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**The Interactions between Government and Community
Associations in Brazil:
The Solidarity Credit Program for Social Housing Funding**

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Abstract

This paper discusses some consequences of the innovations introduced in the housing policy of Brazil for the low income population, with the creation of the Solidarity Credit Program - SCP (Programa de Crédito Solidário - PCS). A brief critical analysis of the objectives of the SCP will be presented, particularly the mechanisms of interactions between municipal governments and social movements for housing. Then focus will be given to the case study in Belo Horizonte, where 6 housing enterprises are being carried out with SCP. The positive and negative aspects of RSV experience will be analysed. Included among the positive aspects are the good location of the enterprise and the participation of the benefited families in the project making. Included among the negative aspects is the excessive tutelage of the government over the community, pointing the party affiliation of the community leaderships of the homeless association, which jeopardises collective interest. The overcoming of bureaucracy on the part of homeless in order to obtain financial resources ends up excluding hundreds of families from the process. The conclusions indicate some alternatives for the perfection of the system in an attempt to strengthen the self-management of the community in the solution of grave housing problems in Brazil.

1- Brazilian Housing Policies – past experiences.

The first large scale house-building program attempted in Brazil was in 1946, when the government created the "Fundação da Casa Popular" (Popular Housing Foundation), an institution to provide low-cost houses for the emerging working class. This initiative appears to have encountered difficulties due to public finance limitations and was not successful. In 1960 a second attempt was made, this time for ideological reasons. The government believed that, by becoming homeowners, workers would stop contesting the social order. In 1964, five months after taking over, the military dictatorship released the law that created the "Plano Nacional de Habitação" (The National Housing Planning), the "Banco Nacional da Habitação - BNH" (The National Housing Bank) and the "Serviço Federal de Habitação e Urbanismo" (Federal Service for Housing and Urban Planning). The ideological principles behind this law were quite the same as in the previous initiatives and, by that time the BNH financed the first mass-housing project, the housing deficit in Brazil had already reached seven million dwelling units.

BNH was intended to provide subsidized credit for families on low incomes and priority was given to projects aiming at eradicating "favelas" (Brazilian slums). Local authority housing was created - the COHABs (Housing Cooperatives) - all over the country, to be BNH's local agents. The earlier housing estates built by COHABs with the BNH financial support became unpopular very soon. These estates were built at the least possible cost, with no concern for cultural requirements, environmental quality and user's participation.

The concept of space saving and cost cutting was prevalent in all COHAB projects and many research works were carried out to achieve this goal. Researches on space saving proliferated at the Universities and Research Centres. Despite the growing criticism on the quality of the dwellings, as long as the system appeared to work, the BNH and its agents would not be interested in evaluating results. In 1988, due to financial reasons the SFH (Financial Housing System) collapsed, the BNH was closed down and all massive housing programs were called off.

The dwellings built by the COHABs were single family semidetached houses or apartment blocks for many families, built by construction companies from projects made by the technical teams of the COHABs, or contractors.

In this model there were at least three agents: (a) the building agent (COHAB), which provided the land, the projects and selected the buyers; (b) the financing agent (BNH), which would manage the resources of the SFH – giving them to the financial agents (State Banks and Caixa Economica Feredal); (c) the executor, which was the building companies hired by the building agent. This paper refers to this arrangement as the “entrepreneurial management housing model” because all of the agents involved in it were public or private firms/enterprises.

A peculiarity of the entrepreneurial model is that it totally excluded the participation of the dwellers, as it has already been amply discussed by Valadares (1978, 1980), Turner (1977), Maricato (1979, 1994, 1997), Bonduki (1992), Conti (1999) and other authors. This exclusion fueled, in a way, the popular movements that demanded better living conditions and new ways of managing the housing construction.

According to Bonduki (1992:15), the proposal of self-management for new housing appears in Brazil in the 1980s, led by popular movements that struggled for better housing conditions. The proposals formulated by the movement were the following: the creation of representative entities of the organized community, in charge of promoting and managing all stages of the housing enterprise (self-management); the acquisition of land with the government, at zero cost; obtaining financing that was compatible with the income of around a minimum wage, in order to buy construction material of a dwelling of about 40 sq m; construction of houses using workforce from members of the community, organized as a building bee; subsidy for the execution of infrastructure, hiring of technical teams that were trusted by the community, and which would aid the project elaboration, planning, control and organization of the construction and contacts with the public organs.

The interaction of popular housing movements, Syndicates, Non-Governmental Organizations, academic institutions and technicians of the public sector pressured the inclusion of Chapter II of the Federal Constitution of 1988 (articles 182 e 183). For the first time in Brazilian history the constitutional text made reference to the social function of property, creating mechanisms to confront speculation in the housing market and urban land concentration.

