

Consortium urban operations, real estate capital interests, and urban master plans: Salvador, Bahia, Brazil, 2000-2016

Operações urbanas consorciadas, os interesses do capital imobiliário e os planos diretores urbanos: Salvador 2000/2016

Operaciones urbanas, los intereses del capital inmobiliario y los planes maestros urbanos para el período 2000-2016 en Salvador, Bahía, Brasil

Opérations urbaines, les intérêts du capital immobilier et les plans directeurs urbains pour la période 2000-2016 à Salvador, Bahia, Brésil

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ABSTRACT

This article aims to analyze changes in the parameters guiding the application of Consortium Urban Operations (Operações Urbanas Consorciadas – OUCs) within the various Urban Development Master Plans (Planos Diretores de Desenvolvimento Urbano – PDDU) approved in Salvador, Bahia, from 2004 to 2016, emphasizing their relationship to private-sector interests. The analysis reveals a progressive alignment of this urban planning tool with real estate market demands, as explicitly articulated in the “Masterplan Salvador Capital Mundial”, a plan donated by the Baía Viva Foundation to the municipality and presented by the Salvador City Hall in 2010. The findings indicate that although OUCs have the potential to drive significant social transformations, in Salvador, this instrument has been consistently adapted to serve primarily the interests of real estate capital.

KEYWORDS: consortium urban operations; urban development master plan; Salvador; Bahia; Brazil.

RESUMO

O presente artigo tem por objetivo discutir as mudanças ocorridas nos parâmetros de aplicação do instrumento das Operações Urbanas Consorciadas (OUCs) nos diversos Planos Diretores de Desenvolvimento Urbano (PDDU), aprovados no município de Salvador-BA, entre os anos de 2004 e 2016, e como estes se relacionam com os interesses da iniciativa privada. É revelado o progressivo ajuste deste instrumento aos interesses do mercado imobiliário, expressos no *Masterplan* Salvador Capital Mundial, doado pela Fundação Baía Viva à municipalidade e apresentado pela Prefeitura Municipal de Salvador, em 2010. O resultado da análise leva à conclusão de que, apesar das OUCs apresentarem potencial de transformações sociais, em Salvador, tal instrumento tem sido utilizado e ajustado ao longo do tempo de maneira a responder prioritariamente aos interesses do capital imobiliário.

PALAVRAS-CHAVE: operações urbanas consorciadas; planos diretores de desenvolvimento urbano; Salvador; Bahia; Brasil.

RESUMEN

Este artículo tiene como objetivo discutir los cambios ocurridos en los parámetros de aplicación del instrumento de Operaciones Urbanas Consorciadas (OUC), en los diversos Planes Maestros de Desarrollo Urbano (PDDU) aprobados en el municipio de Salvador-Bahía, entre los años 2004 y 2016 y cómo se relacionan con los intereses del sector privado. Se revela la progresiva adaptación de este instrumento a los intereses del mercado inmobiliario expresados en el Plan Maestro Salvador Capital Mundial, donado por la Fundación Baía Viva al municipio y presentado por la Municipalidad de Salvador en 2010. Se llegó a la conclusión de que, a pesar de que las OUC presentan potencial para transformaciones sociales, en Salvador-Bahia, este instrumento ha sido utilizado y ajustado en el tiempo para responder principalmente a los intereses del capital inmobiliario.

PALABRAS CLAVE: operaciones urbanas en consorcio; planes maestros de desarrollo urbano; Salvador; Bahia; Brasil.

RÉSUMÉ

Cet article vise à discuter des changements survenus dans les paramètres d'application de l'instrument Consortium Opérations Urbaines (OUC), dans les différents Plans Directeurs de Développement Urbain (PDDU) approuvés dans la municipalité de Salvador-Bahia, entre les années 2004 et 2016

et comment ils concernent les intérêts du secteur privé. Nous dévoilons l'ajustement progressif de cet instrument aux intérêts du marché immobilier exprimés dans le plan directeur de Salvador Capital Mundial, offert par la Fundação Baía Viva à la municipalité et présenté par la municipalité de Salvador en 2010. la conclusion selon laquelle, bien que les OUC présentent un potentiel de transformations sociales, à Salvador-Bahia, cet instrument a été utilisé et ajusté au fil du temps afin de répondre principalement aux intérêts du capital immobilier.

MOTS-CLÉS : opérations urbaines ; plan directeur de développement urbain ; Salvador ; Bahia ; Brésil.

INTRODUCTION

At the end of the 1980s, amidst Brazil's political opening following a long period of military rule, the new Brazilian Federal Constitution (CF), known as the "Citizen Constitution", was promulgated. This Magna Carta represented significant advances resulting from the historical struggles of various segments of society, including the National Movement for Urban Reform (MNRU), which brought together a broad coalition of social movements and organizations¹. Thanks to these social justice advocates, essential principles of urban development policy applicable to Brazilian cities were incorporated into the 1988 Constitution through Articles 182 and 183, forming Chapter II: Urban Policy.

Despite the inclusion of urban issues in the Constitution, the MNRU's victory was partial. One of the central pillars of urban reform—the implementation of the social function of the city and property—was contingent upon further regulation through ordinary law and the existence of a municipal master plan. This requirement enabled the production of "favorable effects for agents responsible for speculation" (Maricato, 2001, p. 101). The Master Plan became "the basic instrument of urban development and expansion policy" (Brasil, 1988) and it was established that an urban property fulfills its social function when it meets "the fundamental requirements for the ordering of the city expressed in the master plan" (Brasil, 1988).

In the years following the Constitution's promulgation, several regulatory proposals emerged. Among these was Bill 5,788/1990, which, combined with 17 additional bills attached to it (Maricato, 2001), eventually resulted, after a prolonged legislative process, in the approval of the City Statute (EC) (Law 10,257/2001) in 2001 (Brasil, 2008), consolidating the constitutional articles on urban policy.

During this interim, there occurred "an effective shift in the role of the state—from supportive to facilitative," a global trend to which Brazil was no exception (Werna et al., 2001, p. 17, addressing housing policy). Similarly, Vainer (2011) introduced the concept of the "city of exception", characterized by the flexibilization of urban regulations serving capital interests. This shift in the role of the state aligned with neoliberal ideology, which gained significant strength in Brazil, particularly during the 1990s.

¹ The National Federation of Engineers, the National Federation of Architects, the Institute of Architects of Brazil, the National Urban Land Coalition, the Coordinating Body of BNH Mortgage Holders, the Movement for the Defense of Favela Residents, along with 48 other civil society organizations (Marques, 2019, p. 76).

By the end of the 1990s, Brazilian cities still operated under plans inherited from the Federal Housing and Urban Planning Service, an agency coordinating urban policies during the military regime. The planning guidelines of this institution provided clearly defined urbanistic parameters, relatively rigid zoning restrictions on urban land use, and policies aligned primarily with industrial objectives. Such restrictions limit the constructive potential in urban areas of high real estate interest, with zoning imparting rigidity to urban structures and consequently constraining opportunities for profit within the real estate sector.

At that moment, arguments advocating overcoming difficulties faced by Brazilian cities relied upon the discourse of urban crisis, claiming that resolution depended on private-sector investments (Arantes, 2011). This discourse emphasized the necessity of creating new localities and granting capital freedom to operate without restrictions in areas of interest. Within this context, Public-Private Partnerships (PPPs) gained prominence, privileging the private appropriation of urban differential rents at the expense of public interest². According to Serra and Nunes (2019, p. 15), PPPs have become an “important milestone in the change of urban management [...] marked by a speculative character, both in conception and execution”.

If, on the one hand, the urban policy articles of the Federal Constitution (CF) responded to a legitimate demand arising from civil society movements, on the other, urban planning adopted a flexible approach toward urban regulations and emphasized the private sector’s role as a co-builder of cities, driven by the minimal-state discourse. The relative nature of urban property, embodied in the principle of the social function of urban land and property, was reflected in the possibility of expropriation, the institutionalization of distributive and redistributive instruments for urban income (Pinho, 2017), and the relaxation of urban planning parameters, notably building density coefficients and height limits. This flexibility in urban regulations fostered speculative processes, serving neoliberal interests in urban spatial production, despite being absent from the original ideological framework underpinning the CF’s urban policy articles.

The City Statute (EC) outlines principles such as democratic management, equitable distribution of urbanization burdens and benefits, public invest-

² According to Singer (1980, p. 80), differential land rent arises from the fact that “each point in urban space is unique, in the sense that it offers a particular set of advantages that affect its cost” — advantages stemming from externalities related to the plot, its context, and its location.

ment recovery resulting from urban property appreciation, and the right to sustainable cities, housing, urban infrastructure, and public services (Brasil, 2008). Accordingly, the EC regulates a range of urban policy instruments, which Maricato (2001) categorizes into fiscal-financial and legal-political types.

Seeking a classification more clearly reflective of their role in reducing inequalities, Pinho (2019) distinguishes these instruments based on their nature: distributive, redistributive, or regulatory. Redistributive instruments capture some of the income generated from urban development and expansion. Instruments within this category include compulsory subdivision,

construction, or utilization; progressive property taxes (“IPTU Progressivo”); expropriation-sanction; onerous concessions; and transfer of development rights. Regulatory forms are expressed through zoning and land-use norms. Distributive procedures encompass urban and housing services and land tenure regularization. [...]. Redistributive norms challenge traditional and entrenched paradigms of property rights. According to Pinho (2019, p. 163-164): Regulatory norms directly affect the land and real estate market, attracting significant interest from these sectors.

