

# Slums in Brazil

## A challenge for the National Social Housing System



**Cid Blanco Junior**

Architect and Urbanist, MSc

National Housing Secretariat/Ministry of Cities, Brazil

## Introduction

During several years, one of the main platforms of the social movements for the urban reform in Brazil was the integration of the different polices dealing with urban development in only one ministry. In 2003, the Ministry of the Cities was created in order to promote the integration of housing, environmental sanitation, transportation and urban mobility polices. Another important conquest of the social movements was the approval of the National Social Housing System and Fund, which law project was presented by the civil society containing 1 million signatures and it took 13 years to be approved. (Blanco Jr 2006).

Today, Brazil has a housing deficit of 6.3 million unites, and from that, 3.2 million housing unities are in slums. According to the National Housing Plan (2009) the National Social Housing Fund must be the main source of funds for slum upgrading projects. The objective of this paper is to analyze the National Social Housing System and Fund and their implementation, especially the invested resources and the way their resources can be used to reduce the Brazilian housing deficit, especially in slums.

## 1 Shelter Situation Analysis

### 1.1 Basic General Data

The Federative Republic of Brazil extends over 8.5 million km<sup>2</sup>, occupying almost half of the area of Latin America (47%). The country is a democratic State by

rights, with a Presidential system of government. The President of the Republic performs two functions: those of Head of State and Head of the Federal Government. The political and administrative organization comprises three main branches of power: the judiciary, the executive and the legislative, and the principle of autonomy among the Union, the Federal District, 26 states and 5.564 municipalities<sup>1</sup>.

As one of the world's most populated countries, the population of Brazil amounts to 60.9 million families or approximately 189.9 million inhabitants (2008), and the majority - 83.3% - in urban areas. Almost 40% of this population lives in metropolitan regions, concentrating 72 million people. For the last decades, the country has registered the smallest population growth rate: 1.05 % per annum. The fecundity rate in 2008 was 1.89 child per woman, a level below the average rate for reposition. On the other hand, the elderly population is growing and the average life expectancy age is now 72.7 years.

The distribution of the Brazilian population is related to its vast territorial extension and great regional diversity. The South Region of the country, that possess higher quality of life index, and the Southeastern Region, with bigger economic development, concentrate great parcel of the population. The Center-West and the North Regions present proper physicist-ambient characteristics, and possess more rarefied population. Historically, the Northeast Region characterizes for lower levels of income and great evasion of population, mainly route to the Southeastern. The current geographic division of the population is also a result of the significant rural migration, which started in the early 1960's and created the main cities agglomerations, nowadays distributed in 23 metropolitan regions.

Brazil accounts for three fifths of the South American economy's industrial production and it is considered the 15th largest economy in the world. In 2008, GNP grew by 5.1 % and it reached the amount of USD 1.4 trillion<sup>2</sup>. If at the beginning the Brazilian export list was basically raw and primitive goods, today 74% of exports consist of manufactured and semi-manufactured products. In the last decade, domestic production increased by 32.3% and agribusiness (agriculture

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<sup>1</sup> Only 253 municipalities has more than 100 thousand inhabitants.

<sup>2</sup> USD 1.00 = 2.10 Brazilian Reais.

and cattle-raising) which grew by 47%, was the most dynamic sector (BRASIL 2009; IBGE 2009a).

## 1.2 Shelter Related Fact and Figures

According to the Brazilian Institute for Geography and Statistics (IBGE), in 2008 there were 57.5 million domiciles in the country and 84.5% of them were in urban areas, which mean 68.1 million unities. The average number of people was 3.1 per each domicile. These numbers are higher in rural areas and in the North and Northeast regions of Brazil (IBGE 2009b).

Considering the type of urban domiciles, Brazil has one strong predominance of houses (86.8%), a phenomenon more evident in the North, Northeast and Center-West regions, that register a percentage of apartment buildings below 10%. In the case of ownership, only 69.1% owned the land and 73.2% owned the house. A percentage of 18.5% of the domiciles is rented and 8.3% has informal ways of occupancy (IBGE 2006).

