• URBAN DIALOGUE SERIES
• Delivering on the Affordable Housing Agenda

• October 15-16
  • 2018
  • Radisson Blu, Upper hill

• Lessons learnt in developing and implementing a National Housing Program:
  • The case of Brazil
    • Ines Magalhaes
✓ CONTEXT
✓ NATIONAL PROGRAMS OVERVIEW
  • MINHA CASA MINHA VIDA (MY HOUSE MY LIFE)
✓ OUTCOMES, LESSONS AND RECOMMENDATIONS
Accelerated urbanization with regional and intra-urban inequalities.
✓ 6.3 million housing deficit – 9% stock
✓ Over 3 million households in slums*: 85% in metro areas;
✓ Around 9.6 million inadequate housing:
   Lacks infrastructure access
✓ Estimated annual growth of 1.2 million new houses;
NEW INSTITUTIONAL FRAMEWORK
INITIAL CHALLENGES FOR THE NATIONAL SECRETARIAT

NATIONAL SOCIAL HOUSING SYSTEM
Regulated by the National Housing Plan and establishes the National Housing Fund

PRIVATE SECTOR
Improve the regulatory framework of the Real Estate Financial
System to support a safe environment for investments and
to stimulate private investments on social housing.

PARTICIPATORY AND SOCIALY CONTROLED PROCCESS
Cities Council and Cities Conferences (Local, State and Federal level)

CAPACITY BUILDING
Support state and local government to develop/implement instruments for housing policy
**Responsibilities of the Federal Levels**

**Post 88’s Constitution**

**Local Government**
- Promote adequate land-use planning, through planning and *control of the use, parceling and occupation of urban land*.
- Property tax
- All housing projects from National Government must obey local legislation and must be previously approved by Local Government

**States**
- Establish metropolitan regions and urban agglomerations
- Environmental Licenses

**National**
- Establish guidelines for urban development policies, including housing, sanitation and mobility policies.
- Legislation on expropriation and public records.

*Housing is a common responsibility* in the Brazilian Constitution for all Federal levels. National, states and local governments can implement housing programs. On the other hand, regarding the urban policy, each of them has its own competencies:
HOUSING PROGRAMS
Large Scale Housing Production

1. Minha Casa Minha Vida

PAC – Slum Upgrading

2.

Risks

3.

Land Regularization

4.
**REQUIREMENTS AND INITIAL CHALLENGES**

1. Increase access to home ownership for low and middle-low income families.
2. **NEW NICHE**: Mobilize the players and structure a low-income housing sector to offer housing in the whole country.
3. Create an institutional arrangement and financing scheme for families that can not access the mortgage market.
4. Create a new modus operandi to give the Federal level more control over results, constructive standards, and delivery times.
5. Respect the local level responsibilities over urban planning regulation on choices regarding development’s location;
## INSTRUMENTS AND BENEFITS

### Supply Side
- **Special Tax Regime** - reducing federal tax rates for companies in low-income developments
- **Tax reduction for materials**
- **Registration Notaries Costs**: costs and delays reductions
- **Simplified analysis of small developments**
- **Fast track for licenses**

### Demand Side
- **Subsidy**: varies according to family income, program modality and region or size of the city;
- **UP front + Balance Allowance**: pays the costs of administering the loan and reduces the interest rate paid by the family - **Bracket 2**
- **No mortgage scheme for Bracket 1** - very low income families. Pay 10-15% their income for 10 years
- **Balance Allowance**: pays the costs of administering the loan and reduces the interest rate paid by the family
- **Guarantee Fund**: refinancing of monthly installments - cases of unemployment or loss of income; (Only first
The federal government puts funds into a Fund (FAR) that buys the housing developments from the developers and the families pay the houses to the fund.

The Fund - FGTS * finances the builders as well as the families. The families finance a mortgage with upfront subsidy, depending on their income.

The federal government financed the social production of housing for cooperatives and urban and rural social movements that carry out housing production in the process of self-management.