The 1988 Federal Constitution allowed numerous advances in the legal and institutional framework of the country, towards a group of norms that seek to guarantee the democratization of access to urban land in the cities, as well as decision making processes regarding urban policy in many levels of the Federation.

This group of norms is the result of endeavors by all kinds of civil and class associations in the so-called Movement for Urban Reform, which in the beginning of the 1990s already proposes the creation of a National Fund for Popular Housing, in order to promote a participative housing policy, geared towards the low-income population. This proposal was forwarded to the National Congress with 1 million signatures and was transformed in the PL2710/92 bill that followed proper procedures in Congress and went to the Federal Senate (PLC 36/2004).¹

Also in the 1990s the International Conferences promoted by the UN took place, and dealt with subjects of social interest. The International Conference for Habitat II, held in 1996,

¹ (Cadernos do Ministério das Cidades - Participação e Controle Social, número 2, novembro de 2004, p.12)

sanctions the Right to Housing as a Human Right. The Brazilian Government, pressured by UN's initiative, supports the National Conference of the Brazilian Society for Habitat II, which has the objective of formulating a project for Brazilian cities.

July 19, 2001, marks another great achievement of the popular social movements: the Law 10.257, called City Statute, is sanctioned. This law gives room for the creation of the Ministry of Cities in 2004, with the Lula government. This is also reference to important legislative moves that followed, related to urban policy, including the Law 11.124 of June 16, 2005, which refers to the National Housing System of Social Interest and the Solidarity Credit Program - SCP, operated by Caixa Econômica Federal.

Alongside the process that resulted in this legislative move, the so-called popular-democratic municipal administration, since the 1990s, started efforts to elaborate guideline projects. Several of these were incorporated urban instruments foreseen by the 1988 Constitution and the City Statute. After at least a decade of municipal experiences and after six years of the City Statute, it is worth asking if the instruments present in the municipal Guideline Projects actually enable a new relationship between the municipal administration and the housing capital. In other words, to what extent has the municipal legislation and local public action enabled the democratization of access to urban resources?

On the other hand, it is also important to discuss the impact of the application of these instruments, considering the metropolitan context. This because the *municipal* nature of the Constitution has meant that the Guideline Project constitute, with rare exceptions, isolated actions of the municipalities, with results that sometimes show progressive characteristics at local levels but may, at the metropolitan level, present a different panorama. The new legislative framework did not bring novelty in regards to metropolitan planning. On the contrary, the Constitution delegated to the States the handling of the matter, and the City Statute did not advance new forms of management in this sphere. Thus, the democratization processes of the decisions about urban investment and the creation of instruments that seek to increase access to housing in cities have not necessarily contributed to the generation of a new organization of metropolitan space, characterized, in peripheral countries, by extensive and precarious urbanization, by the social-spatial segregation, and by the concentration of resources in more central urban areas.

2 - The characteristics of the Solidarity Credit Program - SCP

The Solidarity Credit Program's objective is to “*attend the housing needs of low income citizens by financing the final beneficiaries, organized in co-operatives or housing association*”.² The beneficiary families—with an income of three combined minimum wages or less—must join in an associative manner to obtain credit. Families with an income above three combined minimum wages are admitted, but no more than 30% per enterprise. The SCP admits the self-building regime of the beneficiaries themselves, self-help or constructing bees, or direct management, with the hiring of professionals or firms to execute the specialized services.

As projected, the SCP presents a series of difficulties in access to housing by those who really need it, a fact confirmed by the Serra Verde Residential Project, the RSV. This will be discussed below. All these difficulties seem to have come from the excessive tutelage from several government levels over the low income population. These difficulties shall now be discussed.

Difficulty 1: the land.

² VIBEN/SUFUS/GESEF, *Manual do Programa de Crédito Solidário* (Caixa Econômica Federal, 2005).

In big Brazilian cities and their respective metropolitan areas, the cost of land is very high, which explains the invasion of land owned by the government and the building of spontaneous settlements (favelas). The SCP contemplates the financing of the purchase of the land by associations of the homeless. However, since the credit line for each family is very low indeed, if the purchase of land is included in the financing, very little will be left for the construction of the dwellings. In practice, the associations resort to Facilitating Agents for the land. These are defined by the Normative Instruction number 39, of 28/12/2005³ which currently regulates the SCP, as being the state and municipal governments, the popular housing companies, and similar organs and entities of civil society. That is, any public or private institution that proposes to give out free land for the settlement of popular housing. Well, save in very rare exceptions, only the government organs – state, federal, and municipal – are prepared to do this, for around 30% of the votes that decide the elections come from people on low income. In practice, the associations of the homeless depend on municipal governments to obtain land and, only then, qualify for financing. That is when the government tutelage begins over the associations: the municipal government only gives land to the associations that give it political support. This constitutes, then, an electoral bargain, in most cases. If the urban land were financially accessible to those who need it, the associations of the homeless would be able to have more freedom of choice in the land and the location that best suit the associated members. As it happens, the process is not very different from populist actions of the right wing governments of the past.