The occupation condition of the Brazilian urban domiciles is an important issue in the Brazilian housing deficit, since 6.2 million unities were considered empty or closed in conditions to be occupied.

In 2008, the Brazilian housing deficit was estimated in 6.3 million unities<sup>3</sup>, which equivalates to 11.1% of the total amount of domiciles. From that amount, 82.6% of the deficits are located in urban areas and almost 50% of the urban deficits are concentrated in the 11 most important metropolitan regions of Brazil (Fundação João Pinheiro 2009).

The number of families living in places without at least a infrastructure item in urban areas reaches about 12 million and the number of housing unities in slums is calculated in 3.2 million. Of this total, 84% (2.7 million) are located in metropolitan regions and the 11 most important metropolitan regions concentrate 80% of the housing units in slums, 33% of the housing deficit and around 60% of the GNP (CEM/CEBRAP 2007).

Considering domiciles with public services of complete sanitation those which have joint access to water supply, sewerage sanitation and garbage collection,

75.8% of the urban domiciles in Brazil fitted in this criterion in 2007. In the last six years, the Brazilian Government invested USD 20 billion in basic infrastructure projects, especially for water supply and sewerage sanitation. With the conclusion of some of these works, Brazil achieved the Millennium Development Goal concerning water supply in urban areas before 2015. Already in 2007, 91.3% of the urban population have water supply in their domiciles. In terms of sewerage collection, only 57.4% have access to this service and 97.6% of the Brazilian urban domiciles have access to garbage collection (90% direct collection and 7.6% indirect collection). (IPEA 2008)

In terms of education, great advances had been observed in Brazil. The illiteracy tax for people older than 15 years was 17.2%, in 1992, and it passed to 10%, in 2008, corresponding to 14.2 million people. Considering the population older than four years old, 31.6% of the population were students. The group between 7 and 14 years old represented the biggest number of students (97.6%). Considering the education net, the public educational system is preponderant, with percentage of 79.2% of attendance. The predominance of the public system is observed in almost all the education levels (IBGE 2009b).

### 1.3 Housing Policy

The National Housing Policy (NHP) was approved by the National Council of the Cities<sup>4</sup> in December of 2004. Its main objective is to ensure the population, especially the low income, access to dignified housing, based on the concept of integrated urban development, aiming at to guarantee the 'right to the city'. The National Housing Secretariat of the Ministry of Cities is responsible for the management, monitoring and evaluation of this new policy.

The main actions of the new NHP were:

- Review of the existing slums upgrading and housing provision programs,
- Increase of resources and sources (public and private);

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<sup>3</sup> In 2008, a change in methodology reduced the Brazilian housing deficit. A new question was added in the inquiry, asking if sharing the house with other relatives was a necessity or not. An amount of 40% answered that they share a house with other relatives by free will.

<sup>4</sup> A collegiate agency of deliberative and advisory nature of the Ministry of Cities.

- Focus on low income families (up to five minimum salaries<sup>5</sup>), with special emphasis on the population that earns up to three salaries;
- Increase of subsidies;
- Creation of the National Social Housing System (SNHIS) and Fund (FNHIS);
- Development and implementation of the National Housing Plan (PlanHab).

The National Social Housing System and Fund were created by law in 2005. The main objective of the System was to articulate actions and resources for housing for low income families and also to promote actions that integrate and articulate the three governmental levels with social participation. FNHIS is composed of Federal budget and it has a Management Council that defines the application of its resources. The distribution of resources is done through public calls for projects, once an year.

The consolidation of the System foresees structuralize and give effectiveness to the NHP, through the creation of municipal and state funds and management councils, as well as the development of local and regional housing plans. The creation of this structure is condition to access resources of FNHIS. This process is being developed in a participative and democratic way, counting on the contribution of several sectors of the society.

