Housing and the urban question in contemporary Brazil

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I would like to start by thanking the organizers of this Conference, especially Asuman Turkun, for the opportunity to be here to give this lecture and to learn more about Turkey and this marvellous city - Istanbul. I believe there are several empirical and logical connections between Brazilian cities and Turkish cities, and by discussing Brazilian cities I intend to construct bridges with Turkish cities and realities.

Brazil is a highly urbanized country – 84% of its population lived in cities in 2010. It is also a country of large cities. In the same year, Brazil had 12 cities with more than 2 million inhabitants and 8 of the 15 largest Latin American metropolises, including the largest, São Paulo, with around 21 million people and the fourth, Rio de Janeiro, with a little more than 12 million, more or less the same size as Istanbul. Brazil is, therefore, a country with several very large cities. In this talk, I wish to tell you about these cities, some of their problems and the public policies developed over recent years to tackle these issues.

The talk is divided into 4 parts. In the first part, I shall describe the cities and their characteristics. Next I discuss the urban and housing policies developed in Brazil in the past that have forged the present situation. The third part focuses on the recent social, urban and political shifts since the return to democracy at the end of the 1980s. The fourth and final part discusses the most recent public policies targeted at the urban question.

1. The Brazilian metropolises

As is widely known, urbanization in Brazil is a relatively recent process dating from the 1950s, and bears similarities with Turkey. The process happened over a very short time span, driven primarily by fast and massive migration from rural areas to the major metropolises in the wealthiest parts of the country. The difference in living conditions and opportunities in rural and urban areas was so large during the periods of rapid capitalist modernization, which affected not only Brazil but also other large Latin American countries from the 1930s, that, among the rural poor, all those who could migrate, did so. These waves of migrations were only partially absorbed by urban markets and industry. Consequently, unemployment and precarious jobs (the informal economy) became prevalent features of these cities.

The spaces of poverty where these people lived were marked by large-scale precarious settlements and favelas in peripheral and highly segregated spaces, where people built their own houses. Living conditions in these places were highly vulnerable and access to public policies and services low or non-existent given the authoritarian political environment of the time. During the same period, and in part associated with the aforementioned processes, cities such as São Paulo became highly industrialized metropolises. These inequalities did not stem from a lack of economic development, therefore, but from the success of a certain kind of economic development, in a way similar to that discussed by Loic Wacquant about cities of the North and within Brazil itself by more classical approaches in the past.

This urban scenario formed the paradigm of Latin American metropolises. Their spatial structures were marked by heavy segregation with the wealthier social groups located in central areas (where scarce

infrastructure and policies were located), while the poor and recently migrated population lived in vast, homogenous and segregated peripheries, in what some have called the "Brazilian metropolitan model."

These peripheries were marked by the absence of infrastructure, by precarious and irregular settlements, and by favelas. The urban location of the latter also included enclaves of poverty in more central areas, as exemplified in Rio de Janeiro. All of these dwellings were self-built in collective processes by local inhabitants during their free time. This urbanization pattern submitted the working population to a form of exploitation derived from urban space in what Lúcio Kowarick has called 'urban expoliation.' All those places have been associated with negative cultural labels by more affluent groups and experienced territorial stigmas since the 1970s, affecting their overall social integration, as well as their access to labour markets.

In terms of housing, basically three precarious housing solutions were developed by the population:

Tenements – Usually called *cortiços* in Brazil: rented rooms in collective buildings, where kitchens, bathrooms and laundry areas are shared by families. Generally speaking today these present the worst sanitary and social conditions. However, they do tend to be centrally located.

Favelas – Collectively or individually occupied areas which usually lack infrastructure and follow irregular patterns of physical occupation. What defines them however, is the lack of land property of any kind. Even though it is relatively common to find rent-and-sell markets inside favelas (this is actually a very dynamic market), rents or payments are not due to

the land owner, but to the original occupier or the latter purchasers, and the inhabitants do not have land tenure.