The set of instruments regulated by the EC was not explicitly designed to favor any particular class or specific groups; rather, it functioned as a legal framework guiding the production and reproduction of urban space. These instruments align with the scenario described by Vainer (2011, p. 10) when defining the “*city of exception*” as:

(...) new urban governance model. Despite the (formal) operation of typical democratic republican mechanisms and institutions, formal institutional apparatuses progressively relinquish portions of their responsibilities and powers. Laws become legally contestable and increasing portions of the state’s public functions are transferred to agencies ‘free of bureaucracy and political oversight’.

Among these instruments were OUCs, one form assumed by Public-Private Partnerships (PPPs). OUCs are defined in the EC as:

(...) interventions and measures coordinated by municipal governments, involving property owners, residents, permanent users, and private investors, aiming to achieve structural urban transformations, social improvements, and environmental enhancement within a specified area” (Brasil, 2008, p. 24).

In return for private sector involvement, the legal framework of OUCs allows flexibility in urban planning legislation (including the Urban Development Master Plan—PDDU) and the issuance of Certificates of Additional Construction Potential (Certificados de Potencial Adicional de Construção – CEPACs), which can be applied to any land within the urban operation area and traded on financial markets. According to the EC, CEPACs are freely negotiable:

Article 34. § 1 [...], but convertible into building rights solely within the operation area. § 2 [...] will be used to pay for construction areas exceeding established standards [...], **up to the limit defined by the specific law authorizing the consortium urban operation** (Brasil, 2008, p. 25, emphasis ours).

Consortium Urban Operations thus possess a dual nature: regulatory, by enabling flexible application of regulations defined in the PDDU, and distributive. Depending on their implementation, OUCs can either represent significant social and political progress or reinforce absolute market dominance (Maricato, 2001), as legislation provides no guarantee against governmental capture by business interests. Considering the potential flexibility of urban spatial production achieved through OUCs, it is reasonable to conclude that class interests are embedded in the EC itself and in the set of instruments it regulates. This legal framework established guidelines for flexible urban land use, transforming previously episodic situations into standardized practice.

In recent decades, the Municipal Government of Salvador, Bahia (PMS), has incorporated OUCs into its urban master plans. This paper seeks to analyze how the modeling of OUCs progressively favored real estate capital interests, often to the detriment of broader societal interests. The adopted methodology involved a comparative analysis of the contents related to OUCs across various Urban Development Master Plans (PDDUs) implemented between 1985 and 2023, specifically those promulgated in 2004, 2008, revised in 2012, and in 2016. These legislative proposals were compared against the interests of real estate capital expressed in the “Masterplan Salvador Capital Mundial” (MSCM), presented by PMS in 2010. For the 2004 PDDU, the comparison utilized socio-spatial aspects obtained from secondary sources.

THE TRAJECTORY OF CONSORTIUM URBAN OPERATIONS IN SALVADOR’S URBAN MASTER PLANS

PDDU 1985: The initial absence

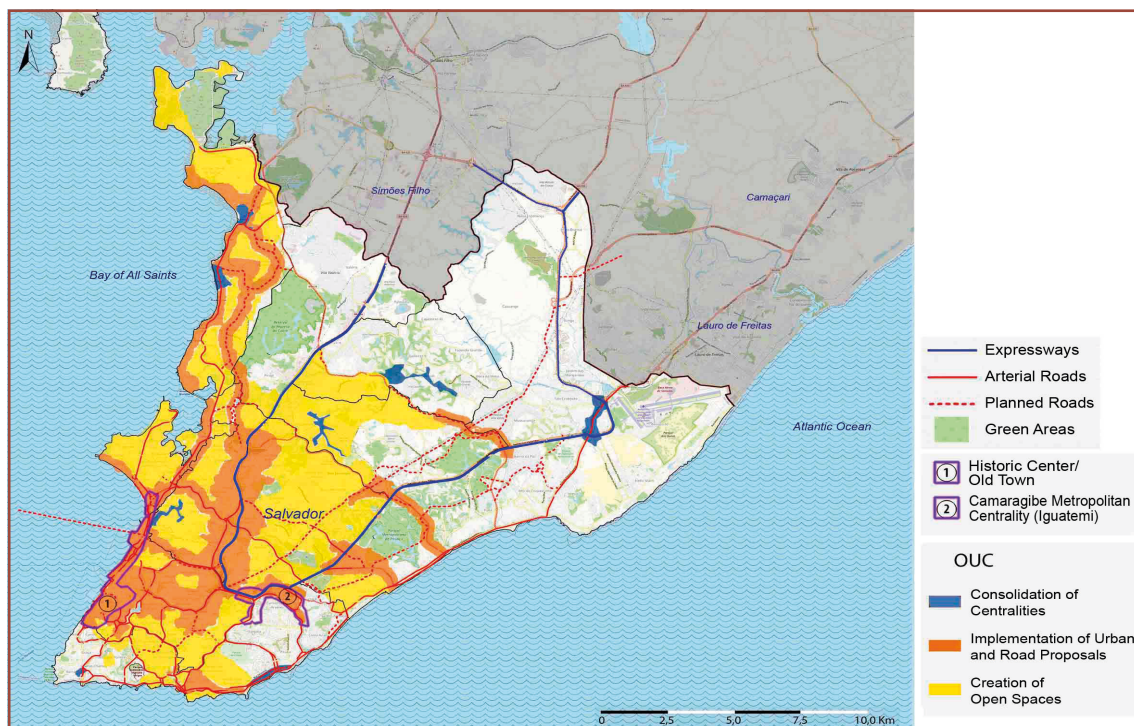
When the City Statute (EC) was promulgated, Salvador was governed by the 1985 Urban Development Master Plan (PDDU), which did not include Consortium Urban Operations (OUCs). Due to the City Statute’s requirement for periodic master plan revisions, beginning in 2001 the municipality proposed successive plans at approximately four-year intervals, despite the statutory mandate for revisions every ten years (Brasil, 2008). The first draft revision of the 1985 PDDU in 2002 introduced OUCs, which were consolidated in the 2004 PDDU—the first to be sanctioned following the City Statute’s approval.

Notably, each proposed plan was consistently subject to legal actions by the State Public Prosecutor's Office (MP-BA) due to weaknesses in the participatory process and frequent criticisms of their content (Pinho, 2019).

PDDU 2004: Introduction of OUCs

The 2004 PDDU (Salvador, 2004) established three distinct types of OUCs, each with clearly defined objectives aligned with the goals stated in the master plan. These are aimed at achieving “structural urban transformations, social improvements, and environmental enhancement” (Brasil, 2008, p. 24), as recommended by the City Statute. The three categories of OUCs were: (a) consolidation of urban centralities; (b) creation of landscaped open spaces³ in densely populated areas; and (c) implementation of urbanistic and mobility-oriented projects (Figure 1).

Figure 1 – Salvador: OUCs delimitations (PDDU 2004)



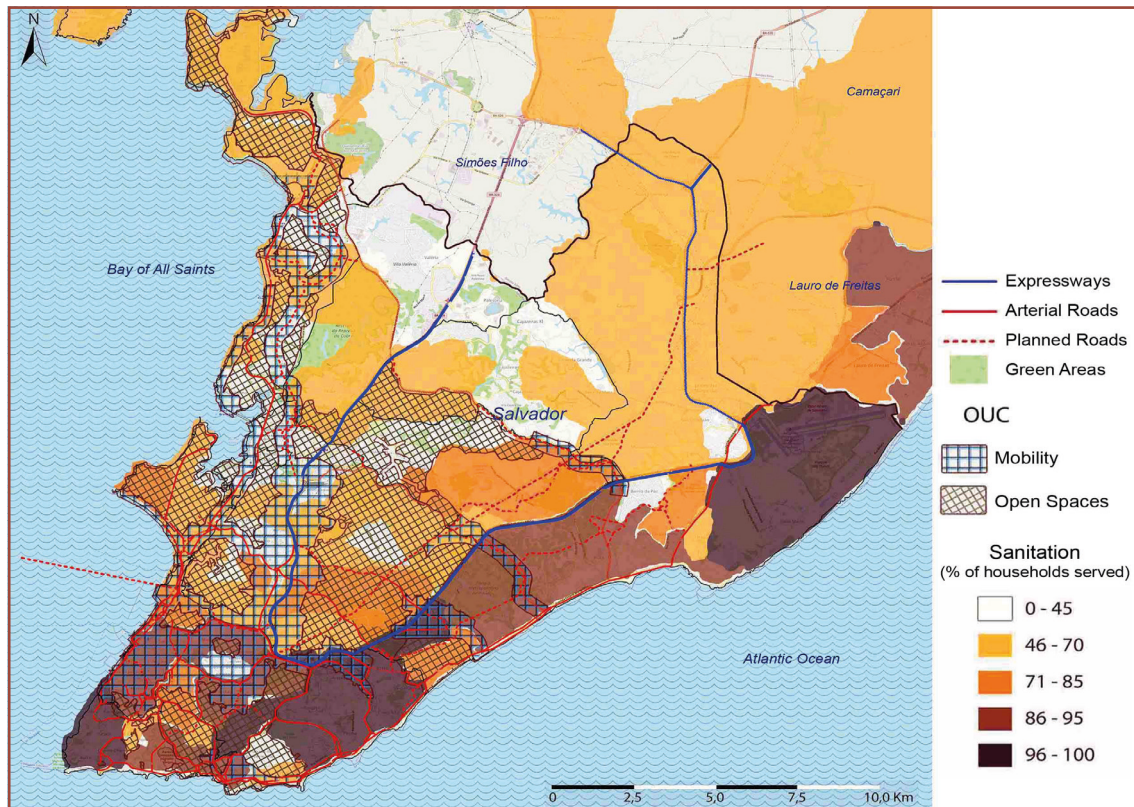
Source: Adapted by the authors from Salvador (2004). Cartographic base adapted by the authors from Salvador (2022).