The NHP also intervened in the Real State Market System. In 2005, the housing subsidy regulation was changed in order to reorganize the private market in a reasonable environment, enabling real estate promotion through the use of the saving accounts money, including more resources and new agents. These changes<sup>6</sup> also foresee the market system to attend the population that can buy a house through real state financing, allowing the public subsidies to be redirected for the low income families (Brasil/Ministério das Cidades 2006; 2008).

In January 2007, the Brazilian Government established goals that insert access to the city and urban services into the process of income distribution and into macroeconomic policies. The National Growth Acceleration Program (PAC) will invest more than USD 5.8 billion of federal budget in slum upgrading projects until

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<sup>5</sup> The minimum salary in Brazil was USD 221 in September 2009.

<sup>6</sup> They resulted in the financing of more than 20 thousand housing unities last May, the best result in the last 20 years, eventhough if we consider that we are in the middle of a world economic crisis.

2010. The implementation of PAC innovated by establishing cooperation and coordination processes between federal, state and municipal governments, resulting in the selection of 166 large scale projects in 117 cities located in 12 metropolitan regions, capitals or cities with more than 150 thousand inhabitants. PAC constituted the main initiative of the Brazilian Government to revert social inequalities within the urban setting and ensuring the right of the precarious settlements inhabitants to cities, through a massive slum upgrading program (Brasil/Presidência da República 2008a).



Some slums under upgrading process through PAC resources (Abençoada por Deus - Recife; Cidade Satélite Industrial - Guarulhos, Complexo Prainha - Guarujá, Dique da Vila Gilda - Santos; Baixa do Soronha – Salvador)

The elaboration of the PlanHab - a 15 years long-term planning for the sector – also started in 2007 with consultations with the civil society and with studies and projections concerning slums and informal settlements, housing necessities, institutional and administrative capacity from local and regional governments, among others.

The development of a national instrument of this size required a concerted effort by governmental entities, consulting councils, representative entities from civil society and social movements and it took 18 months to be prepared. One of the main goals of this new Plan is to promote institutional strengthening at all go-

vernmental levels, as well as to enable access for affordable housing as an answer for the high housing deficit and for the future needs caused by the demographic growth.

PlanHab foresees a new National Subsidy Policy, with the aim to conciliate families' private savings, public subsidies and credits. The target group of this policy represents approximately 60% of the Brazilian population and more than 90% of the housing deficit (Brasil/Ministério das Cidades 2009a).

As an answer for the current world crisis, the Brazilian Government launched on March 2008 a US\$ 15 billion new housing program<sup>7</sup> for the construction of one million houses, based on PlanHab and on the idea that more access to finance for housing and infrastructure leads for more employment and businesses opportunities.

In order to achieve this result, the Brazilian Government will guarantee subsidy for low income families, better interest rates for mortgages for the emerging middle classes and create a Guarantee Fund that will cover the costs of the payments until 36 months for families who lose their jobs or face a lost in their income. The main objective is to create a trustful economic environment to stimulate the development of formal markets for housing with government subsidies for the low income and the emerging middle class families.

The new Programme also reduces taxation for housing construction and establishes parameters for the use of sustainable building materials, environmental licenses and land regularization procedures (Blanco Jr 2009).

From 2003 until May 2009, the Brazilian Government invested US\$ 33.9 billion in housing production and acquisition, slum upgrading, acquisition of building materials, renovation and reconstruction of housing units, sites and services schemes and requalification of properties for housing use. More than 3.2 million families have been benefited and 79.9% of these families earns up to five minimum salaries. (Brasil/Presidência da República 2008b; Brasil/Ministério das Cidades 2009b).

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<sup>7</sup> My House My Life Programme is composed of federal budget (USD 13 billion) and resources from the Guarantee Fund for Worked Time - FGTS (USD 2 billion).