Difficulty 2: the projects.

The Normative Instruction number 39, of 28/12/2005, creates the figure of the Proponent Agents, defining it as cooperatives, associations and entities of the civil society *"responsible for the formulation and presentation of the requests and projects of financing and necessary assistance to the execution of the resulting works and services"*. Furthermore it establishes that the first step of a Proponent Agent, in order to be eligible for housing financing from SCP, is to pass on to the Financing Agent a Previous Consultation, accompanied by an Architectural and Budgeting Project.

This demand is very difficult – almost impossible – to be met by the associations of the homeless, without them having to resort to the help of the government. This because in order to budget a housing enterprise, the architectural project needs to be detailed and all the complementary projects concluded: the structure, electric and hydraulic installations. The associations of the homeless do not have the financial resources to make this pre-investment, especially if one considers the risk of the proposal not being approved. At this point, the government tutelage is reinforced: the municipal governments provide the projects and chose the manner in which the services – project and work – must be conducted. They take control, then, of the whole process.

The associations of the homeless, therefore, begin to act passively, since the only thing left for them to do is to recruit the families for the enterprises. Only recruiting them, because the final selection of the families will be carried out by the Financing Agent.

A system in which the associations of the homeless depend on the government to give them the land, pay for the elaboration of the projects and pay for technical assistance is totally dominated by the actions of the government, and not by popular action and participation, as some believe. The governmental tutelage in the public policies makes the low income population even more vulnerable, acting as a brake on the social development and the

³ Instrução Normativa Nº. 39, de 28/12/2005, do Ministério das Cidades, que regulamenta atualmente o SCP.

attainment of full rights. Peronism in Argentina and Getulism in Brazil thrived in very similar practices.

Difficulty 3 – Bureaucracy in credit approval on the part of the Financing Agent.

The SCP enterprises approved in 2005 are faced with many obstacles on Caixa Econômica Federal (CEF) for the sinning of financing contracts. In first place, the forms that have to be filled by families asking for SCP were the same used in the operations of credit given to high income families. People on low income also have, in most cases, little education and are not in the habit of filling complex and detailed forms. Many families don't even understand what information is being asked. The technical legal and financial terms are, also, inaccessible to much of this population, even the community leadership. The CEF, in the beginning, did not properly instruct the family or the associations to fill out the forms. This resulted in many mistakes in the forms, which were then returned to the families for correction. This process acquired a circular nature, for when some mistakes were corrected, the valid dates of documents stating income or verifying a good credit record expired (this documents are valid for 30 days). In enterprises in Belo Horizonte, Minas Gerais, more than half the families selected had to be replaced in the credit analysis phase. In the case of Residencial Serra Verde, which shall be analyzed below, among the 76 families that were totally engaged in the project of their dwelling, 41 were rejected by the Financing Agent, because the documents showing their income differed in one or two Real (around US\$ 0.50 to 1.00) from what they should be.

Some measures taken by the Conselho Curador do Fundo de Desenvolvimento Social (Social Development Curator Fund Council) in December 2007, altering previous rules, should contribute to decrease this problem. An important alteration is that the associations of the homeless will be responsible for accepting or rejecting families with credit restriction. Thus, the associations will have more autonomy in establishing criteria for the participation of its associates.

3. The interaction between municipal governments and social movements for housing: the case of Belo Horizonte.

In this section we are going to analyse social housing governance in Belo Horizonte. This city is peculiar in the Brazilian context, once it has been governed by a leftist political alliance, for the last sixteen years.