Each OUC type was appropriately allocated to distinct areas of the city, demonstrating coherence between the goals of each OUC and the challeng-

³ The term ‘urbanized open spaces’ is referenced as such in the text of the PDDU Law, without any definition or clarification of the concept. For analytical purposes, it was assumed to refer to squares, parks, and similar public spaces.

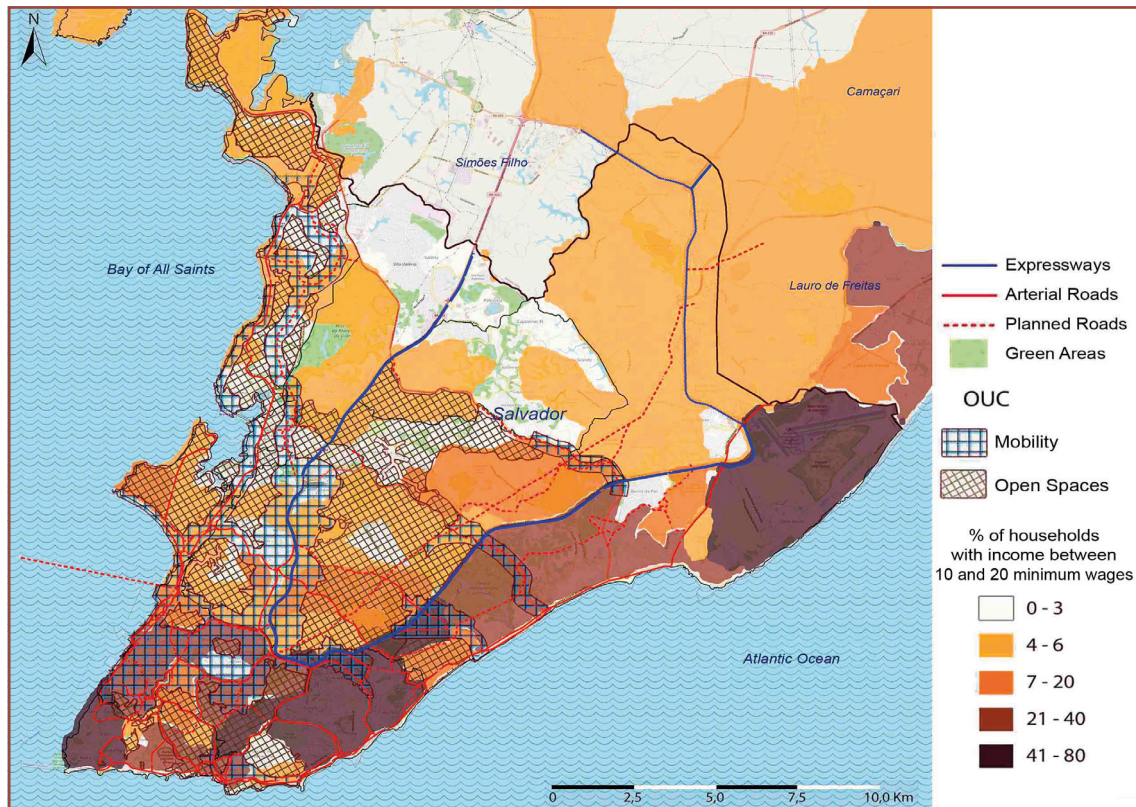
es faced by the targeted areas, revealing a technical alignment responsive to societal needs. A comparison of OUC boundaries with indicators related to quality of life confirms suitable locational decisions for applying this instrument, including urban infrastructure (Figure 2), household income (Figure 3), and housing typology (Figures 4 to 6). Criticism mainly targeted the scale of implementation, encompassing more than half of the city's territory.

Figure 2 – Salvador: OUC (PDDU 2004) vs urban infrastructure

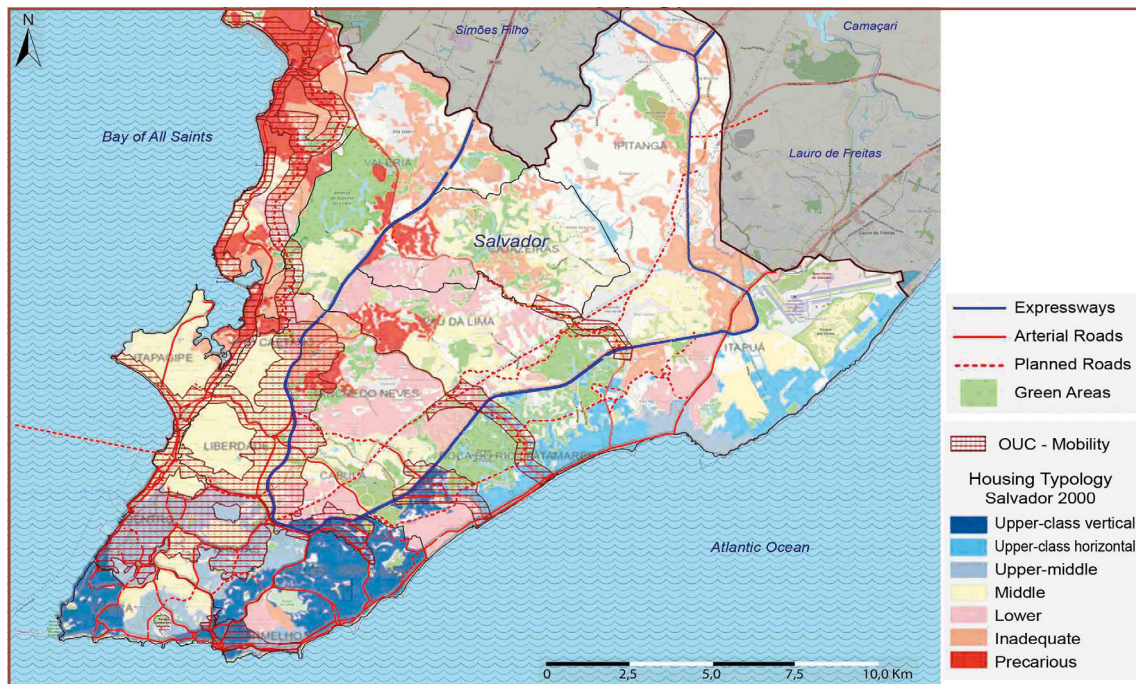


Source: Adapted by the authors, from Carvalho; Pereira (2008, p. 149); Salvador (2004). Cartographic base adapted by the authors from Salvador (2022).

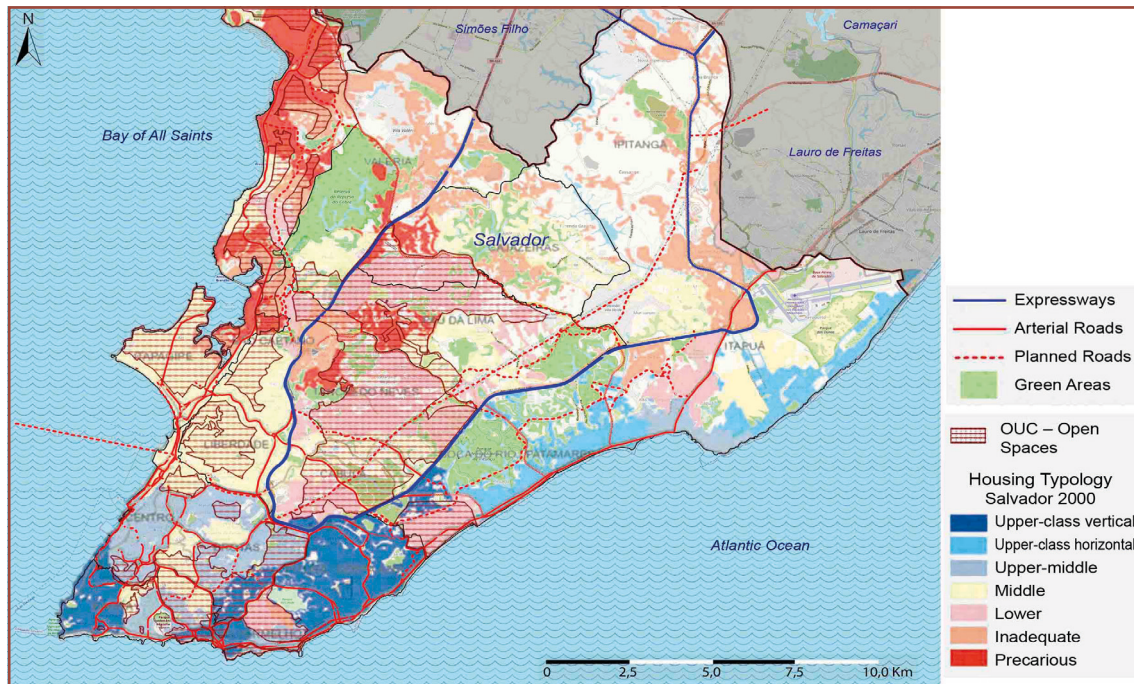
The mobility-related OUCs were located along avenues linking the city's two main centers at that time (Figure 1), extending throughout the north-west sector, characterized by low-income concentrations and inadequate infrastructure (Figures 2 and 3). Eastern sectors had targeted avenues within the OUCs, coinciding with affluent residential growth corridors. Generally, these operations covered areas with predominantly inferior, inadequate, or precarious housing conditions, occasionally encompassing medium-quality housing sectors (Figure 4).