## 1.4 Actors in Shelter Delivery and their Roles

The main actors in the social housing delivery sector and their roles are:

- Federal Government (Ministry of Cities): definition of the urban development guidelines, including housing, basic sanitation and urban transportation, and provision of resources for these areas;
- Caixa Econômica Federal<sup>8</sup> (Public Saving Bank): management of the federal resources transferring to municipal and state governments and monitoring of these investments;
- Municipal and State Governments: promotion of housing construction programs, improvement of the housing conditions and the basic sanitation, and implementation of the social function of the urban property;
- Social movements: social control of the housing policies and provision of housing unities in partnership with the three levels of government;
- Public and private banks: credit access for housing and basic infrastructure;
- Real State Market: provision of 'social interest products' in order to give access for housing for low income and emerging middle class families.

## 1.5 Shelter Design

In accordance with the 1988 National Constitution, it was instituted the administrative decentralization and the strengthening of the role of the cities, which became responsible for several social areas, such as health and education, in which the Federal Government started to have only the role to indicate the general guidelines. Beyond that, other services became responsibility of the cities, such as garbage collection, culture, sport and leisure activities, and all issues related to housing.

Unfortunately, the new Constitution was not clear about the housing issues and it kept an overlapping between the three levels of government, not defining necessarily the obligations of each federative being. Moreover, it established a great resources dependence of the cities in relation to the Federal budget in the implementation of housing programs.



The new Constitution also guaranteed the social function of the urban property and the right to shelter as the main guidelines for the urban planning policies. Two articles<sup>9</sup> of the Federal Constitution had established several urbanistic instruments, which after regulated through the Master Plans, give to the Municipal Government better conditions of socially regulating the production and appropriation of the urban space in a democratic way.

The Master Plan is the main instrument in the process of municipal planning in order to implement the urban development policies, guiding the action of the public and private sectors. It can be defined as a set of principles and guiding rules of the action of the agents who construct and use the urban space.

In terms of housing policies the most important instrument that can be regulated by the Master Plan is the definition of Special Social Interest Zones (ZEIS). They guarantee special land use standards in order to provide social housing provision, slum upgrading process and land regularization procedures. In terms of land use regulation and housing standards, these items are responsibility of the municipal authorities (Blanco Jr 2006).

## 2 Organisation

The Ministry of Cities was created in 2003 and it constitutes an innovative fact in the urban policies because it integrated all the sectors related to the urban issue. It is composed by four National Secretariats - Housing, Urban Projects, Environmental Sanitation, and Transportation and Urban Mobility - and its main objectives are:

- Recover and guarantee the capacity of the State to formulate and manage public policies;
- Elaborate and implement the National Urban Development Policy and sectorial policies on housing, environmental sanitation, mobility and transportation through integrated approaches;

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<sup>8</sup> After the National Housing Bank closed in 1986, Caixa became responsible for managing its human and money resources and also for managing its projects. Caixa has 80.000 employees all around the country and it was hired by the Ministry of Cities for monitoring its projects.

<sup>9</sup> Articles 182 and 183, which were regulated through the approval of the 'Statute of the Cities' in 2001.

- Follow up on the construction of an intergovernmental cooperation (federative pact) for the elaboration and implementation of a National Urban Development Policy with effective democratic participation and sustainability.

The National Housing Secretariat is responsible for following and evaluating, beyond formulating and considering, the instruments for the implementation of the National Housing Policy. In this sense it develops and coordinates actions that include from technician support to public and private sectors, until the promotion of participatory mechanisms and social control in the housing programs. It's also responsible for the consolidation of the National Social Housing System, including the implementation of the new National Housing Plan. It has only 134 employees to do all these, excluding the local monitoring, which is done by Caixa, hired for that (Blanco Jr 2006).

### 3 Shelter Problem

Shelter problems in Brazil exist since the 19<sup>th</sup> century and they were all related to land issues. With the growth of the urban centers in the end of 19<sup>th</sup> century, as a result of the release of the slaves, of the immigrant's arrivals and the industrialization process, the Brazilian cities started to present a new panorama. Tenement houses and slums started to be regular forms of housing for a considerable parcel of the population and a problem for the authorities in the main urban centers of the country (MARICATO, 1997).

