

THE ROLE OF SOCIAL MOVEMENTS IN THE CONSTRUCTION OF HOUSING SOLUTIONS IN RIO DE JANEIRO

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INTRODUCTION

Historically, and up to the 1920's, the issue of social housing in Brazil included a liberal approach in which the state favoured the private sector and did not intervene in the housing market (except with tax exemptions to private companies). Between the 1930s and 1960s another approach was tried in which the production of social houses by the state was predominant. More recently, an approach marked by a policy of high state subsidies to the private sector has been tried. During the Brazilian military dictatorship this involved the National Housing Bank (BNH) and, more recently, it is centred on the current Program "My House My Life" (MCMV) which was created by the Workers Party (PT) in 2009.

Although the offer of subsidies and credit of these recent schemes have helped to increase the stock and availability of housing, and facilitated its acquisition by the middle sectors of society, it has not been able to meet the needs of low income sectors of society. However, since the 1990s, local governments linked to the Worker's Party initiated policies such as the FUNACOM Housing Program (Municipal Program to support Housing for Low Income Groups through self-management) in São Paulo¹, inspired by the Uruguayan experience of housing cooperatives.

With the election of president Luís Inácio Lula da Silva in 2002, federal programs began to invest in self-managed projects as well, creating the Solidarity Credit Program (SCP) in 2004 and the MCMV-Entities² in 2009. Nevertheless, these programmes count with only three percent of the total amount of resources to be invested in housing while the remaining ninety-seven percent is spent in subsidies to the private sector. Moreover, they present a number of problems such as complex and unclear bureaucratic requirements which are not well adjusted to the needs and possibilities of the cooperatives; the separation of the entity that is to receive the resources (i.e. the cooperatives and associations) from the beneficiaries; and the non existence in Brazil of a legislation that recognises collective property.

Furthermore, the state funding of housing cooperatives face other problems regarding the influence of state interests over social movements and the limits of self-management within the cooperatives. In the first part of the paper, we will examine two experiences of housing cooperatives and associations in the city of Rio de Janeiro that are linked to popular housing movements in order to discuss the difficulties of implementing state funded policies of cooperative housing. First, we will describe the experience of the Cooperative Shangri-lá that became a model for other experiences and took place at a time when no public financial resources were available. Second, we will discuss the experience of the *Esperança* Group that was the first initiative in Rio de Janeiro to make use of public funds through the Solidarity Credit Program (PCS) and, later, through the Program My House My Life-Entities (MCMV-E).

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In the second part of the paper, we wish to discuss problems that arise from the inside of the movements regarding the relationship between the Coordination (board of directors) of social movements and the state, as well as the relationship between the coordinators and the other members of the movements. In order to do so we will base our analysis on a third experience of housing cooperative called *Quilombo da Gamboa* that gathered residents from different parts of the city, including a self-managed occupation known as *Quilombo das Guerreiras* that has recently been evicted. The tensions that arouse between the former self-managed group and the coordinators of the cooperative³, we believe, may illuminate some of the limits of the alleged self-management of cooperatives financed by the state and with strong ties to political parties. Nevertheless, we conclude the paper with a brief assessment of some the advantages of such experiences for the construction of a solution for the housing deficit in the country and the struggle for the right to the city.

The work here presented was produced by over five years of participative observation (including attendance at meetings and demonstrations) and eight years of engagement as activists of the squatting movement of Rio de Janeiro. In addition, we conducted interviews with members of the cooperatives and the coordinators of the movements, and researched documentary and bibliographical data.

THE HOUSING COOPERATIVES AND THE STATE

The Cooperative of *Shangri-lá*

The “Housing and Mixed Cooperative of *Shangri-lá*”, was the first experience of housing cooperatives in Rio de Janeiro. Composed of 29 families the community is located in the West Zone of Rio de Janeiro. The original group was formed by sixteen families, who rented precarious wooden shacks in a lot of the slum “Garden of Shangri-la”. In the early 1990s, residents began to organise meetings in order to develop joint strategies to generate employment and income and improve living conditions⁴.

The *Shangri-lá* residents were invited, along with the NGO Centre for Defence of Human Rights Bento Rubião (formed by architects, social workers and lawyers) to visit the Uruguayan experience of housing cooperatives and, in 1995, the Cooperative of *Shangri-lá* was created and soon joined the National Union for Popular Housing (UNMP), founding the Union for Popular Housing of Rio de Janeiro (UMP-RJ). The cooperative obtained a donation of seventy thousand dollars from the German international cooperation agency MISEREOR, linked to the Bishops of the Catholic Church, and created a Rotating Fund to be managed by the Foundation Bento Rubião together with a council of representatives of other three communities, including the residents of *Shangri-lá*.

However, unlike Uruguay, the Brazilian Constitution does not provide for collective property or communal forms of land management. Therefore, the big challenge was to find ways to approach the Uruguayan model without counting with a legal model that contemplates collective ownership of land. The alternative was to form a cooperative that “has as an initial activity the construction of houses for the use of its members”⁵, and divide the social capital into quota shares. The shares have a double role in *Shangri-lá*, while they represent the division of the social capital of the cooperative, it also serves as a counterpart (measured in working hours and monthly instalments) that the members have to pay in order to maintain membership. The resident of a housing unit in *Shangri-la* is not a property owner, but the owner of a quota share of the cooperative. The housing unit is, thus, linked to the management of all members of the cooperative. The quota shares are also non-tradable to non-members, and it is necessary to join the cooperative in order to have access to housing. In other words, one has to be accepted by the community (by the coordinators and the general assembly) before acquiring the right to live in one of the housing units.