Figure 3 – Salvador: OUC (PDDU 2004) x household income

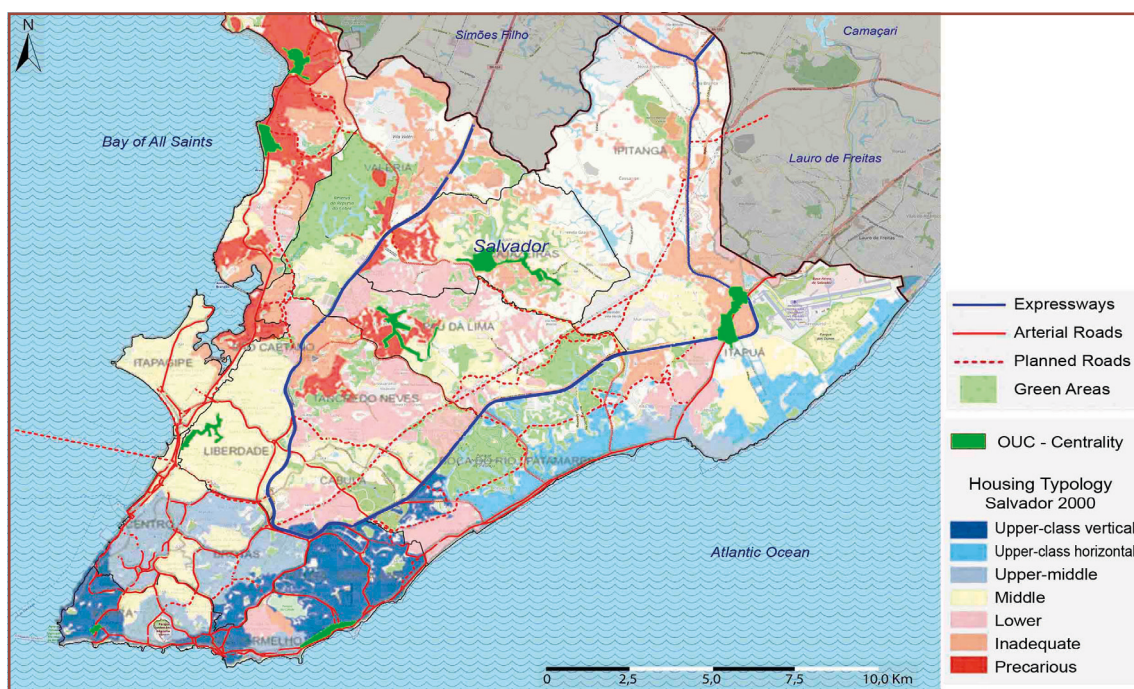
Source: Adapted by the authors, from Carvalho; Pereira (2008, p. 149); Salvador (2004). Cartographic base adapted by the authors from Salvador (2022).

Figure 4 – Salvador: OUC – Mobility (PDDU 2004) vs housing typology

Source: Adapted by the authors, from Carvalho; Pereira (2008, p. 149); Salvador (2004). Cartographic base adapted by the authors from Salvador (2022).

Figure 5 – Salvador: OUC – open spaces (PDDU 2004) vs housing typology

Source: Adapted by the authors, from Carvalho; Pereira (2008, p. 149); Salvador (2004). Cartographic base adapted by the authors from Salvador (2022).

Figure 6 – Salvador: OUC – centrality (PDDU 2004) x housing typology⁴

Source: Adapted by the authors, from Carvalho; Pereira (2008, p. 149); Salvador (2004). Cartographic base adapted by the authors from Salvador (2022).

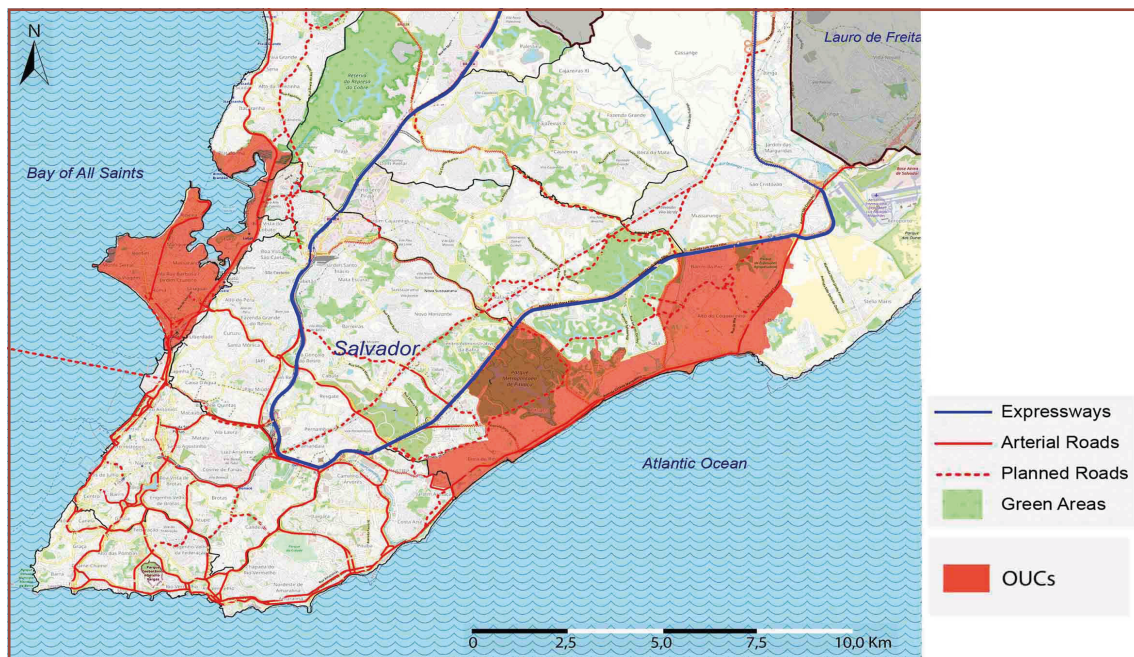
⁴ These housing typologies were identified by Carvalho and Pereira (2008, p. 146), based on IBGE Census data, using the ratio between the number of bathrooms and the number of households, as well as indicators of apartment-type dwellings, cross-referenced with the built-up area map produced from the interpretation of 2002 aerial photographs.

The OUCs targeting landscaped open spaces covered densely occupied peripheral areas genuinely lacking open spaces, characterized by poor sanitation infrastructure (Figure 2) and lower-income populations. Some areas also encompassed consolidated city sectors with better sanitation infrastructure but lower income levels (Figure 3).

Housing quality in these sectors predominantly ranged from medium to inferior and precarious (Figure 5). Exceptions were minimal and did not compromise the overall analysis. OUCs focused on consolidating centralities, including municipal sub-centers, particularly in peripheral areas (Figure 6), where housing was typically inferior, inadequate, or precarious.

PDDU 2008: OUCs

Figure 7 – Salvador: areas subject to OUCs: PDDU 2008



Source: Adapted by the authors from Salvador (2004). Cartographic base adapted by the authors from Salvador (2022).

The 2008 PDDU (Salvador, 2008) marked a significant shift in OUC objectives and spatial definitions. The macro-zoning guidelines outlined in the law provided for OUC implementation in virtually all macrozones, except for the Environmental Protection Macrozone. However, the annexed map specifying OUC boundaries indicated only two extensive areas subject to OUC application (Figure 7). Both areas had relatively well-developed infrastructure and strong real estate market appeal. The western polygon, situated along the shores of the Baía de Todos os Santos (BTS), featured high-density sanitation infrastructure, despite housing lower-income resi-

dents and medium-quality housing. The eastern polygon encompassed sectors characterized by high-income populations, superior horizontal housing types, and excellent sanitation infrastructure.