Irregular and clandestine settlements – Settlements produced by private entrepreneurs who failed to complete formal registration of the land, hampering the legal division of the plots and the issuing of separate land titles for each family. In this case, however, the inhabitants bought the land and may able to prove so in court (albeit often only with neighbours' testimonies). So although the land is not legally registered, the situation is much more stable than those found in favelas. The physical structure of the settlements is usually regular and grid-like, but they almost always lack infrastructure.

Depending on the city and the period, each of these precarious solutions has been predominant. In São Paulo tenements were the most important from the beginning of industrialization until the 1940s, but irregular settlements became the most important precarious housing solution during the subsequent period of rapid territorial and demographic growth. The presence of favelas has become more important since the 1980s, though they have never attained the centrality and relative importance possessed in Rio de Janeiro.

In several cases today these precarious solutions are mixed – cortiços inside favelas, located in turn inside irregular settlements; cortiços and favelas inside housing projects; housing projects that are in fact irregular since the State has failed to complete the land registration process, and so on. Because of the presence of these mixed situations, policies have to include very complex designs, which makes the situation even more difficult to solve.

In sum, these metropolises were historically constructed in a radial and concentric urban fabric with vast and homogeneous peripheries only minimally assisted by State policies, and central regions with high densities and public services inhabited by the upper classes. We shall see in a moment that several of these features have changed over the last decades.

2. The legacy of housing and urban policies

Brazil is a federal republic in which municipalities are politically autonomous units with the power to elaborate and deliver several types of policies. The responsibility for providing housing is shared between different levels of government. Urban policies, by contrast, have always been a local government responsibility. Land use control, urban planning, urban infrastructure, garbage collection and public road transport (buses) have always been municipal responsibilities. Sanitation policies, the environment and public rail transport (trains and subways) are state-level services and are partially financed through federal resources. Metropolitan government simply does not exist, although formally there are some councils that should (theoretically) deliberate on services of common interest.

Public housing started to be introduced by the federal government in 1937, but resulted in a very low number of housing units, distributed by clientelist and corporatist schemes. Mass housing provision had to wait until the 1964 military coup, when a major policy sector was developed at federal level: a national financial system, a major funding source (fed by compulsory contributions from labour and capital), a federal bank (to provide funding and to standardize the sector) and 27 state level public

housing companies (to provide housing directly). But this policy produced just one single policy product: new units in large-scale housing projects on the outskirts of the cities for long-term financed sale. This policy was also characterized by mistargeting (the poorest among the poor never received their share), corruption and very low–quality housing (in construction and architectural terms, but also in urban terms, taking into account segregation). More importantly, regardless of its scale, the policy failed to confront the challenge posed by mass migration and high fertility rates: Brazil's urban population jumped from 31 million inhabitants in 1960 to 80 million in 1980, resulting in the widespread adoption of the precarious solutions already mentioned.

From the 1980s this policy declined and the federal bank was abolished in 1986, leaving behind some of the previous institutions, but with very low budgets and no central policy to organize federal actions and guide local governments. During this period, lacking any federal housing policy, the urban population leapt again, rising from 80 million in 1980 to 161 million in 2010. You can imagine the results.

In 2000, 12.4 million inhabitants and 3.2 million households lived in precarious settlements, corresponding to 13% of the urban population. If we consider the units needed to solve the problems of cohabitation, excessive rent burden and high housing density, this number would jump to 6.3 million housing units.

Finally, land use and zoning policies began in the 1930s, along with the utilization of master plans. In fact, land was always a very important economic asset to local elites given the historical weaknesses of the country's financial markets. At the same time, these elites were strongly associated with the accumulation of urban real estate, and even today a

number of mayors and municipal secretaries are owners or co-owners of construction firms or urban development companies. Land regulation is therefore probably the greatest challenge to urban policies faced by municipal governments in Brazil, presuming that the governments are even interested in the issue in the first place.

3. Social and urban policies since the return to democracy

In terms of Brazil's recent past, the 1990s represented a period of intense worsening of the metropolitan labour market, with a huge increase in unemployment and precarious labour, as we can see in the Figure , which shows the case of São Paulo. This dynamic continued practically unabated until around 2003, when the trend was reversed and unemployment began to fall, and the degree of labour formalization started to increase. Despite these improvements, all these characteristics remain worse now than they were in the second half of the 1980s.