The lack of housing alternatives generated by the intense process of urbanization, speculative appropriation of urbanized land and absence of housing policies led a great parcel of the Brazilian population to live in precarious and informal settlements. These settlements are characterized for the informality in the ownership of the land, absence or insufficiency of infrastructure, irregularity in the process of urban order, lack of access to basic services and constructions with serious problems of habitability, constructed without any institutional or technical support.

This intense process of informal housing production guaranteed shelter for more than 120 million people who had started to live in the Brazilian cities in the period from 1940 to 2000. Even nowadays, the informal city still grows and it has

growth taxes higher than the formal city, evidencing incapacity of the market and of the public sector to provide housing alternatives.

In Brazil, because of the low payment capacity of the majority of the families, of the high taxes of interests and the absence of long term housing financing by the market, the intervention of the State in the housing market became very important, demanding its presence in the regulation process, resources mobilization, financing, promotion and production of housing (Brasil/Ministério das Cidades 2009a).

Unfortunately, the main intervention of the Brazilian Government during several years was only the massive construction of housing unities in the peripheries of the cities, especially for the low middle classes. In the 1980's, after the extinction of the National Housing Bank, a long period of absence of a consistent federal housing policy began. This period lasted until the creation of the Ministry of Cities and of the National Social Housing System and Fund in the 2000's.

Even though the National Housing Bank produced more than 4.8 million housing unities in 20 years, it didn't avoid the growth of slums and informal settlements in the main Brazilian cities, which represents more than 40% of the housing deficit of the country (Blanco Jr 2006).



Some housing schemes built with resources from the extinct National Housing Bank (Cidade de Deus – Rio de Janeiro; Cidade Tirandés – São Paulo)

Nowadays, the main challenge of the National Housing Secretariat is to strength its policy in order to reduce the housing deficit of 6.3 million unities, especially the 3.2 million unities in slums concentrated in the main metropolitan regions. According to PlanHab, resources for slum upgrading must come from federal budget, i.e. from the FNHIS, while housing construction resources must come from a mixture of subsidies and loans.

There are resources available (FNHIS, PAC and My House My Life), but because of the low capacity of municipalities and states governments to use resources from FNHIS<sup>10</sup> due to bureaucracy and lack of technicians to deal with the housing issue (architects, engineers and social workers), the money is not being expend. On the other hand, the Federal Government made a political decision to run the last housing projects launched (PAC and My House My Life) out of the National Housing System, which means that municipalities and states don't have to follow its rules to access them. Because of all these, the National Social Housing System is not working well and it's losing strength.

In terms of amount of resources proposed for the period 2007-2010, FNHIS represents a little bit more than 13% (USD 1.9 billion) of the resources from PAC and My House My Life (USD 13.7 billion), which means that 87% of the resources for housing are running out of the System.

| <b>Programme</b> | <b>Federal Budget<br/>(USD billion)</b> | <b>Benefited<br/>Municipalities</b> | <b>Benefited<br/>Families</b> |
|------------------|---|-------------------------------------|-------------------------------|
| FNHIS            | 1,90                                    | 1.860                               | 225.000                       |
| PAC              | 5,80                                    | 117                                 | 515.000                       |
| My House My Life | 9,76                                    |                                     | 1.000.000                     |
| <b>Total</b>     | <b>17,46</b>                            | <b>1.977</b>                        | <b>1.740.000</b>              |

It's important to reinforce that the Fund was created exactly to integrate resources for housing. Unfortunately, because of the slow expenditure, part of the resources from FNHIS (USD 475 million) was also redirect to be used in the My House My Life Programme, i.e., less money for slum upgrading. Maybe this fact can be reverted next year, but at this moment part of FNHIS was lost.

