

15 hours and 33 minutes ago

Alpop tries to bridge gap for low-income renters

By **Gustavo Brigatto and Cynthia Malta** | São Paulo

The wife sells dishcloth at traffic lights. Her husband, a bricklayer, lost his formal job but is still working. Together, they can feed their two children, but cannot prove income and rent a property.

Targeting this niche of households earning up to six times the minimum wage, urban planner Philip Yang and design and technology company Caiena have decided to create real-estate brokerage app Alpop to solve the problem by connecting renters and landlords using technology.



Lilian Veltman

“Low-income families prioritize making rent and buying food. They may skip payments to the bank, or car payments. But they would never stop paying rent because of the difficulty finding another property,” says Lilian Veltman, executive director of Alpop.

Ms. Veltman, who has been social manager of São Paulo state’s Secretariat of Housing, as well as a municipal secretary in Guarujá, says that low-income renters usually end up looking for homes in more distant areas or cities not because of cost – prices there often are the same or even higher than areas considered better – but because their contracts are informal and skip any income or asset verification.

Alpop developed what it calls “credibility analysis” to get around that. The process stands in contrast to traditional credit reviews, which take into account loan default data from bureaus like SPC and Serasa.

The app's analysis uses 13 filters split among absolute criteria (which can lead to a denied application, like not disclosing the taxpayer number – CPF – or facing an arrest warrant) and relative ones (recent history of evictions, for instance). “Proof of income is not an indicator, but potential income is [odd jobs, purchases, how much the applicant pays or has paid in rent],” she says.

Alpop's founders also created a fund to cover potential non-payments as a way of hedging landlord risks. If tenants fail to pay rent on time, the fund covers it. Alpop itself handles collection and even files for eviction notices. The company does not disclose how much is allocated to the fund.

The app started operating about four months ago – after over a year of development and testing – and has more intense coverage in Campinas, located 100 kilometers from São Paulo, with a few properties in the state capital neighborhoods. The goal is to reach Ribeirão Preto, in the interior of the state, in the first half and push for a more significant presence in the state capital during the second one.

“We are being sought out by developers and opportunities to work with entire developments are appearing, with units built to low-income buyers but which have gone unsold,” Ms. Veltman says. She declines to reveal how much was invested in the venture nor how many tenants it signed up. She only says the app already has 500 properties registered for rent.

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