These economic dynamics had a direct impact on poverty conditions. Figure 2 shows the proportion of individuals receiving monthly incomes below US$ 130 and US$ 65, taken as the thresholds of poverty and extreme poverty, respectively.

As we can see, the two curves display a sharp decline between 1994 and 1995, a continuous rise after that, and a fresh period of decline from 2003 onwards. The first moment of economic improvement is directly related to the effects of the monetary stabilization achieved by the Plano Real during the Cardoso administration in 1994. Thereafter the effects of the productive restructuring caused by the trade and financial opening of the 1990s become clearer.

Finally, the last period of amelioration is associated with the recent economic growth in a context where the Brazilian economy was already restructured. This happened even during the 2008 international crisis, due to the anti-cyclical federal policies implemented by the Brazilian government, some of them associated with housing as we will see later. I have still to mention the effects of the absolute increase in the minimum wage over a period of several years and the intensification of the conditional income transfer program, the Family Allowance, as well as changes in family composition and other demographic characteristics. Several data sources suggest that the problem of poverty in Brazil may shift from absolute to relative poverty within a few years.

The period also represented a moment of major political changes in Brazil. After the long period of dictatorship that began in 1964, civilian government returned to power in 1985 and direct presidential elections were held in 1989 following intense political mobilization across the country. Both the labour movement, which had returned to the political scene in force by the end of the 1970s, and local urban grassroots movements were very important agents in the regime transition. These movements were reinforced by the return of elections for state governors and mayors in 1982 and 1985, respectively, pushing for more participation, government accountability and public policy reform, both nationally and locally. The 1988 Constitution consolidated many of these demands for democratization, including the redesign of several public policies. Since then most national public policies have been reformed, redefining the Brazilian federal arrangement through a complex and policy-specific transference of implementation capacities and resources to

states and municipalities, with the federal government retaining broad decision-making capacities.

These processes substantially changed the Brazilian social welfare system, with intense pressure from below and from technical communities. This is a key point, since Brazil over the last twenty years has only been slightly influenced by the wave of neoliberalism in social policies, despite its presence in the discourses of some political actors and its effect on macroeconomic policies. Broadly speaking, the reason for this is the continuing dominance in Brazilian politics of the processes of democratic consolidation and the strong associated demand for resource redistribution, social participation and political decentralization. Consequently, despite the major problems and weaknesses of the Brazilian Social Protection System, social policies have never been so strong as they are today. At least in the case of basic social policies and services, social indicators have risen and access to public services and policies has improved in the large majority of the country's metropolitan areas, reducing the intensity of social deprivation in a clear trend towards universalization.

Regardless of these improvements, Brazilian metropolises continue to be marked by intense land irregularity. In 2000, 11% of the inhabitants of the municipality of São Paulo – around 1.2 million people – were living in favelas, and other 1.3 million in irregular settlements. There are no reliable recent statistics for the tenement population, although some authors estimate a figure of more than a million in the municipality of São Paulo alone.

In spatial terms, the structure of macrosegregation has changed little and the centre of the metropolis has remained highly exclusive. At the

same time, though, the peripheries are becoming increasingly heterogeneous, not only in urban terms, but also in terms of the social groups they house, mainly due to the increased presence of lower middle class inhabitants. A similar phenomenon is happening in the shantytowns, making it more accurate to talk about peripheries and favelas in the plural.

Urban violence and a widespread sense of insecurity have become central features of local sociability in recent times, leading to the production of gated communities and enclaves of wealth within specific peripheral areas of Brazilian cities, as discussed by Teresa Caldeira.

Finally, urban social activism has declined substantially since the 1990s, in part due to the presence of other channels for participation and political action under democracy. However, the recent period saw the dissemination of identity-based social and cultural movements, not only the Afro-Brazilian movement, but also underground literature and rap produced in the urban peripheries. The presence of territorial stigma relating to favelas and irregular settlements, or to peripheries more generally, is widely thematized by these movements and forms of expression cultural.