The concept of governance, which became more widely known after its use by the World Bank in the early 1990s⁴, has been identified in political science literature, by and large, as a form of relationship between the State and civil society, and also as a distinct manner of govern. Diniz (1996) differentiates *governability* from *governance*. The first term is useful to characterize the broader systemic conditions for the exercise of power in a given society, and the second is related to the ability of the State to implement public policies and to achieve collective goals. The author associates the concept with three main dimensions: the first is the State's capacity for command and direction, which also means defining and ranking priorities, which must have continuity; the second is the State's capacity for coordination, which refers to guaranteeing coherence between different sectors of government; and the last one is the State's capacity for implementation itself, which means the capacity to mobilize technical,

⁴ Governance was defined by the World Bank in 1992 as *the manner in which power is exercised in the management of a country's economic and social resources for development*. At the time, the State was the focal point, and the emphasis was on governmental efficiency, good financial management and *accountability*. In 1994, civil society was incorporated into the Bank's discourse. Nonetheless, a wider comprehension of the term *governance* can be found in political science literature outside the Bank (McCarney & Stren, 2003).

institutional, financial and political resources to implement decisions. Hence, the political nature of implementation demands a strategy to keep a communication channel open with society and the system of representation⁵.

Coelho (1996, 41) asserts that *“at the local level in Brazil, the use and meaning of the term ‘governance’ cannot be understood without taking into account the broader process of democratization and the political-administrative decentralization of civil institutions. [...] Brazilian society has made a positive association between political-administrative decentralization and democracy.”* In addition, she defends the idea that *“the municipality is the most important point of convergence between collective actors and a democratic system”*. However, decentralization can also mean fragmentation and competition. In a metropolitan context, infrastructure, transit, social housing and environmental conservation (to mention just some of the main issues) cannot be undertaken by any single municipality; otherwise municipal inequalities will be deepened. Combining local democracy and metropolitan coordination is a task yet to be accomplished.

The social housing governance in Belo Horizonte, Since the leftist alliance took office in Belo Horizonte, in 1992, the social housing governance has gone through significant changes, mainly related to the participation of the community in the decision making process. Now it is recognized that organized social movements have the right to participate in the elaboration of public policies and manage the projects and housing work, through Community Associations.

Although the term "participative" was used to describe the municipal Guideline Projects after 2001, the City Statue has used the term, in Belo Horizonte, since the 1990s, especially in regards to housing policies.

In 1994 the Conselho Municipal de Habitação (Municipal Housing Council) - CMH – is created, with the objective of institutionally establishing channels of participation in the matter of access to housing by the low income population. The CHM has decision making character and has as one of its main goals to approve the housing policies of the municipality, as well as *“formulating a policy of resources from the Municipal Housing Fund”* (Ribeiro, 2001).

Popular participation in the CMH occurs through representatives of organized civil society. The composition of the CMH had two main configurations since its creation. The formation proposed in the original text of the law was as follows:

I – 6 (six) representatives of entities of social housing movements.

II - 2 (two) representatives of entities connected to the production of houses.

III - 2 (two) representatives of the Legislative Power, appointed by the City Hall.

IV - 9 (nine) representatives of the Executive Power, appointed by the Mayor.

V - 1 (one) member chosen by the Executive in triple lists presented by liberal professional entities related with the sector.

Three years after the creation of the CMH, it became clear that its composition favored the interests of the municipal government, since it counted with 11 votes, which meant that the final vote tended to be favorable to the government in case of there was any divergence of opinions.

⁵ For more discussion of the concept see also Coelho and Diniz (1999), McCarney and Stren (2003) and Stren (2004).

As a result of this, the representatives of the organized civil society demanded a new composition for the CMH and, in 1997 the Law number 7,379 was sanctioned, which sought to resolve the issue. The CMH's new composition was changed as follows:

I - 7 (seven) representatives of the Executive Power.

II - 6 (six) representatives of the Popular Housing Movement, chosen in a single forum.

III - 2 (two) representatives of the Legislative Power, appointed by the City Hall.

IV - 2 (two) representatives of entities connected to the production of housing.

VI - 2 (two) representatives of liberal professionals connected to popular housing.

This new composition increased the representation of the popular movements, which at least in theory made the CMH more democratic and closer to the population directly affected by its deliberation.

The Municipal Housing System, apart from the CMH, is composed of others that coordinate the implementation of the Municipal Housing Policy: the Companhia Urbanizadora de Belo Horizonte (Urbanizing Company of Belo Horizonte) – URBEL – a public firm of the City Hall in charge of the proposals and execution of the housing policies of the Municipality. URBEL is the manager of the Municipal Fund for Popular Housing (do Fundo Municipal de Habitação Popular – FMHP) and the inspection is carried out by the CMH. The creation of the Municipal Housing Policy began at URBEL, who sent the proposal to the CMH, for analysis and approval. Such policy is constituted by two main lines of action:

a) Urban intervention in existing settlements (favelas and degraded housing developments)

b) The production of new settlements for the families of the Pro-Housing Movements of Belo Horizonte (from 2004, with the creation of SCP by the federal government, this line was linked to it).