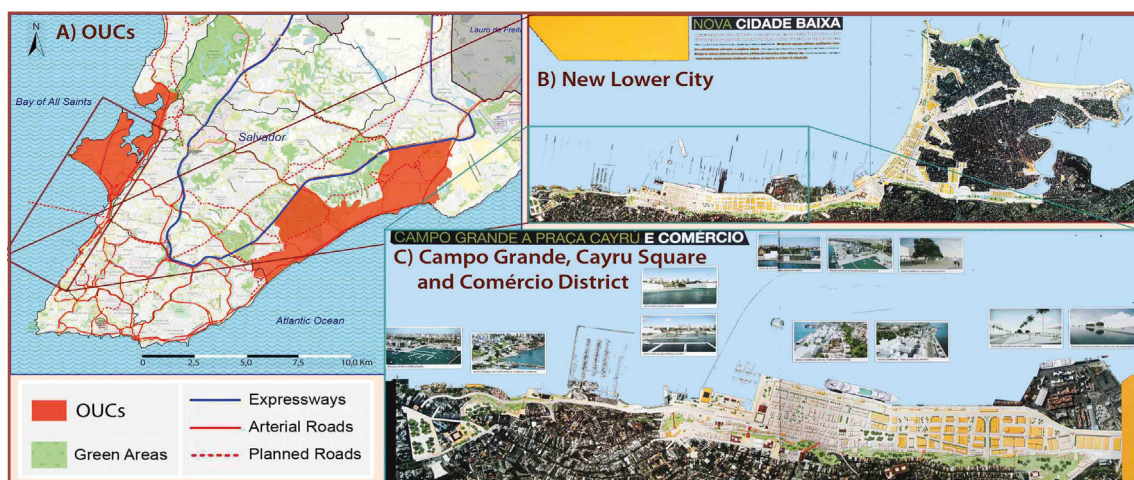
Unlike the 2004 PDDU, which distinguished clearly between OUC types and their specific objectives, the 2008 plan did not differentiate areas, instead broadly expanding potential objectives applicable to any OUC (Salvador, 2008). Since OUCs enabled direct capital intervention in urban spatial production, expanding potential objectives increased capital's freedom to shape the city and potentially weakened social interests. This shift was anticipated by a set of projects proposed by Salvador's Municipal Government (PMS) within the newly defined OUC spatial boundaries.

Revealing secrets:

The Masterplan "Salvador Capital Mundial" (2010)

In 2010, the Baía Viva Foundation donated a set of 22 major urban impact projects—the Masterplan Salvador Capital Mundial (MSCM)—to the PMS. Initially announced as conceived by municipal technicians, it was subsequently revealed that the MSCM was a "gift" from the Baía Viva Foundation, closely linked to the real estate market, with its leadership historically connected to the sector. Public backlash against the donation and its rapid adoption compelled PMS to partially retreat, revoking several previously issued expropriation decrees (Serra & Nunes, 2019).

Figure 8 – Salvador: Masterplan projects Salvador Capital Mundial: Nova Cidade Baixa: 2010

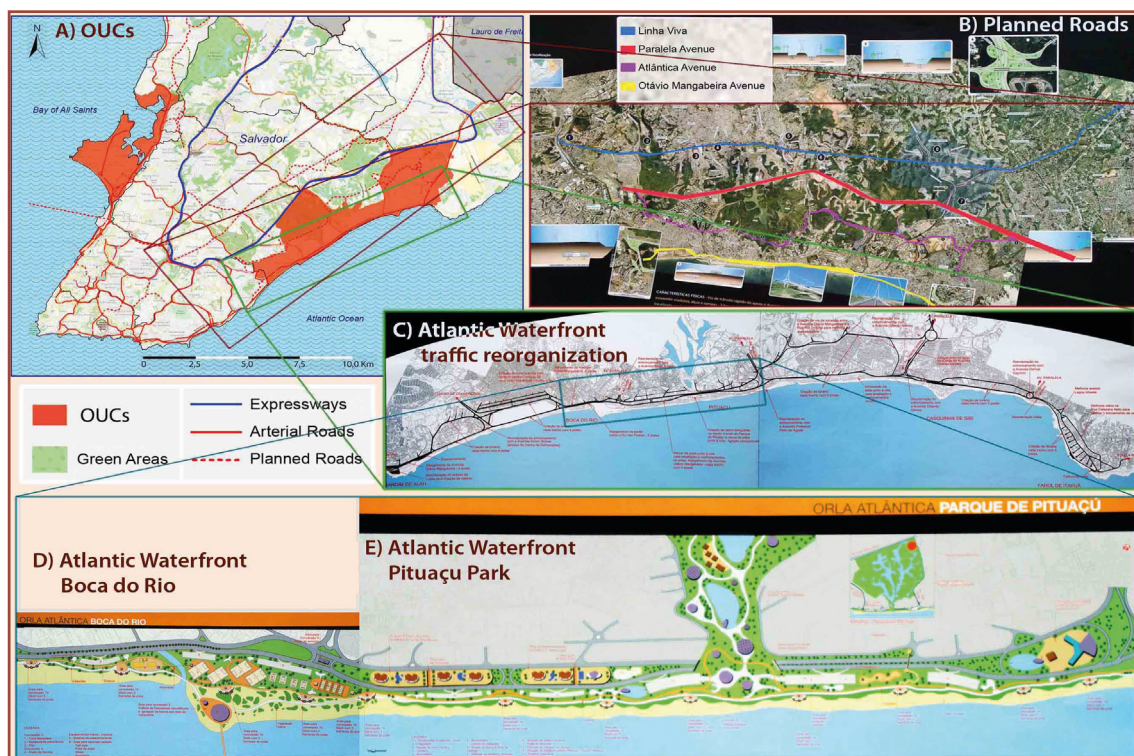


Source: Adapted by the authors from Salvador (2004). Cartographic base adapted by the authors from Salvador (2022).

The OUC boundaries defined in the 2008 PDDU included part of the MSCM's proposals, notably the shores of Baía de Todos os Santos (Orla da BTS, Figure

8) and the Atlantic Coast (Orla Atlântica, Figure 9), which involved significant urban redevelopment. On the Atlantic Coast, projects included roadway reorganization and two major coastal redevelopment initiatives in Boca do Rio and the adjacent Pituaçu neighborhood, integrating with the Metropolitan Park of Pituaçu—one of the city's largest green spaces. The BTS shore included projects for Praça Cayru, Comércio, and Ribeira neighborhoods in the Lower City, and Campo Grande. However, only part of Campo Grande fell within the OUC boundary, while Praça Cayru and Comércio were entirely outside its limits. Additional MSCM projects included the Bahia Technology Park and significant mobility initiatives, particularly the “Linha Viva” and “Avenida Atlântica” roadway projects.

Figure 9 – Masterplan projects Salvador World Capital: Atlantic Rim: 2010



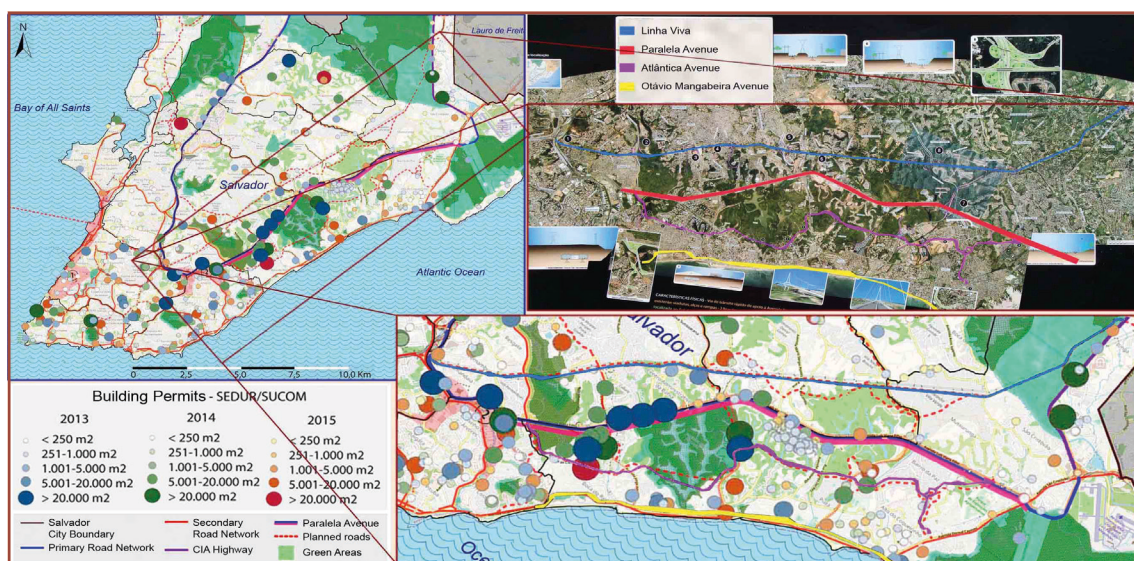
Source: Adapted by the authors from Salvador (2004). Cartographic base adapted by the authors from Salvador (2022).

The remaining proposals varied in scale but, apart from the metro project, were mainly situated in Cidade Baixa, Traditional Center, Fonte Nova, Atlantic Coast, and Avenida Paralela. Collectively, these areas are located along the city's waterfront (an area attractive to real estate markets) or within expansion zones primarily directed towards retail, office developments, and high-income housing. These projects lacked coherence among themselves and were disconnected from the city's broader needs, appearing segmented according to specific capital interests. The MSCM clearly represented the

agendas of stakeholders involved in urban mobility, tourism, and real estate development, whether in urban expansion areas or in urban renewal and gentrification processes.