According to the federal law that created the National Social Housing System, municipalities and states that want to access resources from FNHIS, should first register themselves by signing a adhesion term. By signing this term they commit themselves to create a housing fund and its management council and to develop a housing plan.

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<sup>10</sup> FNHIS resources were mainly distributed for smaller cities and small scale projects, since PAC resources were for large scale projects in capitals and metropolitan regions.

There are some deadlines<sup>11</sup> that municipalities and states have to follow in order to be regular to the System. Because these deadlines were so tight they have already been changed twice in order to allow mayors and governors to receive resources.

The diagnoses elaborated for PlanHab on Brazilian government's institutional capacity (CEM/CEBRAP 2007b) points that the public housing sector is fragile, with absence of responsible agencies for the elaboration and management of housing policies. When these agents exist, they generally have very low institutional capacity with inadequate models for the housing planning process. Frequently there are also lack of understanding between the municipal and the state government, generating conflicting housing projects.

Those facts reflect in the consolidation of the National Housing System, because a lot of municipalities and states are irregular with the System. From the 5.564 municipalities and 27 states, 5.151 municipalities and all states have signed the adhesion term, but only 1.498 municipalities and 19 states are now regular to the System, i.e. are able to receive resources from FNHIS. Those with on going works that are irregular<sup>12</sup> will only receive resources if they prove until December 2009 that they have already started the creation process of fund and council. On the other hand, they will not receive more resources from FNHIS.

The call for proposals 2009 was launched last August, but the results are not available yet. The search for resources was the biggest since 2006, specially because there won't be call for proposals next year since the resources for 2010 were transferred for the My House My Life Programme.

Based on all these facts, highlighting that money is not a problem, it's possible to point that the shelter problem in Brazil nowadays has 2 important sides:

- Housing deficit of 6.3 million unities; where 3.2 unities are in slums, 84% in metropolitan regions (2.7 million);
- Low capacity of municipalities and states governments to use resources from the National Social Housing Fund; the expenditure of federal resources is very slow (eventhough there are resources available).

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<sup>11</sup> The first deadline was to sign the adhesion term until December 2007. Then the next one it was to create the fund and its council (December 2008 changed to December 2009) and the last one it's the development of the housing plans until December 2010.

## 4 Proposal for Change and Improvement

During 2006 several workshops were done in the main capitals to present the National Social Housing System and Fund. Unfortunately, in 2007 there were changes in the state level and in 2009 in the municipal level, i.e., part of the technicians that participated in the workshop changed.

The strategy used by the National Housing Secretariat after the workshops was to invest in publicity through cards send by email and post and also to reinforce the adhesion and the deadlines during other events. Phone calls, letters and the help from other ministries from the federal government were also used as strategies, but it seems that the results were not so useful.

Since President Lula's Government is ending next year and there are no more resources available in FNHIS, it's very important to try to consolidate the National Housing System before December 2010.

Unfortunately, in Brazil most of the time there's no policy continuation when political changes happen. Usually, the next govern always try to create its own label and sometimes this means huge changes. It was quite interesting to see the Tunisian example of housing policies, where eventhough there were some political changes, the main structure of the programs and projects were kept, guarateing very good results through the years.

There's a Proposal for Amendment to the Constitution<sup>13</sup> under approval in the National Congress that ensure a percentage of federal, state and local resources for housing, but this won't save the System. Before the approval of this amendment, a review of the law that created the Fund and the System is necessary, because the tranfering of resources from FNHIS is not fund to fund, it's call for proposals. In case of political changes, if the amendment is approved without changes in the System law, nothing guarantees that municipalities and states will receive money or they will use that for slum upgrading projects, as indicated in PlanHab.

On the other hand, simply change the law won't make the System works. My proposal is divided in 2 parts: capacity building and institutional development (for

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<sup>12</sup> 922 municipalities and 8 states.

