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Furtado's current work involves developing a more accessible language, especially for non-economists, for the complex ideas involved in value capture policies, and responding to the strong need to organize and systematize the debates related to the implementation of value capture policies and instruments in Latin America, both at the national and municipal levels. She has participated in many courses, conferences, and other events in the field of land policies over the last decade.

After earning a B.A. in architecture from the Bennett Institute in Rio de Janeiro, Furtado completed both a graduate course in urban planning and a M.Sc. in urban and regional planning at the Federal University of Rio de Janeiro, and a Ph.D. in urban environmental structures at the School of Architecture and Urbanism of the University of São Paulo. Contact: fer.furtado@terra.com.br

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LAND LINES: *How and why did you become interested in issues of value capture?*

FERNANDA FURTADO: As with most urban planners in Latin America, my background studies in architecture did not include urban economics. Our urban planning system and planning schools typically follow a spatial approach and normative traditions that essentially ignore land markets and their effects on urban form or the spatial structure of the built environment, as well as the impacts of urban planning decisions on the functioning of the land market.

I was intrigued by a phenomenon that is too prevalent in Latin American cities to be ignored—the mismatch between the continuous occupation of areas lacking even the most basic items of infrastructure alongside fully urbanized areas waiting to be absorbed by the market. This remarkable feature of Latin American urbanization is largely attributed in the literature to the scarcity and spatial misallocation of public funds for the provision of urban infrastructure. The mismatch is also related to the practice of land speculation—that is, land retention in areas inside or close to serviced areas, rather than to speculative purchase and resale as in developed countries. Those apparently contradictory and unrelated factors are actually connected and supported by an institutional system of low charges on land values and limited land use regulation.

LAND LINES: *How can value capture policies address this mismatch?*

FERNANDA FURTADO: A closer look to the functioning of land markets in Brazil and other Latin American countries shows clearly the lack of enforced legislation to regulate the private appropriation of windfalls accruing from public actions. Value capture can be a natural response to this situation. The problem is more complex, however, since legislation and even detailed instruments do exist in many countries and local jurisdictions, yet there is not a strong record of concrete experiences. A self-reinforcing combination of ineffective implementation of value capture instruments and policies and ambiguous interpretation of their logic and functions results in a vicious cycle, whereby ambiguities in understanding the potential of value capture undermine the implementation of instruments, while the lack of learning from concrete experiences makes it harder to overcome these ambiguities.

LAND LINES: *Why has it been so difficult to launch value capture policies?*

FERNANDA FURTADO: This issue has deep roots in the historical and structural characteristics of the region, affecting the role of the state in the urbanization process, its patrimonial legacy, and a cultural tradition with direct consequences over the ways cities are planned, developed, and managed. People generally accept that it is the state's duty to provide infrastructure and services, but they do not connect this task with collecting taxes from land. They think that high property prices are a sign of wealth, so when land prices are not increasing, they blame the state. Even the poor value land as a form of wealth, and as a surrogate for an inadequate social security system and an underdeveloped capital market. Land is the best, and for many the only, asset to leave to their children.

LAND LINES: *Can you provide an illustration of how deeply rooted in the urban culture is the private appropriation of land value increments from land use regulations?*

FERNANDA FURTADO: In Leblon, a wealthy neighborhood in Rio, an ordinance was recently passed by the municipality to protect the area's local ambiance by enforcing preservation measures for some low-rise buildings that were considered representative of the historic character. However, other properties in the same area, especially those used as gas stations and supermarkets, remain subject to regular zoning criteria, allowing them to be developed without such restrictions. This new legislation has caused tremendous protests by the owners of the protected buildings, who claim that their properties have lost much of their economic value.

This situation illustrates how people understand private development rights, including potential or virtual rights, and the role of regular zoning to guarantee those rights. It also shows the lack of understanding by municipal officials on how to deal with such a sensitive matter, and more generally on how they could have used the value capture principle to resolve the situation. The critical issue is equity among affected and unaffected properties. If the municipality had passed an equivalent basic index equalizing development rights to all properties in the area, as allowed in Rio's Master Plan, at the same time as the preservation bill, the response could have been quite different.