Road infrastructure projects targeted the city's macro-structural transport network. The "Linha Viva" was proposed as a dual carriageway with minimal sinuosity, long straight sections, traversing almost the entire length of Salvador in a northeast-southwest direction, crossing densely populated low-income neighborhoods, urban expansion zones, and environmentally restricted areas (Figure 10).

Figure 10 – Salvador: Construction permits issued: 2008–2014



Source: Adapted by the authors from Salvador (2004). Cartographic base adapted by the authors from Salvador (2022).

Despite physical proximity, low-income groups would not fully benefit from this project, as the road excluded urban buses and cycling paths. Seven toll points were proposed (the first urban toll road in Salvador and possibly the entire Northeast region), restricting access for these populations. At one end, Linha Viva would connect with the Linha Verde via the Metropolitan Road (an outer ring road circumventing the urban core of Lauro de Freitas, a city adjoining Salvador), and at the other end, it would link to Salvador Port and central urban areas through the Baía de Todos os Santos Expressway.

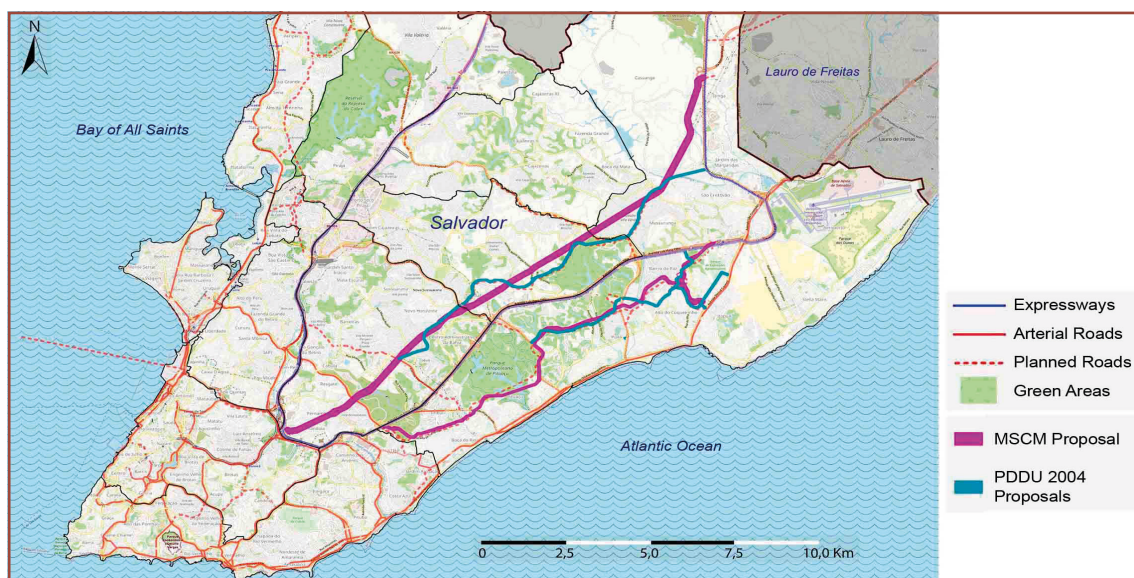
Designed in this manner, Linha Viva would have a metropolitan impact, connecting the Avenida Paralela and Atlantic Coast urban expansion zone with the northern coast—areas primarily expanding for middle- and upper-income classes—as well as the Traditional Center and Iguatemi Center. It was effectively proposed as a roadway with restricted access via economic barriers. The "Avenida Atlântica," in contrast, was a non-toll dual carriageway

proposed to cross extensive areas with low-density occupation, significant Atlantic Forest presence, and large unoccupied parcels in areas with high real estate potential (Figure 10).

Proposals predominantly favored macro-accessibility via private vehicles, introducing overlapping structural roadway projects in areas already well-served by road infrastructure (Figure 10) (e.g., Avenida Paralela, with five lanes per direction and service roads; Avenida Otávio Mangabeira, with two to three lanes per direction). MSCM proposals included doubling lanes on Avenida Otávio Mangabeira, improving public spaces and facilities, and constructing a third major roadway—the Avenida Atlântica—between the Atlantic Coast and Avenida Paralela, clearly aimed at real estate appreciation along adjacent parcels. Linha Viva similarly connected areas of affluent northern coastal expansion with coveted remnants of Atlantic Forest targeted by speculative interests.

Both roads had been previously proposed in the 2004 PDDU, while only Linha Viva appeared in the 2008 PDDU. However, MSCM proposals presented less sinuous routes and connected other city areas not included in earlier PDDU designs (Figure 11). Thus, MSCM proposals violated existing master plan definitions, as they either did not appear in the active PDDU or had different objectives and alignments. Both roads crossed urban sectors experiencing intense real estate dynamics, evidenced by numerous building permits issued by the municipal government (Figure 10).

Figure 11 – Salvador: comparison of the routes proposed in the MSCM and the 2004 PDDU proposal



Source: Adapted by the authors from Salvador (2004). Cartographic base adapted by the authors from Salvador (2022).

Consequently, routes initially intended for internal neighborhood connections, with limited impact, evolved into significant urban and metropolitan-scale infrastructures, primarily benefiting sectors attractive to real estate and speculative interests. Both roads served real estate capital interests within favored expansion zones in Salvador and the Metropolitan Region (considering the northern coastal metropolitan axis, beyond this article's scope).

Despite the initial exclusion of these roadway projects, PMS persisted by proposing partial MSCM projects in the 2012 PDDU revision, fully incorporating them by 2016 (as detailed later). The Land Use and Occupation Ordinance (LOUOS, Salvador, 2016b) and the 2016 PDDU ratified the inclusion and regulation of these same projects. Analyzing planning as a process reveals specific real estate market interests, with clearly defined goals for urban control and appropriation of differential urban rent. The MSCM explicitly revealed some of these major goals and objectives.

The lack of transparency during PMS's presentation of these projects, coupled with resistance to effective participatory processes, aligns with the municipality's overall conduct during PDDU revisions. PMS prioritized these projects irrespective of societal interests or public discontent expressed during hearings and MP-BA actions.

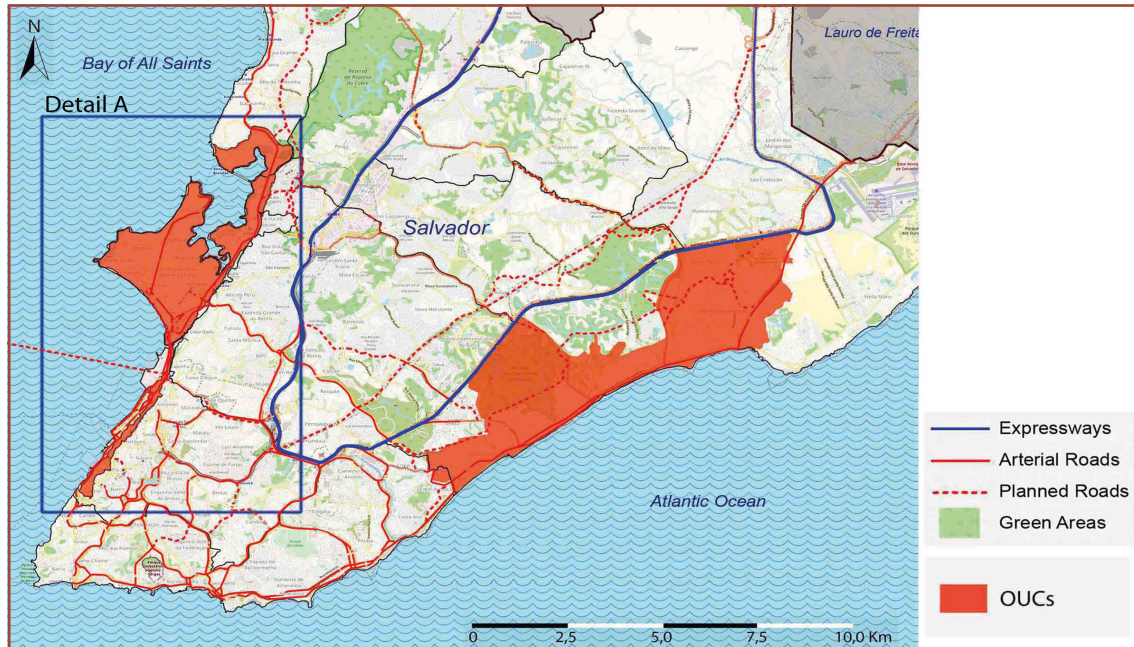
The "Miolo" region of Salvador, notably poorer in infrastructure and home to lower-income populations, was removed from OUC spatial scope. Instead, OUC implementation was expanded to include the Atlantic Coast sector—stretching from Boca do Rio neighborhood to Itapuã, between Avenida Paralela and the coast—and along the BTS coast, particularly the Itapagipe Peninsula and surroundings of Enseada dos Tainheiros. The Atlantic Coast and Avenida Paralela had become the city's primary real estate expansion corridors, while Itapagipe Peninsula and Enseada dos Tainheiros featured consolidated urban areas, pleasant surroundings, calm waters, and marinas, thus fitting typical profiles for urban renewal and gentrification through redevelopment.