Taking into account all of these processes, therefore, it is not enough to describe large Brazilian metropolises merely in terms of widespread poverty in homogeneous peripheral spaces lacking basic services and policies. On the other hand, it would also be inaccurate to state that a past of poverty and urban vulnerability is now over and social problems have been largely solved. Metropolitan spaces have changed substantially and are now more heterogeneous, as are social situations. The State is increasingly present in the daily lives of the poor, although in incomplete and selective ways. All this increases the heterogeneity of social situations

and turns the construction of citizenship into a complex and often somewhat contradictory process.

4. Housing and urban policies in the 1990s and 2000s

Between the 1980s and the first years of the new millennium, the federal government disappeared almost entirely from the urban and housing sectors. This led to a substantial reduction in the financial resources available for policies, but allowed the creation and dissemination of alternative policies decided and implemented at the local level, in a wide-ranging process of policy innovation. These initiatives started a collective learning process within the policy community that was later used in the constitution of the Ministry of Cities, which has been running since 2003. In terms of institutional innovations, municipal governments developed elements such as participatory councils, new financial arrangements and redistributive zoning,. In the area of housing programs, the list includes:

1.   Slum upgrading – The idea is to provide services and infrastructure to all households, reducing the risk situations (caused by flooding, landslides, etc.), but maximizing the number of families that remain in the favela. At the end of upgrading, the public agencies begin the process of land regularization to ensure land tenure.

2.   Regularization of irregular settlements– As in the previous example, these actions look to solve the infrastructural problems first and later lot allocation and land issues. In this case, the inhabitants become full owners at the end of the process, and the developer is sued to pay for the infrastructural costs.

3.   Slum tenement renovation – Although this is the oldest precarious solution, it is also the least consolidated. In this case, the old buildings are renovated to create individual units with full sanitary installations in all apartments. Once the work is finished, the units are rented out, usually within a social rent scheme. This program aims to maintain the high urban accessibility of these sites, usually a crucial factor for their inhabitants.

4.   Social rent – This policy has been around in Europe for a long time but was completely absent from the Brazilian scenario until recently. It was initially used in association with tenement renovation, but later became a free-standing program. Social housing movements occupying empty buildings in central urban areas have recently been pressing to receive assistance from these programs.

5.   Self-help associated with the State - In this kind of program, new units are constructed under State supervision and with government funds, but are managed by housing associations. A group of engineering and architectural bureaus associated with these programs have flourished, working closely with the movements to develop architectural and infrastructural projects and organize the work at a day-to-day level.

6.   Renovation of existing housing projects – Due to the low quality of the housing projects constructed since the 1970s, the large majority require urgent renovation. In some cases this involves complementing the infrastructure, but in other cases the demand is for building renovation work.

In truth the list of local policy innovations included also city marketing and large-scale urban projects, similarly to those in other countries and leading to the construction of what the Brazilian sociologist Carlos Vainer has called 'acupunctural urbanism.' Considering the

dynamics and scale of urban accumulation in Brazil, several of these mega projects have failed to take off, even in São Paulo and Rio de Janeiro. In all such cases, though, some actors have obtained large financial returns from the projects, mainly from the public money directly invested in them. The future World Cup and the Olympics will create many more such opportunities.

The main policy direction implemented in Brazil recently, however, has been the institutional rebuilding of the housing sector. The principal instruments created by the 1988 Constitution were only set out in detail in 2001 with the drafting of the 'Urban Bill.' But in terms of federal policies, the real landmark was the creation of the Ministry of Cities in 2003, which led to the production and organization of several new institutions, including Funds, Councils, National Conferences and the National Housing Plan in 2003, as well as changes in mortgages and financial regulations.

Two major infrastructural and housing investment programs have marked the return of the federal government to the urban policy sector: the 'Growth Acceleration Program' or PAC and 'My House, My life,' known by the acronym MCMV.