LAND LINES: *How do some successful experiences with value capture in Colombia and Brazil relate to the current situation?*

FERNANDA FURTADO: Both countries have internalized at least part of the value capture idea to increase resources to meet infrastructure servicing needs, or as a means to promote horizontal equity on development rights, albeit each in a different way. Colombia has had solid experience with the use of the valorization charge, whereby the costs of urban infrastructure are financed by those who are directly benefited by land value increments due to those public works. Brazil has experimented in some municipalities, including São Paulo, Porto Alegre, and Curitiba, with the public selling of building rights in addition to regular zoning. Both endeavors have been accused of various drawbacks, such as imposing unacceptable tax burdens (on one side of the political spectrum), or benefiting only the rich sectors and not being truly redistributive (on the other side).

LAND LINES: *What lessons can be drawn from such experiences and related debates?*

FERNANDA FURTADO: The experiences in Colombia and Brazil were seen more as pragmatic ways to overcome the lack of resources to fund urbanization than as policies deliberately intended to capture land value increments. Using a value capture instrument is only an intermediary action between two other indispensable

ones: the first public action that originates land value increments, and the final one that defines the use of captured resources. However, the most successful experiences have been those where all three phases relate to the same affected landowners.

These and other experiences and their evaluation show the need for a better understanding of what value capture involves and what role it could play in the design of a land policy system. On the other hand, it must be remarked that the Colombian and Brazilian experiences, however fragile and subject to criticisms, were not in vain, for they were able to surmount some of the ambiguities and develop more consistent value capture policies that are now considered paradigms in the region.

LAND LINES: *What conditions do you think would permit value capture to work more successfully?*

FERNANDA FURTADO: If value capture is to be a key element of urban land policy in Latin America, it must be more comprehensive and apply to the city as a whole, not only to certain areas. It has the potential to change the rules governing the distribution of benefits and costs from urbanization, including the goal of redistribution as a necessary condition. Intense socio-spatial segregation between rich and poor, as well as great differences in access to serviced land, cannot be ignored in the process of designing a land policy system and corresponding value capture instruments.

If value capture applies only its traditional distributive function, it may actually add to the problem. For example, one tool used in the region is based on the idea that the approval of exceptional regulation in wealthy areas causes valorization that can help to raise funds to provide affordable housing in poor areas. It is not difficult to understand that this pseudo-redistributive measure only exacerbates intra-urban differences that are at the very source of Latin America's urbanization problem. Moreover, to overcome these historical and structural problems, value capture is less useful as a way of increasing public budgets than as a set of tools to discipline land markets by minimizing the level of expectations about land value gains.

LAND LINES: *How is the Lincoln Institute contributing to the debate about value capture?*

FERNANDA FURTADO: Cross-fertilization and dissemination of experiences is crucial, and the Lincoln Institute is playing an important role through the promotion of regional courses and seminars and comparative research. This work is fostering the debate on some key issues and misunderstandings that still hinder the discussion, such as the limits on development rights or the alleged inflationary impacts of value capture tools. As a result several municipalities have indicated a strong interest in these concepts, policies, and instruments.

I am currently developing the material for an Institute-based Web platform where all the materials produced over the last decade on value capture in Latin America will be available for urban planners, public officials, and academics interested in the topic. The idea is to not only assemble research reports, case studies, and actual experiences, but also to access relevant legislation and instruments. A bibliography and a glossary of terms will be included to help the public become more familiar with the topic. In short, although value capture is not exactly a new idea, there is still much to be learned about how it can be developed in the Latin American urban environment.

LAND LINES: *How will this material help future urban planners?*

FERNANDA FURTADO: I am convinced that future Latin American urban planners will benefit enormously from a deeper understanding of market values arising from better land use definitions, as well as how this knowledge can be internalized in urban projects. In pursuing this goal, I have been working with the "translation" of urban economics and basic land policy issues so they can be understood by non-economists. I have been testing some of these materials with my graduate and undergraduate students, and they are fascinated with the new possibilities and responsibilities of working with those new tools while designing urban projects.