PDDU 2012: OUCs

In the 2012 PDDU revision, no changes were made to regulations concerning OUCs; adjustments appeared only in maps (Salvador, 2012). The areas subject to OUC slightly shifted (Figure 12), maintaining the Atlantic Coast polygon and expanding the Cidade Baixa OUC to incorporate areas targeted by private projects. Besides the MSCM, additional private-sector projects pre-

sented to PMS included the Cluster Santa Tereza⁵ (CST), proposed in 2007 for Dois de Julho neighborhood.

Figure 12 – Salvador: areas subject to OUCs: PDDU 2012



Source: Adapted by the authors from Salvador (2004). Cartographic base adapted by the authors from Salvador (2022).

The CST project area initially lay outside the 2008 PDDU's OUC boundaries (Salvador, 2008), and community opposition led to its suspension. Figure 13a illustrates the 2008 OUC area alongside MSCM and CST project areas (Figure 13b). The 2012 PDDU revisions incorporated these areas, encompassing projects previously excluded (Comércio, Praça Cayru, Campo Grande, CST). PMS also introduced the Humanization Project for Santa Tereza neighborhood, modeled on the CST private initiative.

Despite explicit opposition from affected communities, professional entities, and urban activists, the 2012 PDDU OUC proposals aligned closely with previous revisions, adjusting spatial boundaries to accommodate real estate interests and legalize private initiatives.

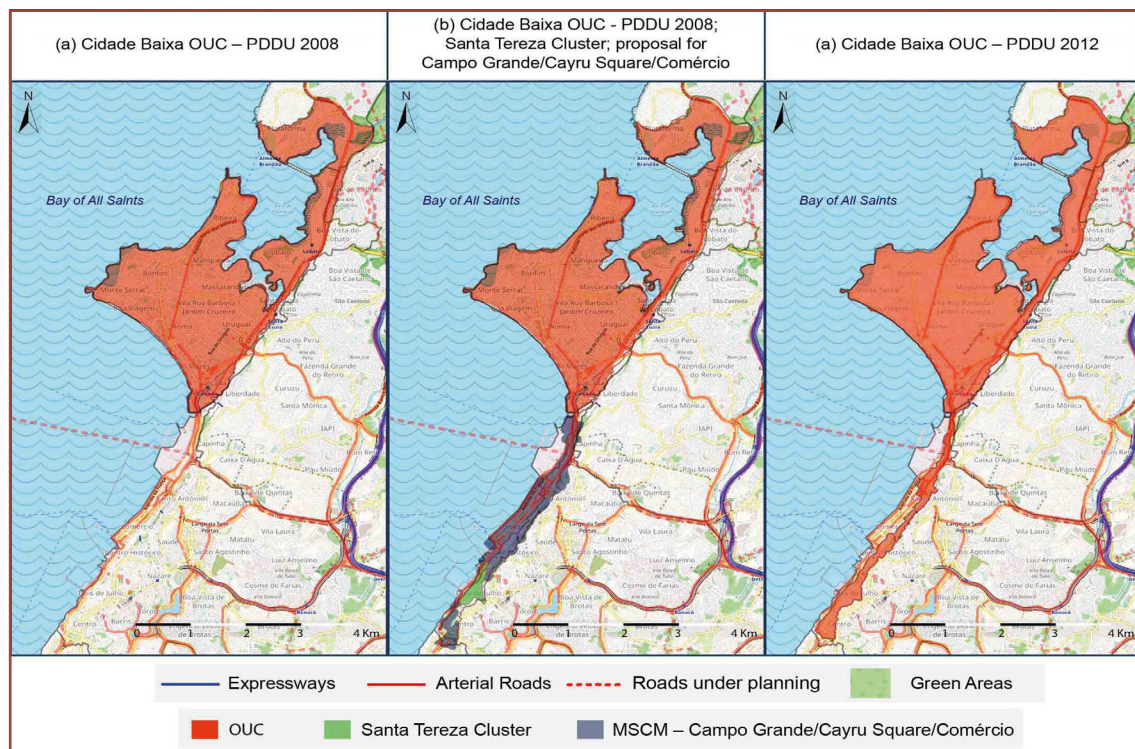
PMI and MIP Procedures (2013)

In 2013, PMS introduced the Expression of Interest Procedure (PMI, Decree 23.936/2013) and Private Expression of Interest (MIP, Decree 23.935/2013),

⁵ The Santa Tereza Cluster was proposed in 2007 by the Eurofort Patrimonial group and RFM Participações, who by 2011 had already acquired approximately 50 properties within the 15-hectare project area (Mourad, 2011). "The gentrification of Salvador's Traditional Center is not limited to the Santa Tereza Cluster" (Rebouças & Mourad, 2019, p. 246).

enabling two-way proposals for OUCs. These instruments reinforced the legal framework supporting PPPs. PMI allows public authorities to solicit private-sector investment proposals, while MIP grants private entities the right to propose projects, defining objectives, scope, and location. Decisions regarding such proposals were concentrated in the mayor's office. PMI and MIP transfer traditional public decision-making to private entities, enhancing private influence over PPP's design. Combined with OUCs, these mechanisms significantly empowered private interests, permitting legal transgression of collectively defined urban regulations, thus facilitating private-sector dominance in urban valuation and differential urban rent appropriation.

Figure 13 – Salvador: Commerce and Campo Grande: PDDU changes 2008/2012*



* The location of the section of the map is indicated in Detail A, indicated in Figure 12.

Source: Adapted by the authors from Salvador (2004). Cartographic base adapted by the authors from Salvador (2022).

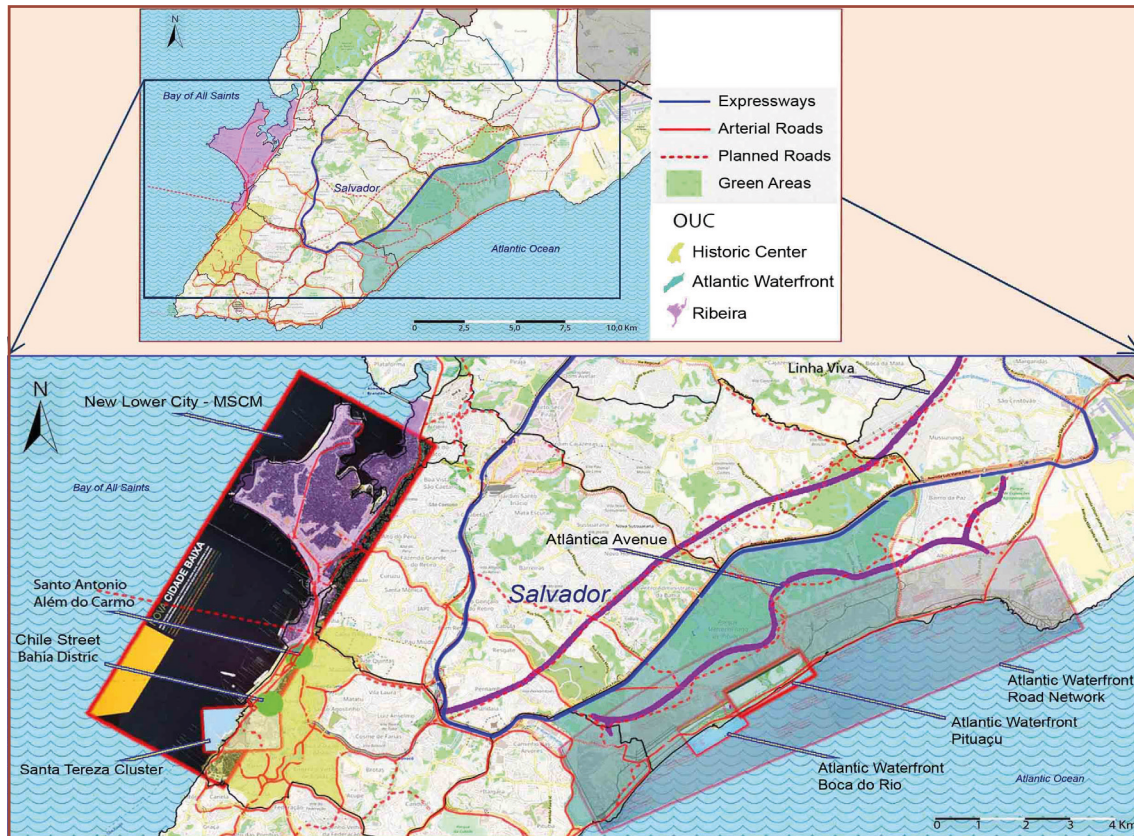
PDDU 2016: Expanded OUC Applications

The 2016 PDDU approved additional modifications in OUC content and boundaries, presenting three polygons: Ribeira, Historic Center/Tororó⁶, and Atlantic Coast OUCs, the first two being contiguous (Figure 14). Despite nom-

⁶ According to Pinho (2017, p. 10), “the project for the three large areas was developed by the company Odebrecht [...] without [...] the participation of the public sector or civil society [...] [and in] the 2016 PDDU, no technical, political, or social justifications were provided—nor was the content of the project itself disclosed”.

inal identification, no specific objectives were indicated, with twelve potential purposes broadly applicable across all areas (previously seven in 2008, unchanged in 2012).