For the production of new settlements, two programs were initially defined. The first program was called Urbanized Plots, in which the municipality acquired the land and was responsible for its division and urbanization. The urbanized plot of land was, in fact, the ideal fraction of the land, that is, the area attributed to a housing unit placed in a condominium property which, in this case, would be the housing developments.

The second program would be connected to the production of Housing Units, constituted by the production of houses in land already divided up and urbanized, destined to those who had already got hold of plots urbanized in the previous program.

A clear orientation included in the terms that creates the Municipal Housing Policy refers to the priority of fulfilling the collective demands in detriment of individual demands. These collective demands were linked to pro-housing movements and the exception would be constituted by the demands of social and environmental risk situations (Ribeiro, 2001).

4- The Participative Housing Budget (Orçamento Participativo da Habitação - OPH)

The rise of the OPHs occurred in Porto Alegre, in the State of Rio Grande do Sul, during the municipal administration of 1988 and 1992, with the objective of creating new possibilities of public administration, based on a different relationship between the government and society, as it is pointed out by Azevedo (2003).

According to Azevedo (2003) the experience in Porto Alegre was inspired by a program that took place in the beginning of the 1980s in Recife, called “The City Government in the Neighborhoods”. Fedozzi (2004), however, points out that other experiences had already taken place in the 1970s, during the Dictatorship Government in the cities of Lages (Santa

Catarina), Pelotas (Rio Grande do Sul), Boa Esperança (Espírito Santo) and Diadema (São Paulo). Both authors agree, however, that the rise of the Participative Budgets give national dimension to the theme in the political agenda, “*making Brazil, paradoxically (a historically anti-democratic and anti-republican country) an international reference in matters concerning innovations of a democratic nature*” (Fedozzi, 2004).

Despite the increased experience in several cities, there is still no standard format for the execution of Participative Budgets. There is, however, a common feature in all of them, which is the organization of assemblies in the communities, leading to regional and municipal fora (Azevedo, 2003).

In the Regional Forum a priority of works and services to be carried out is defined. They are then forwarded to the Municipal Forum. In some municipalities, the participants are invited to know what the demands are in the same region, with the intent to help the process of defining the order of priorities. In the specific case of Belo Horizonte this process is known as the “Citizenship Caravan”.

The consolidation of the Participative Budget takes place in the Municipal Forum and the results are forwarded to the City Council for the appreciation of the legislative. This process, however, is compromised by the available budget, which according to Azevedo (2003) never makes up more than 10% of the of the municipal revenue.

Another problem identified by Fedozzi on a national level (2004) refers to the non-execution of a significant part of the works approved in the Participative Budget in the last few years, which has weakened the process as a whole and reduced popular participation, the central point of this practice.

4.1. The OPH in Belo Horizonte.

The rise of the OPH in Belo Horizonte followed the preceding Program for the Support to Self-Managed Housing, which was one of the first municipal public actions to produce new popular housing settlements. This program strengthened the organization of the pro-housing movements that organized in 1994 the First Forum of the Homeless, with the participation of 57 associations (Ribeiro, 2001).

After the Forum, the pro-housing movements begin to make demands in the Participative Budget. Ribeiro (2001) states that the Pro-Housing Movement action in the Participative Budget generated some conflicts that called for urgent resolution from the Government and the Municipal Housing Council. The first question raised was related to the insufficient funds for so many demands. The main conflict was linked to the nature of the Participative Budget, which prioritized matters of urban infrastructure of a more collective nature, since housing is an more individual matter. These questions were part of a wide process of discussion taken up by meetings of the Municipal Housing Council, and the result was the creation of the Participative Housing Budget (the OPH) for the year of 1996 (Ribeiro, 2001).

Firstly the OPH enrolls the families on the several pro-housing associations. Each association names delegates to take part in the Municipal Housing Forum, which defined the criteria for giving attention to demands and the programs that were to be adopted (whether they be urbanized plots or houses) and the number of benefits destined to each association. In the stage the delegates responsible for the inspection of resources and of the work approved.

The Municipal Housing Forum can be considered the most important moment that characterizes the whole process of the OPH, since it is here that the main leaderships of the pro-housing movements and the public agents responsible for the execution of the Housing Policies of Belo Horizonte meet.