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* FGTS is formed by the mandatory contribution of 8% of employers with the dual purpose of providing a source of financing for housing and infrastructure and providing security to workers in the event of unemployment.
OPERATIONALIZATION AND KEY PLAYERS
BRACKET 1

1. M. CITIES
   - Establishes parameters, objectives, values and specifications and *Fiscal Budget*

2. COMPANY
   - Develops projects and presents them to the Federal Banks, in Public or Private land
   - Starts construction
   - Finishes construction and legalization

3. MUNICIPALITY
   - Approves projects in accordance to municipal planning legislations
   - Selects families
   - Social Work
   - Delivers the development (housing unities)

4. CAIXA FEDERAL BANK
   - Analyses if the project is in accordance to the programs guidelines and contracts the developer
   - Monitors construction
   - Check and audit contract with families

FUND FAR

Family pays 10% - 15% of their income for 10 years
FINANCING MORTGAGE
FGTS BRACKET 2

Developers
Construction company
Proposes the housing development

FGTS*
Fund of compulsory contribution from the employer

CAIXA - PUBLIC BANK
finances the Families and the Developers

Families
Choose the housing unit according to their options/capacity

Up front subsidy
MINHA CASA MINHA VIDA
RESULTS

**CONTRACTED UNITS** 5.3 million

<table>
<thead>
<tr>
<th>income</th>
<th>units</th>
<th>2017/2018</th>
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</thead>
<tbody>
<tr>
<td>Bracket 1: up to US$ 695,00</td>
<td>1.6 million</td>
<td>60 thousand</td>
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<tr>
<td>Bracket 2: up to US$ 1,423.00</td>
<td>2 million</td>
<td>644 thousand</td>
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<tr>
<td>Bracket 3: up to US$ 2,500.00</td>
<td>518 thousand</td>
<td>75 thousand</td>
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</tbody>
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**Housing Delivered: 4.1 million**

Source: IBGE; Database Financial Institutions/Agents
Reference: Agosto 2018

US$ = R$ 2,4 MEDIUM /period

**Target changes**
Stop bracket 1
OUTCOMES AND CHALLENGES

✓ Territorial coverage of the program and
✓ Coverage low - income profile families
✓ Attracting private developers to the social housing market
✓ Very positive impact in terms of employment
✓ Increase innovation in the construction sector
✓ Positive experiences of social participation, generation of work and income.
✓ Cooperatives and social movements as players in national politics
✓ Gender - Women are 85% of contract holders in the income bracket 1.

✓ Improving approach - Failures that we try to fix.
✓ Limited Attention (regulation) of location of housing developments for the poorest bracket (improved)
✓ Delay in providing education and health facilities. (fixed late)
✓ Lack of land development control tools to avoid undeveloped land and leap frog development
✓ Special instruments for collective property ownership & management - low income (peden
In my experience ...

✓ It is important to have a range of programs (slum up grading, new housing, risk strategy, improve housing program) compatible with different housing needs.

✓ Regulates the program in layers and not in a single legal instrument. When you need to make changes and you will have to do it will be easier.

✓ Create instruments to formalize the partnership with the municipalities and other actors,(developers) even if their responsibility is legally established.

✓ The roles of each actor must be clear and widely publicized.

✓ Create empowered governance and monitoring instances
Bulk commissioning and purchase to reduce the risk of developers is a good strategy but requires attention to ensure the constructive quality and location of housing.

- Create mechanisms to incorporate companies of different sizes

- Infill housing has more advantages than mega-developments
Master cities planes are important but sometimes its not sufficient to address issues such as location and connectivity with the city.

- All technical requirements, urban planning and social services must have clear parameters.

The spatial distribution of the units to be contract must accompany the needs & housing déficit of each region / cities
✓ Avoid large housing developments

✓ And have infrastructure & service delivery requirements according to size of developments and at different scales

✓ Important contract housing construction and municipal delivery of infrastructure & facilities at the same time.
Condominial/ fractional propriety ownership needs policy & legal instruments.