In 2006, the federal government created the Growth Acceleration Program, which combined several large public works, mainly relating to infrastructural projects, with a high budget priority and under a single command structure (headed by Dilma Rousseff, who later became president). In the area of urban infrastructure, the program invested US$ 59 billion in the 2007/2010 period. Of this total investment, US$ 15 billion was used for slum upgrading in 759 municipalities, involving some 1.5 million families. Among the financed projects, 67% maintained the whole population in the same area while only 6% removed the entire population

of the slum. The list of projects included several large favelas in the largest Brazilian cities.

The 'My House, My Life' program was created in 2008 with a clearly Keynesian, anti-cyclical goals. In fact, the policy was born in the Chief of Staff's Office and was passed on to the Ministry of Cities in an almost complete state, provoking criticisms that it was disconnected from the institutional structure that the Ministry had been working so hard to construct. Broadly speaking this is true, although the Ministry of Cities gradually changed some features of the program during its implementation.

The program has three important and innovative characteristics. The first is its scale, aiming to reduce the housing deficit by 14% in four years. After so many years of scarce resources, the program invested US\$ 33.6 billion in 2008/2010, resulting in the construction of 1 million housing units. The units are quite small: 42 square meters for apartments and 35 square meters for houses.

A second policy innovation concerns implementation. All previous federal programs have involved federal banks, which lent funds to local agencies, who in turn hired private constructors to build the projects. In the MCMV program, local governments are bypassed and a federal public bank receives proposals from the constructors directly. Municipal governments enter the equation by providing land, usually, but not necessarily. By adopting this strategy, the federal government was able to implement the policy very quickly, but also lost control over the location of the projects. This could lead the program to create more segregation and urban problems by provoking a new wave of projects built in the urban fringes of the cities.

The third innovation concerns subsidies. Housing policies in Brazil were never able to reach lower income bands. The income of this population simply does not match the costs of a house, no matter how much the policy succeeds in reducing costs or innovating in terms of financial arrangements. The MCMV program solve the problem in the only possible way: an open and explicit subsidy for the lowest income groups. In total, the program has allocated US$ 14.4 billion in subsidies from the federal budget until 2010. Some criticisms have claimed, though, that the program has reduced only a small part of the deficit, considering the scale of subsidies, since 89% of the deficit is below 3 minimum wages and the program has targeted only 48% of the units towards this group.

In March 2010 the federal government launched the even more ambitious second phase of the 'My House, My Life' program: the plan is to construct 2 million units in four years, backed by investments of US$ 80.5 billion with US$ 46.5 billion in subsidies. The proportion allocated to the lower income group was increased, and some physical characteristics of the projects were upgraded. The implementation continues to work in the same way, however, and there is still no macro-level control over the urban location of the projects.

It is indeed extremely difficult to provide an overall assessment of these complexes and sometimes contradictory processes, but I would like to close this speech by pointing out to some future tendencies. The trend towards an improvement in access to services continues and it is likely that the problems of quantity will be replaced by problems of quality. The recent institutionalization at federal level has brought important advances to the sector and the present high volume of investments suggests a substantial increase in the supply of regular housing units, probably

leading to a relative reduction in housing vulnerability (especially considering the reduction in migration). However, the lack of control over the spatial location of public projects poses a major problem concerning urban segregation. This concern would be less of an issue if local governments in Brazil had greater administrative capacities and also the political powers to regulate land. They certainly have neither, mainly because of their capture by political interests involved in urban accumulation. In summary, then, the future of Brazilian cities probably includes broader access to infrastructure and lower levels of housing vulnerability, but not necessarily a proportional improvement in segregation, which may impede the transformation of our metropolises into places with better living conditions and urbanity, regardless of all the recent efforts.

Abstract

Brazil hosts some of the largest and most complex metropolises in the world in terms of size, social and economic inequality, segregation patterns and poverty. These cities are products of the political and social processes that drove urbanization and industrialization after the 1930s. Since the end of the 1980s, with the return to democracy, however, important policies have been developed by several government levels to face the urban question in Brazilian cities. This speech will discuss housing and the urban question in contemporary Brazil, taking into account the urban and policy legacies, but focusing on the most important public policies delivered in the last two decades. Although important social and urban developments have been achieved, major challenges lay ahead, considering the scale of the problems and the conformation of local political actors.