutirão. Projeto Mutirão was expanded upon by Proface (1983), a state level initiative that serviced and then tenured favelas under the Cada Família um Lote program (1983).

Quito

The expansion of the city from the 1950s onward drove the upper-middle class residents and business alike out of Quito's century-old *casco historico*. The old buildings were no longer functional for much of the administrative activities of modern corporations and consumer preferences had changed. As in Mexico City, the center was taking over by small (often informal) retailers and low-income tenants of subdivided multiple-household dwellings. Rapid dilapidation of services and infrastructure followed. In 1979, Quito is proclaimed by UNESCO. Real investment in its rehabilitation would not begin, however, until the earthquake of 1987. In the aftermath of the disaster, a "fund" was created with municipality taxpayer money dedicated to renovation and conservation of the city's historical assets (FONSAL).

Selected buildings were rehabilitated on an individual basis, as a means to "give a lead" to the private sector in terms of the value and potential of these assets. Concomitantly, access to the area was facilitated by the construction of the Trolley as well as a series of

parking lots. In the mid-1990s, a mixed-capital firm was created (the ECH) which assumed the risks of a large-scale renovation (which no private actor had incentives to assume). Its operations included the acquisition and revamping of deteriorated dwelling and commercial buildings to be sold after renovation, as well as other larger public works in public spaces and service provision to make the whole enterprise viable. When reselling was unprofitable because of low market prices, the firm would adapt its strategy. It also benefited from its regulatory power, derived from municipal participation in capital and decision making (I'll send more about this if I find). The initiative was a success story which set a model for other cities. The harsh economic crisis of 1999, however, brought the process to a halt. From my own experience, the historic core has managed to reemerge as an attractive and relatively safe touristic site.

Belo Horizonte

The plan Vila Viva for 'slums upgrading' has been carried out in Belo Horizonte under the leadership of URBEL, the municipal urban development company created in 1986. This plan targets favelas and other informal settlements facing environmental hazards, service shortages, and other problems. Though it started with funding and expertise from an Italian cooperation agency (AVSI), it has recently benefited from the federal fund of the PAC (Programa de Aceleração do Crescimento), from which the city of BH has received about 340 m \$. Intervention are based on advanced GIS-mapping tools, especially the so-called Planos Global Especifico (PGE), which have been produced by multi-disciplinary teams of experts (with consultation of local leaders and in some cases with the active participation of residents). These Planos (maps) identify and locate problems and hazards throughout the area.

Examples of interventions in various neighborhoods have been the widening of thoroughfare, the creation of water channels, and the construction of new buildings. In some cases, like Vila Novo Ouro Preto, community involvement has been an important feature. It includes workshop and training of the community as well as hiring of local personnel for public works.

Cuba

In the 1960s and '70s poor Cuban neighborhoods were able to get the attention of the government, and different self-help housing reforms were implemented throughout the island. The need for urban repair and conservation, particularly of historic neighborhoods, had been recognized and resulted in various reconstruction and infill projects in the 1970s. Typical renovations include: roof repair, painting of facades and occasionally modernizing the electrical and sanitary work. These initiatives were made into laws in 1984 and '88. There has been large-scale implementation of these housing reforms in the years following these laws.

With the state-intensive economic and political system in Cuba, self-help housing was never able to reach its greatest potential because of the capitalist context it assumes. Many projects are unable to fulfill their objectives in reaching target groups, and serving

as a template for other programs. However, where the state explicitly promotes the project, it was often found to support market-based commodity relations. This hurts the local social movements, destroying the dynamic of the projects, as well and contributed to the further exploitation of the poor population.

The self-help housing programs in Cuba are successful in some areas, however, and some of the microbrigades and union-style cooperatives offer some insight on efforts to increase the housing situation for the poor. In this state, housing production is organized into three groups: state-built houses, individual self-help, and collective self-help construction. We will be focusing on the self-help aspect, which produces the collectives and cooperatives that have been fairly successful.

Individual self-help housing was always a major element in Cuban housing production. Much of it was helped or tolerated by authorities; some were unplanned and illegal, but only a few were connected to national state-assisted programs. Microbrigades became a very popular type of housing put forth by Castro in 1970. Workers within an office, factory, or other productive unit are able to build houses for themselves and their colleagues. Some employees work on the housing, and all coworkers would be able to live there. The state provides building materials for these microbrigades, and the salaries of the workers are either paid by the work center, or paid directly by the state through the micro when the workers don't belong to a center.

This microbrigade setup can be seen as an example of a best practice for self-help housing. They have an advantage in doing this labor-intensive construction with their typically artisan approach. Microbrigade projects in existing neighborhoods require a close coordination with the local administration and imply a social responsibility toward the resident population. They have their own independent institutional set-up, subdivided into divisions according to the geographic structure of local government units. The decentralized form of organization permits a more flexible architectural approach, the use of local materials and the recycling of salvaged building components, closer links with the neighborhood and the pooling of technical assistance, supervision, education, and catering services among several microbrigades.

Social microbrigades are another successful example of housing programs in Cuba. These are when workers do not belong to the same work center, but live in the same neighborhood. These are found in parts of the capital, including Centro Habana, Marianao and Aroyo Naranjo at the end of 1987 and took up the experience of a local initiative of Las Guasimas barrio in the province of Havana. The main activity performed by this type of micro is the repair or renovation of the existing housing stock and urban infrastructure. This setup has become the more efficient solution to the previous form of housing maintenance through the state's repair enterprises.

Since social microbrigades don't focus around work centers, the unemployed are incorporated, like young adults, housewives, and the elderly. Voluntary labor is incorporated here. These social micros provide jobs, improve housing opportunities, and create social control of the neighborhood, which make them better taken care of. Microbrigadistas are

assigned to work houses first, then community facilities thereafter. Overall, this system provides residents with improved living conditions in their homes, as well as strengthened communities and social capital.

Santiago

In Santiago, the low-income housing issue is responded to by a combination of state and corporate efforts. Housing policy is based on a home-financing system that includes a direct state subsidy, a schedule that varies with the subsidy program, and a mortgage credit bank. A business group that supports development in Santiago (La Corporación para el Desarrollo de Santiago) has been working with the central government to create a special housing subsidization program. This private-public approach to housing rehab has proved to be successful, and can act as a model for other projects.

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

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

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

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