- Encourage self-management mechanisms

- Social work is critical to go beyond bricks & mortar to integrate for the sustainability and social cohesion in the new developments

- Avoid mass production of prototype units - adapt to regional climatic needs. The creation of standard projects can be a problem for countries that have very different climatic zones.
PAC - SLUM UPGRADING
RESULTS 2007-2016

Slum Upgrading
2 million beneficiary families by 2016
6 MILLION beneficiaries by 2016
Total investment: US$ 12 billion by 2016

Source: National Housing Secretariat (SNH) – Ministry of Cities
Reference: May of 2016
PAC - SLUM UPGRADEING
CONCEPT OF INTERVENTION

**Complete:** Configuring a polygon where all works and necessary services will run for the improvement of the urban and housing conditions of the settlement.

**Integrated:** Incorporation of settlements into the formal city, approaching urban, housing, land, social and environmental issues.
Risks Reduction

Emergency support, assistance and reconstruction.

Structuring constructions

National structuring network

Risk areas

Nearly US$ 6.0 Billion investment
LAND-OWNERSHIP REGULARIZATION

PAPEL PASSADO PROGRAM
DEVELOPMENTS

CARIOCA NEIGHBORHOOD
Rio de Janeiro - RJ
2,240 housing units

Figura 60 - Localização do Bairro Carioca. Fonte: Google
DEVELOPMENTS

RESIDENTIAL PARQUE IGUAÇU
Curitiba – PR
1,411 Housing Units
CHALLENGES

IMPROVE PROJECT AND URBAN DESIGN QUALITY

1 - City
Territorial Constraints for Urban Insertion of the developments

2 - Development
Orientations for urban design
Urban Parameters
CHALLENGES
TOOLS TO IMPROVE PROJECT AND URBAN DESIGN QUALITY

MCMV more sustainable - Guidelines

1. Urban landscape
2. Connectivity
3. Public facilities and services
4. Morphological and functional diversity
5. Mobility and accessibility
6. Landscaping
7. Constraints and context of the area
8. Infrastructure and sustainability

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Rede De Pesquisa Quapa
CHALLENGES
DEVELOPMENT SCALE: URBAN DESIGN QUALIFICATION
5,000-units expected development in the urban fringe, on an expansion area, close to the local industrial hub and with transportation and sanitation services offer.
Public administration led urban integration of developments by selecting locations in many regions within the city’s consolidated urban perimeter.
Photovoltaic power plant above MCMV development

CAIXA Socioenvironmental Fund and Brazil Solar
Power plant for electricity supply in a MCMV development in Juzairo – Bahia. Authorized by the national agency and working since February 2014.
It required new condominium organizational model for just income distribution of the outcome surplus from the power plant.

Generation until Aug/2014 = 1,18 GWh
Liquid income = R$ 747,000

Income per family = R$ 448
Regulatory and legal

- Improve the milestones to carry out the works in areas without the ownership of government;
- Improve compensatory guarantees.

Investments

- Scale change of investments in terms of scope and size of territories.
PAC - SLUM UPGRADING
BILLINGS AND GUARAPIRANGA DMANS – SÃO PAULO

Sanitation, drinking water, paving, storm water drainage and house improvements

Billings Guarapiranga Complex – Investment: R$ 1.07
PAC - SLUM UPGRADEING
VILA DA BARCA – PARÁ

Source: Ministry of Cities
PAC - SLUM UPGRAADING
ALEMAO COMPLEX – RIO DE JANEIRO

Urban mobility (cable car), housing, mitigation of risk areas, infrastructure and facilities.
PAC - SLUM UPGRADEING
PARAISOPOLIS COMPLEX – SÃO PAULO

Investment R$ 318.1 million
Urban mobility, environmental recovery, housing production and infrastructure, requalification of housing and public equipment.
PAC - SLUM UPGRAADING
CANTAGALO – PAVÃO/PAVAOZINHO HILLSIDE – RIO DE JANEIRO