Another question refers to the substantial increase of the number of pro-housing associations in the first few years after the implementation of the practice. In the First Forum of the Homeless, in 1994, there were 57 homeless associations registered. In the first edition of the OPH, in 1996, 148 associations took part, which characterized a process of strengthening in this sector of the civil society in face of the new relations established between the State and Society. This process, however, proved to be very irregular in the years that followed. According to data presented by URBEL, in the OPH of 1997 the number of participants decreased by about 50% in comparison to the previous year. One of the reasons for this would be the absence of a mobilization process and the sluggishness in the execution of the benefits. These questions led to the establishment of a fundamental change in the occurrence of the OPH, which begins to happen every two years after 1999. This change is mostly related to the liabilities accrued from the non-execution of the approved proposals in the general Participative Budget and the OPH. This problem extends to the present, given that in 2005 13,548 families were, in theory, being contemplated in previous editions of the OPH and their houses were not being built for lack of resources.

The creation of the SCP, in 2005, brought a real perspective of execution of the OPH, even if in a different institutional model.

5 - The Solidarity Credit Program in Belo Horizonte: the RSV.

When the Solidarity Credit Program was created, numerous experiences of popular housing construction by self-management had already been developed, particularly in cities governed by the Partido dos Trabalhadores (Labor Party) or by left wing party alliances. None of these experiences, however, had been developed in a systematic manner, one that generated replicable knowledge. The federal government started to finance research applicable to participative housing, to support the actions of the SCP. In this context the possibility to develop the Residencial Serra Verde in Belo Horizonte was created, in partnership with the Universidade Federal de Minas Gerais (the Federal University of Minas Gerais), Belo Horizonte's City Government and the Homeless Association of Belo Horizonte - ASCA/BH.

Since 1996 the School of Architecture of the Universidade Federal de Minas Gerais—EAUFMG—has developed research using advanced graphic computing resources to give support to the participation of the community in the planning and housing production for the low-income population.

Because of this accumulated experience the Financiadora de Estudos e Projetos—FINEP (technology innovation agency of the Ministry of Science and Technology)—hired with the Projects Department of EAUFMG the elaboration of a model to enable the construction of housing of social interest in the self-management regime, incorporating principles of the common-interest economy, of community participation, digital inclusion and environmental, social, and economic sustainability (through job and income creation). This model is not abstract, since it is an applied research aiming to actually build housing for 76 homeless families, as a pilot experiment of the Solidarity Credit Program.

The project groups professors, researchers, undergraduate and graduate students of the Universidade Federal de Minas Gerais, as well as Belo Horizonte City Hall technicians and leaders of the ASCA/BH. Its main goal is to link technical and scientific knowledge developed at the UFMG and PUCMINAS with the current housing policy of the Brazilian government in attention to social movements for housing and urban reform. Its main result should be 76 dwelling units with 50 m² each and a report with recommendations for further development and improvement of the SCP

The self-management housing model resulting from the project should be reemployed in similar enterprises, in order to consolidate the self-management process and the public policies of social development, with an aim to overcome the poor social and economic conditions of a large part of the country's population.

In order to develop strategies that not only cover the design of housing, but also enable common interest economy and a certain degree of sustainability, two simultaneous research studies are of fundamental importance: first, the survey on community habits and vocation devised by the Department of Economics, and second, the strategic reuse of water and wastes, devised by the Department of Engineering. The survey is set as an interview, containing both structured and semi-structured questions, aiming to trigger in the community a discussion process regarding possible vocations for future work arrangements. These work arrangements range from women groups with handcraft and culinary skills to more professional mixed groups willing to learn and develop skills related to construction techniques or other issues indicated as result of the interviews. As for the reuse of water and wastes, the Department of Engineering has presented to the community some options and their benefits, ranging from traditional solutions of dirty water and waste disposal to combining possible reuse of water and waste showing the labor needed and the possible profit. About 98 percent of the community members seem to be willing to implement the strategies for treating and reusing water and recycling waste.

It must be said that this is the first time we are able to join all discussions, critiques, and techniques developed in previous research, and also to test some as yet unexplored tactics of participation in a real situation of housing development.

5.1 The characteristics of a self-management model

The housing production process in a self-management regime has its peculiarities: the hiring of *technical consultants* that elaborate the projects and technically manage the work and the mixing of specialized labor with unskilled labor, recruited in the community.

A self-managing model, therefore, involves the following activities:

- a) After the partnership between the government (which makes the land available) and the dwellers association for the execution of an enterprise is defined, a package of architectural and complementary projects is provided. This package is elaborated by the *technical consultants* with the participation of future dwellers.
- b) As soon as the architectural project is concluded, the technical assistants take care of its approval and registration with the relevant authorities.
- c) Once the complementary projects are concluded and coordinated, budgeting and planning actions are taken with the objective of physically and financially executing the enterprise, with the participation of the community and coordinated by the *technical consultants*.

