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Biderman was a visiting fellow at the Lincoln Institute of Land Policy from 2006 to 2009, and he continues to teach courses and conduct research with Martim Smolka and others affiliated with the Program on Latin America and the Caribbean. He also consults on the economics and politics of local development for the World Bank and other organizations. His research interests include urban and regional economics focused on public policies at the subnational level, with particular emphasis on land policy interactions with real estate markets and transport costs.

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Ciro Biderman

LAND LINES: *As a Latin American scholar specializing in land economics issues, how do you compare the state of the art of research in the region to other countries?*

CIRO BIDERMAN: In Brazil, as in most of Latin America, there is a lack of research in urban economics in general and in land issues in particular. The same is true to some extent in the United States and Europe, although the research interests are quite different, and urban economics is more in the mainstream in those countries.

Some relevant characteristics of cities in Latin America are similar to those in other developing countries, and all would benefit from additional research. For instance, despite the large informal market in Latin America, most economists have neglected that sector. Ironically, most urban economics analysis of informality has been conducted by U.S. and other international scholars.

Second, Latin American cities are usually not as sprawling as cities elsewhere, yet their historic downtowns are often deteriorated and we know little about why this is happening. Third, most countries in the region have recently adopted decentralization policies that shifted the responsibility for the provision of public goods to local governments. However, the revenues of local governments are low and most rely heavily on federal transfers.

LAND LINES: *How did you become associated with the Lincoln Institute of Land Policy?*

CIRO BIDERMAN: My first contact was in 1998, when I was awarded a dissertation fellowship to finish my Ph.D. Working with Paulo Sandroni at FGV, I studied the impact on land prices of a zoning change in São Paulo. At the time, the central business district was expanding toward the southwest, but the expansion was blocked by Jardim Europa, then a low-density, high-end residential neighborhood. New office development bypassed the area, moving towards the new Luiz Carlos Berrini Avenue. To reverse this pattern, in 1996 the city changed the zoning in part of Jardim Europa, increasing density and auctioning building rights to encourage new development.

I compared the part of the neighborhood where zoning did not change with that which experienced exogenous changes from being a low-rise residential area to a high-rise, mixed-use area of high-end residential and office space. In an article written with Sandroni and Smolka (2006) we showed that the change in density increased land prices as expected.

The most interesting finding, however, was the local government's capture of the land price increment through a fiscal mechanism called CEPAC (Certificate of Additional Potential of Construction). These certificates are auctioned as part of the process by which developers obtain building licenses in specified areas. In the adjacent neighborhood where business development had leapfrogged without CEPACs, the incremental land rent generated by the zoning change was instead captured by the developers.

LAND LINES: *What other research have you pursued at the Institute?*

CIRO BIDERMAN: Since becoming a visiting fellow in 2006, I have focused on the economics of informal housing, particularly on the extent to which urban regulation was statistically associated with different measures of informality, including the role of regulation on prices in formal and informal housing markets (Biderman 2008).

In a related study in 2009, Martim Smolka and I discussed the policy implications of how and why different international agencies define informality to reflect one or more housing attributes. The consequence is that different definitions produce different estimates of the incidence of informality. Thus, when governments improve only one informal housing attribute but not the others, they may report a reduction in informality when in fact there is none.

In a new line of research I am looking at the causes and consequences of sprawl in Latin America, focusing on ten large Brazilian cities. Preliminary findings show

that these cities are less sprawled than their North American and European counterparts, but more than comparable Asian cities. Transport systems are based on the automobile, as in the United States, except that less than 10 percent of the population owns a car. Yet the socioeconomic spatial pattern is more similar to Europe, with the rich living in the center and the poor on the periphery.

LAND LINES: *You help the Latin America Program evaluate research proposals submitted for Institute funding. What have you learned from that experience?*

CIRO BIDERMAN: I have been involved in evaluating these proposals since 2006, and the number of high-quality scholarly applications has grown steadily. I have noticed that the research questions from Latin American scholars are often better presented than the techniques to address them, in contrast to what occurs in the United States.

I think this is a problem faced in many aspects of social science research, and not only in Latin America. Although the origins of urban economics were grounded in the connections among urban equilibrium, transport costs, and land prices, each of these fields has developed almost independently and there is a general need for more integrated analysis.

LAND LINES: *What do you see as the main strengths of Latin American researchers?*

CIRO BIDERMAN: Highly qualified professionals in Brazil and other countries often move between public office and academia. As a result, they are aware of the respective issues and needs in the public sector and academia, and may have a more direct impact on the implementation of urban policies.

Furthermore, researchers can bring to focus what is specific to Latin American cities compared to cities elsewhere, thus expanding the scope of applied research. For example, to the best of my knowledge, there is no economic model for housing demand that allows the quality of the housing to change in order to adjust housing consumption to budget constraints. This is quite a relevant question in Latin America, but not to researchers in the United States or Europe.

LAND LINES: *Can you elaborate on the kinds of issues facing scholars in different world regions?*

CIRO BIDERMAN: As with most social phenomena, patterns of land use have evolved historically. For instance, sprawl in the United States is closely related to the movement of high-income groups to the periphery of metropolitan areas. In Latin America the movement of income groups is usually in the opposite direction, with poor people seeking affordable land on the periphery. Although fundamental principles of urban economic theory might apply, the consequences are quite different. Studying different patterns using the same theoretical framework would advance our understanding of urban economics.

LAND LINES: *What topics or issues are especially lacking in strong empirical work?*

CIRO BIDERMAN: In terms of land policy, in my opinion, we need more research on property taxation; the interactions of fiscal and regulatory policies with land use planning issues; socioeconomic patterns of sprawl; and the connections between land use and transport. The lack of research on the economics of the informal housing market is surprising since informal settlements represent more than one-third of the total urban housing stock in some countries. Although this problem could eventually be solved with subsidies, the amount of resources needed is probably prohibitive for most countries.

Currently there is a branch of the literature studying the impact of tenure security on general welfare, suggesting that titling programs may be improving welfare, but there are few similar studies on the impacts of slum upgrading programs. While some evidence suggests that inappropriate regulation may induce more informality, we do not yet fully understand the economic nexus between formal and informal housing markets. We also lack systematic cross-country studies.

LAND LINES: *Do you think there a trade-off between policy experience and technical research capability?*

CIRO BIDERMAN: As an economist, I know the virtues of the division of labor and gains from trade, so it is important that academics and public officials complement each other. Thus, researchers need to be

as rigorous as possible and able to expose the unintended consequences of public policies, and policy makers must ensure that their policies are designed so they can be implemented effectively and efficiently to reach the intended goals.

For example, a major policy issue is how to increase the supply of affordable, high-quality housing for the poor in developing countries, which requires understanding the opportunity costs between affordability and quality. The trade-offs may be technical, but the alternatives are clearly political. How can this housing imbalance be fixed? Who has to pay the cost (the residents or the society)? What are the consequences of different policy options? These are practical questions. Empirical evidence that helps to evaluate current policies might be a major resource for a policy maker.

LAND LINES: *How do you think the Lincoln Institute can contribute to narrowing the gap between rigorous empirical research and policy relevance?*

CIRO BIDERMAN: I believe that the Institute is already doing that by working with both scholars and policy makers in a variety of programs and fellowship opportunities. Classroom and online courses offer training to policy makers to help improve their dialogue with researchers, and to young scholars to expand the pool of policy-sensitive researchers. The intensive courses in methods for land policy analysis also inform researchers about advances in urban economics theory and strengthen both their methodological skills and their knowledge of new analytical techniques. **L**

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