Figure 14 – Salvador: areas subject to OUCs (PDDU 2016) and Private Projects



Source: Adapted by the authors from Salvador (2004). Cartographic base adapted by the authors from Salvador (2022).

The expansion of potential objectives justifying OUC interventions led to increased flexibility in the planning guidelines established by the PDDU, thus further broadening the scope of OUC implementation (Salvador, 2016a). These new boundaries precisely encompass areas previously identified as attractive to real estate interests through the MSCM, Cluster Santa Tereza, and other private projects. The establishment of the Centro Histórico/Tororó OUC expanded the spatial reach of OUCs to incorporate significant portions of the Traditional Center and adjacent neighborhoods—areas subject to gentrification processes and strongly targeted by tourism-related capital.

In addition, PMS introduced further innovations aimed at reinforcing and institutionalizing public-private partnerships in urban spatial production. Beyond OUCs, the 2016 PDDU (Salvador, 2016a) introduced two new instruments facilitating cooperation between the public sector and

private initiatives for urban projects: Localized Urban Transformations⁷ (Transformação Urbana Localizada—TUL) and Urban Concessions. TULs revived an idea from the 2004 PDDU (Salvador, 2004), involving projects around medium- and high-capacity transport stations. The Urban Concession, meanwhile, presented a more generic scope, applicable throughout nearly the entire municipal territory, encompassing:

(...) urbanization or reurbanization of portions of the municipal territory [...], including subdivision, re-subdivision, demolition and reconstruction, and real estate development [...] aligned with the objectives, guidelines, and priorities set by this PDDU" (Salvador, 2016a, p. 172).

While the City Statute (EC) mandates explicit delimitation of OUC areas in the PDDU, the PDDU provisions for TUL and Urban Concessions allow incorporating new areas through municipal law without necessarily requiring participatory processes (Salvador, 2016a). Given their location near medium- and high-capacity transport hubs, TULs more effectively serve public interests while still benefiting private capital, as these areas attract potential consumers and users, besides enabling flexible urban development processes that enhance the capture of urban rent. Conversely, the 2016 Urban Concessions and OUCs predominantly served real estate market interests, allowing extensive flexibility in Salvador's urban space production.

Table 1 summarizes the progression of OUC spatial definitions and private projects across successive planning processes. From this summary, it is evident that spatial definitions of OUCs within successive PDDUs were modified to align increasingly with private-sector interests, reinforcing a clear tendency toward applying OUCs according to real estate capital objectives. The shifts observed in the implementation of OUCs within Salvador's PDDU were neither random nor coincidental. Similarly, the presentation of the MSCM by private interests, disguised as an NGO (Fundação Baía Viva), was not accidental but strategically targeted urban sectors closely monitored by real estate market interests.

⁷ While TULs share similarities with OUCs, their application is restricted to "public or private areas located within an 800-meter radius of high- and medium-capacity transport stations (metro and light rail transit systems)" (Salvador, 2016a).

Table 1 – Salvador: Analysis of areas subject to OUCs and Private Projects: 2004-2016

	OUC in PDDUs	Proposed private projects	Comment
PDDU 2004			The OUCs apply criteria related to their urban contexts but encompass significant portions of the municipal territory. The interests of real estate capital were partly accommodated, though notably, the MSCM's Atlantic Coast projects fell outside the proposed OUC boundaries.
PDDU 2008			These polygons differ radically from those defined in the 2004 PDDU, encompassing only sectors where MSCM's Atlantic Coast projects were located. Excluded from the polygons were the Cluster Santa Teresa, the LGR Santo Antônio Além do Carmo Project, and the Bahia District.
PDDU 2012 – Revision			The only significant modification was the expansion of the western OUC boundary, incorporating parts of the MSCM's Cidade Baixa projects and the Cluster Santa Teresa. However, the LGR Santo Antônio Além do Carmo Project, the Bahia District, and two minor sections remained outside the polygons.
PDDU 2016			In this version of the PDDU, OUC-designated sectors cover almost all areas identified as targets of interest by the MSCM and other indicated projects, excluding only a small stretch along the Atlantic Coast between the neighborhoods of Jaguaribe and the Itapuã Lighthouse.

Source: Adapted by the authors from Salvador (2004). Cartographic base adapted by the authors from Salvador (2022).

CONCLUDING REMARKS

Although the City Statute introduces and regulates OUCs as one of the instruments available to achieve social justice and fulfill the social function of urban property and the city, this instrument does not inherently favor these goals. It is up to municipal master plans to properly design and apply them within each municipality. The legal framework of OUCs establishes flexibility

in urban regulations as a counterpart to private-sector involvement in urban redevelopment projects, creating a high risk of diverting their application from their intended social purpose and allowing outcomes to be appropriated by specific groups. Signs of such distortion can be observed when analyzing the historical application of this public policy instrument in Salvador.

After the statutory regulation of this instrument by the City Statute, what effectively happened in Salvador's planning processes from 2002 to 2016 regarding OUCs was a progressive adjustment in their application. This is not surprising, as urban, and social dynamics frequently require adjustments, and the City Statute itself provides for periodic revisions of urban master plans. However, taking Salvador as a reference, these adjustments were explicitly aimed at aligning the plan with capital interests, particularly those of the real estate market. With each revision of the PDDU, it became clear that an instrument initially applied coherently with urban and social issues was gradually reviewed and relocated to areas pre-selected by the real estate market for development projects, disregarding other possibilities more aligned with societal needs.

OUCs are not parameterized actions but rather *ad hoc* measures. The flexibility regarding urbanistic constraints and the issuance of CEPACs pose a significant risk of OUCs deviating from their social objectives, effectively constituting private appropriation of differential urban rent with minimal collective gains and benefits (Pinho, 2019, p. 182). Thus, the primary beneficiaries of Salvador's OUCs have predominantly been capitalist business interests, reflected in the deliberate spatial adjustments of OUC boundaries within successive PDDUs that catered explicitly to private initiatives such as the MSCM and other market-driven proposals.

Consequently, rather than providing reciprocal societal gains, OUCs have primarily benefited capital interests. The areas designated for OUC implementation were not selected based on comprehensive urban needs analysis but rather chosen due to their differentiated infrastructure, promising substantial returns on real estate investments, especially in favored urban expansion zones.

This approach distorts the original intent behind OUCs, initially envisioned as complementary tools to state actions, fostering private-sector investment in designated localities based on master plan guidelines. However, despite the seemingly progressive and inclusive discourse embedded in the legislative texts, actual spatial delimitations have increasingly prioritized pre-existing private interests, subordinating broader social goals.

From the perspective of urban space production, such permissive interpretations of PDDU regulations erode effective control over urban development processes and disproportionately amplify real estate capital gains. These adjustments not only increase private capital value and relax land-use constraints but also significantly undermine vulnerable populations residing in OUC-affected areas, often through expropriations and displacement. Furthermore, broader impacts on the urban fabric include altered densities and land uses without the corresponding necessary infrastructure adjustments.

The permissive application of OUCs observed in Salvador is not an isolated phenomenon; it is intrinsic to an instrument designed precisely to allow such flexible urban spatial production. Although the City Statute sets general flexibility parameters, municipalities hold the discretion to define the social function of cities and urban property. In Salvador's case, the City Statute effectively embodied capital interests in urban space production despite maintaining broader societal goals. Even though born from social movements, the City Statute introduced instruments effectively appropriated by capitalist actors when put into practice, as demonstrated in Salvador's experience with OUCs.

Capital interests have systematically advanced their control over urban spatial production parameters, both legally and politically. The introduction of new legislation fostering expanded public-private partnerships (PMI, MIP, TULs, Urban Concessions) has further enhanced the influence of capital on urban development. Concurrently, successive PDDU revisions adjusted OUC implementations spatially and procedurally to reflect real estate interests. Consequently, OUCs have increasingly facilitated strategic alignment between private investment goals and municipal willingness to relax urban regulations.

While critiques might highlight the weaknesses of urban regulatory frameworks, it is crucial to acknowledge the fundamentally capitalist nature of the modern state. Although portrayed as a mediator among competing class interests, the state operates within a neoliberal paradigm dominated by financial capital interests. The capitalist state embodies a constellation of competing forces; however, in sectors where capital interests predominate, the capitalist state explicitly reveals its class character. Though Brazil's Federal Constitution was promulgated during a period of democratic enthusiasm, the trajectory of its urban policy implementation has been heavily influenced by subsequent neoliberal political shifts. Initially developed by social movements to ensure the social function of urban property, these instruments

have been appropriated by capital, enabling the state to reshape urban regulations according to urban spatial production demands.

For those who perceive class struggle as analogous to a simple tug-of-war, illusions must be set aside. The class struggle in its urban reflexes seems more like the *gallows game*: each wrong letter leads to the definitive, irreversible inclusion, in the pending body, of another member that supports itself on the rope of death or, in its complementary inverse, the suppression of a piece of urban life, the dilapidation of another piece of the city. More often than not, these are irreversible losses within the span of a generation. It marks the shifting of *the balance* point—the wall dividing social classes—now left at the mercy of time itself: only the corrosion of matter will allow for its reclamation through decay once its upkeep no longer serves the interests of capital. ●

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