5.2 Preparation of the users to the participation in the project and construction activities

The evaluations carried out in self-managed housing settlements reveal that the main problems of such a management model are due to the lack of participation of the community in the decisions about the project, planning, and execution of these enterprises.⁶ This lack of participation is due to two basic factors. The first is excessive tutelage of the government that subsidizes the enterprise and consequently takes control of the decisions. The second factor is the lack of formal knowledge—technical and administrative—of the beneficiaries, which

⁶ See Alfio Conti, 1999.

inhibits and even impedes their full and effective participation in the process, for they are left impotent in front of the supposedly technical arguments that are presented to them. In fact, excessive tutelage takes place exactly because poor communities have little argumentation power when faced with technical elements and find themselves in an extremely fragile political position because of the financial help they get from the government. The tutelage of the government generally gives rise to authoritarian actions, while the community's technical and political frailty results in subservience. Authoritarianism and social frailty make a circle that needs to be broken. Among the actions that can be developed to enable people to make informed decisions and encourage their participative attitudes, breaking this circle, is education. Thus, the process of project and construction of dwellings must constitute an opportunity for learning.

Another question highlighted by previous research is related to the role of independent technical assistance, hired directly by the community association.⁷ A well-conducted technical assistance was observed to be extremely relevant for the success of a housing program managed by the community. However, the technical assistance must not manipulate the decision-making process.

The technical discourse is intimidating and seductive at the same time. It is seductive because of the mystery it holds: the technician (or specialist) is taken as a person that has the key to access all compartments that normal people do not understand. Projective drawings, for example, are too intricate for a housewife or a man who washes cars that never finished primary education. A cost table is enigmatic for both of them. In a constructing bee both are "consulted" and take part of the decisions that are suggested to them. They do not challenge these decisions because they cannot understand everything about them. They are vulnerable, therefore, to any sort of manipulation. This problem can only be minimized—and even eliminated—if the community has total access to the technical and financial information of the enterprise. To access it fully it will be necessary to know it fully. The role of the technician is to generate the possible alternatives of solution, be they technical or financial. To decide on the alternatives generated, the community needs to understand and evaluate them autonomously. This is the big question to be solved in self-managed enterprises. The evaluative studies available—including the ones we carried out—do not indicate any technical, building, sociological, political, administrative, or legal problem to which the solutions are not known and tried, be they in our or in similar contexts. On the other hand, a little-explored field is that of the interaction between the community and the enterprise, like the practical and democratic action and exercise of citizenship. A high degree of interaction between the participants of the enterprise and the free circulation of information seems to be a fundamental element for the improvement of the cooperative systems of construction, and here we include the constructing bees. The individuals involved in the creation process—architects, engineers, technicians and especially the final users—may, with the support of computers, be asked to participate in a more effective way in the work process.

Thus we arrive at the idea of combining educational action with the development of new participative processes in the work project and execution, using computer technology.

With this strategy we could enhance cooperative management procedures, enabling a better communication between the work site and the technical backing, and employing effective mechanisms to educate personnel, in which the teaching and learning activities take priority over mere training. Our hypothesis was that the situation itself—the effort of a community to make its own housing—was extremely propitious to the development of innovative actions in

⁷ Ibid.

the systems of cooperative housing construction. Besides, the incorporation of cutting edge technologies in the computer science field could enable people in the community to move past their lack of technical knowledge and lack of experience.

We are convinced that only the incorporation of new technologies to the self-management process will make it develop technically and administratively, while remaining a participative process. From a technical perspective the self-management construction regime is a construction like any other. It involves the same operational procedures required by other forms of construction. To generate products of good technological, architectural, urban, and environmental quality, the constructing bee has to be organized technically and administratively like any other means of production that has these same objectives. In a constructing bee, the execution of a brick wall must obey regular procedures, whether the executor is a professional builder or not, for the wall needs to be a well-built wall. A finished house is a building like any other.

The difference between the cooperative construction system and the construction enterprise resides in the involvement of the human resources and in the type of management of these resources. In the construction enterprise the human resources are specialists, except in those activities in which unskilled labor may be used (as is the case of transporting the materials from one place in the construction to another). On the other hand, the human resources available for constructing bees are very heterogeneous and vary from case to case. And each case will be unique. However, the involvement of the people with the act of building their own houses is always intense, and that makes the qualitative difference between the cooperative systems and the systems of contracting.

According to Antônia de Pádua, president of the Estate Union for Popular Housing, the appropriation of the housing—dwelling units and collective spaces—is much more successful when community participation happens from the beginning of the design process. The sooner people get involved with the decision process the better becomes their knowledge and understanding of the limitations and possibilities of their housing. Consequently their sense of “belonging” is enriched when appropriating the space, be it during or after construction.