<sup>13</sup> The Adequate Housing Proposal for Amendment to the Constitution proposes a permanent contribution of 2% of the federal budget and of 1% of the tax collection and contributions by states

states and municipalities about housing programs and procedures) and changes in the National Social Housing System and Fund law, including changes in the selection process of proposals for FNHIS and re-structuralize the System (reinforce the creation of institutional areas for housing in the municipalities).

First of all, it's necessary to strength municipalities and states to develop their housing policies and programs. Invest money in capacity building would be very important to guarantee that local councils and funds will work, even before changing the law.

The main idea is not only to propose workshops to explain once again the National Social Housing System and how each of the 11 housing programs coordinated by the National Housing Secretariat work, but also to produce learning material on the common procedures. It's also important to consider these workshops a space for interaction between the three levels of government.

The workshops would be developed in the 5 regions of the country with specific themes, according to the different subjects and professionals related to housing policies, such as, project desing for housing and slum upgrading, technical assistance<sup>14</sup>, social work, land regularization, enumeration, among others. It's also important to have specific workshops on quality management and project management to ensure sustainability for the projects. In the short term, these investments will help, at least, in the design and management of better slum upgrading projects.

On the other hand, only capacity building will not help municipal and state governments to develop their programs. It's also important to invest resources in institutional capacity strengthening related to housing projects and programs, such as researches, equipments, computers and softwares that will help them develop their policies.

The National Housing Secretariat team has experience in institutional development projects because during the implementation of the slum upgrading Habitar

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and municipalities to be used in housing projects. In Brazil, there are already established contributions in the Constitution for education and health.

<sup>14</sup> In terms of technical assistance there are already resources available from FNHIS since 2007, that allow municipal and state governments to hire professionals to work on self-help mutual projects. This year, a lot of changes were done in the project in order to better attend other demands, such as, resources to contract basic and executive projects. A call for proposals will start next November.

Brasil IDB Programme (1999-2005)<sup>15</sup> there was a special line aimed at capacity building and institutional strengthening. This process allowed municipal and state governments to strengthen their housing policies through the development of strategic local plans for human settlements (PEMAS); acquisition of equipments and softwares and development of studies and researches. Those cities and states who were part of the IDB project have been showing better performance in their projects due to the strategic plan and institutional structure created during the project.

Since there's knowledge and successful projects in institutional development, all that has to be done is to ensure that part of the resources of FNHIS will be allocated on a program for institutional development, making investments in this area possible.

Together with the workshops, these investments, in the long term, will guarantee a better use of the federal resources in order to promote better slum upgrading projects.

About the changes in the National Social Housing System and Fund law, the proposals for change and improvement to guarantee a good application of the federal resources for housing are:

- Review of the requirements to be part of the System: minimum requirements to receive money from FNHIS must be more than simply local funds and councils. The deadlines and "punishments" procedures must be reviewed if we consider that most of the municipalities in the country barely have an engineer in their team. A basic institutional framework must be required in order to be part of the System and access its resources. Architects, engineers, lawyers, social works, among others, are some of the technicians required for that. This part is related to the capacity building proposal.
- Review of the resources distribution rules: the actual regulation only defines the prioritization process in the call for proposals model, which means that the existing resources are not distributed to all the System participants. It's necessary to create fair rules that ensure the distribution of resources for those who are regular to the System, based on their housing deficits and technical capacity.

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<sup>15</sup> This program was a long term loan for the Federal Government from IDB, developed in 119 ci-16



- Review of the call for proposals model: the adoption of a fund to fund money transfer model, respecting the rules of the System, can ensure a more fair distribution of resources for housing policies in Brazil. This decentralization model not only transfer resources, but also the responsibility for the allocation definition and the monitoring process for the local council; and the responsibility for implementing the resources for the local government.

All these changes in the System and Fund law must be proposed before the approval of the new amendment in order to ensure that these two laws will work together to ensure the implementation of the new National Housing Plan. improving the living condition of hundreds of families living in slums in Brazil.

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