To participate is to decide, and to decide one needs to understand what the object of decision is. The participative design process must include the community in all stages of decision, and at the same time empower its members to understand and negotiate each one of the stages. In the case of RSV, we were able not only to create and test a participative design strategy with some community members, but also to evaluate it critically, correct the errors found, and try again in new workshops.

So far we can conclude that community participation should start from the beginning of the design process: the more they understand, the more they get involved, the more successful is the next step of participation. It is a cumulative process.

With regards to the participative design process, our approach shows that instead of personalizing each dwelling unit to the taste of the dweller, bringing the user to the place of the architect, we can work with even more constraints and reach a great degree of satisfaction. This process has proven to enable the design team to learn from the group which features of space are collectively acknowledged by all as necessary, and which features should be regarded as of individual decision, and so appropriated in different ways, even though the dwelling units are the same and cost the same. This will certainly improve value of use.

As to the participation of the community in the management of the work, many difficulties arose, due to the substitution of 40 families that were engaged in the process of participative project, mentioned previously. These families, though in need of housing and motivated for

the self-managing process, could not surpass the bureaucratic obstacles in the credit analysis stage. This stage lasted a year, demobilized the families and made them doubt the success of the enterprise.

When the works began, in May 2007, the Technical Assistance had two big challenges ahead: (1) to integrate the families (that substituted the 40 that were taking part and were cut) that had not taken part in the participative project into the process; (2) to execute the schedule of the works simultaneously with the integration process of the new families in the community self-managing process.

An additional difficulty was the financial schedule. As there was a 30 month period between the proposal and the credit approval, the budget presented 30 months previously did not correspond to reality, given the inflation in the period. The part of the work to be carried out each month did not correspond to the money given by Caixa Econômica Federal. This generated an impasse on the measuring of the work carried out, for these were always less than should have been done, for the money was not enough to execute the services planned. This problem occurred with all enterprises hired and was only solved recently, in December 2007, when the Social Development Curator Fund Council authorized Caixa Econômica Federal to measure – and pay – what was effectively executed and not what should have been executed. With this, the works regained momentum and, though delayed, have good prospects of being finalized.

Conclusions.

The Solidarity Credit Program is, without a doubt, a fundamental instrument to create the institutional interaction of the organized civil society, the autonomous social movements and several government levels, with the objective of solving the social housing problem in Brazil.

However, there are dangers that SCP may lean towards authoritarian politics or populism, due to the operational difficulties it presents.

If the government actually wants the associations of the homeless to be politically independent from parties, the process of obtaining financial support for housing needs to be changed.

Some suggestions for change can be discussed. For example, the criteria for granting financial support to associations of homeless people should be only this: to gather poor and homeless people. Once included in these criteria, the associations would have the right to demand urban land provided with infrastructure, transportation, education and health. The local governments would have the right to expropriate idle urban land to develop housing settlements for social interests by paying a fixed price for the square meter of land, predetermined by municipal legislation. This price could not be over 30% the value of the square meter of popular housing. That would provoke a devaluation of urban land with infrastructure, making them accessible to popular housing programs. With this, City Governments would be able to stock up well situated land with infrastructure and make it available to associations of homeless people. Thus, the social function of urban land, which is guaranteed in the constitutional text, would really be put into practice. Nowadays land speculators stock up urban land, who freely regulate its price. Current legislation allows the City Government to expropriate land to implement social housing, but has to pay the market value of the land, which is regulated by land speculators. It can be said that urban land in Brazil has the social function of guaranteeing its lucrative commerce.

Another change that need to occur concerns the systematic credit analysis of the homeless by the Financing Agent. In a country where ¼ of the working force is in the informal sector, out of which 32% have not finished elementary education, one cannot think of proof of income or

limits of resources for the financing of popular housing. In RSV, of the 76 families initially considered, 41 did not pass credit analysis, including part of the leadership in the homeless association. These people, however, are able to pay for a higher rent today than the mortgage they would have to pay if financed by the SCP. They do not have means to prove their income because they work in the informal sector. The suggestion is that mechanisms to evaluate the actual means of subsistence of homeless families be studied, giving them credit, that is, believing that they are capable of paying their mortgage. One must also consider that eliminating the money allocated in the family budget to pay rent, people will have the necessary resources to pay for the financing of their homes. On the other hand, the families living on the bread line need government subsidies in order to live on humane conditions. This would require the creation of a Housing Benefit, by the Ministry of Social Development, comparable to the School Grant and the Family Grant.

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