Nevertheless, the alternative found also presents problems. Cooperatives in Brazil are governed by the general law of cooperatives No. 5764 of 1971 which regulates all cooperative activities. This law was

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created during the military dictatorship and establishes the "political neutrality" of cooperatives as a condition for its operation. Moreover, cooperatives must pay an annual fee to the OCB (Organization of Brazilian Cooperatives). Even in the case of Shangri-la, where there are no activities of generation of income, there are still annual fees that must be paid for the maintenance of that legal entity and, because of that, the community decided to keep their National Register of Legal Entities (CNPJ) inactive. The capital of a cooperative with inactive CNPJ is not affected or dissolved; it only forbids the cooperative to perform trading operations or any type of transfer of assets to non-members, which is not a problem for Shangri-la. On the other hand, if there was the need for a court order to enforce the statute to prevent the marketing of a housing unit, the cooperative would find little difficulty to do so. Even with an inactive CNPJ, members do not lose rights over the assets⁶.

The Cooperative Shangri-la became a model for other housing cooperatives in the country at a time when there was no state support for such initiatives. However, this lack of public support brought some advantages that, as we shall see, will not be replicated in the experiences that rely on public resources. First, the solution to implement a cooperative land ownership (though far from ideal) allowed residents to break with the logic of individual property; secondly, given that the resources for the construction of houses were obtained through donation, residents were able to organise the initiative without the intervention of state requirements as in the case of cooperatives that rely on public funds, such as the analysis of the capacity of indebtedness or the cadastral analysis. Third, since the resources did not originate from bank loans, members of the cooperative were able to pay part of the debt with working hours. Therefore, although the experience of Shangri-la was not supported by state housing policies, it was still able to build a relatively horizontal and successful process that continues until today.

The *Esperança* Group

The case of the *Esperança* Group, however, was different. Formed in 2000 (and also linked to UMP-RJ) with the intention of following the footsteps of Shangri-la, the group was the first housing cooperative in Rio de Janeiro to use resources from a state program - the Solidarity Credit Program (PCS), created by the newly elected government of the Workers Party (PT). The PCS was the first federal program in the country to contemplate housing cooperatives, but it encountered a number of practical and institutional problems. The experience of the *Esperança* Group is, in fact, a metonymy of what the PCS was in Rio de Janeiro. Of the 40 projects approved in 2004 (first year of PCS), none of them were implemented by 2009 (year the program was extinguished in practice).

Unlike the experience of Shangri-la, the *Esperança* Group had to go through long and arduous bureaucratic procedures to have their application approved by *Caixa Econômica Federal* – Federal Savings Bank (state bank responsible for the administration of housing resources). First, the group could not enrol in the program as a cooperative because the bank refused to sign a contract with a collective entity, since the program provided for the individualisation of contracts. Second, to receive credit, the group members had to go through a cadastral analysis (which should ensure that none of the candidates were indebted to other institutions) and a debt capacity analysis (that certifies the ability of the candidate to pay for the loan). In addition, the value of the loan was linked to the borrower's ability to pay. Considering that the families had very low income, the value provided by the bank was not enough to buy the land and build the houses. Thus, the social movement opted to negotiate a public land for their settlement, unlike what happened with other experiences where there was access to land through collective purchase.

After going through all these technical disputes required by the Federal Savings Bank to sign the admission agreement in the PCS, the group finally signed with the bank on December 2007. However, during the final adjustments, the city claimed the land as a recreation area and required the group to

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change their place of construction. The group imposed a few conditions, accepted by the municipal government, but did not show the expected combativeness, since the exchange of land would greatly delay the beginning of the construction. In 2009, the PCS was replaced by the new federal program called *Minha Casa Minha Vida* (which had an offshoot for housing cooperatives - the MCMV-Entities) and the *Esperança* Group had to migrate to MCMV-E in December 2009, signing the loan on February 20, 2011. After almost twelve years, in March 2012, the *Esperança* Group finally received funds from the program MCMV-E to begin construction of houses for seventy families. Despite the impossibility of establishing cooperative ownership as in Shangri-lá, the group was able to notarise a statute that provides for collective property. Even though it cannot be legally enforced, they claim that the collective agreement will be kept after the completion of the homes.

Both programs follow the same scheme represented by figure 1. However, MCMV-E presents some advantages when compared to PCS. First, it allows the creation of a notarised “residents' association”, responsible for managing the resources of the program in its construction phase. Second, the program does not require any credit evaluation, because not only does it secure subsidies of up to 90% of the final value of the property, as it also establishes fixed fees in the amount of 10% of the family's income. In that sense, the monthly payments are established by the capacity of the family to pay the loan and not by the total amount of the loan. However, there are still several obstacles that have to be overcome by the cooperatives. For starters, the analysis criteria presented in the internal manuals of the Federal Savings Bank (called "Black Boxes" by social movements) must be disclosed in order to avoid prolonging the process of approval. Moreover, it is necessary to overcome the predominant concept of private housing production, in which the entity is viewed as a third party unidentified with the beneficiaries, since in the case of self-managed housing cooperatives, the beneficiaries are also agents⁷.

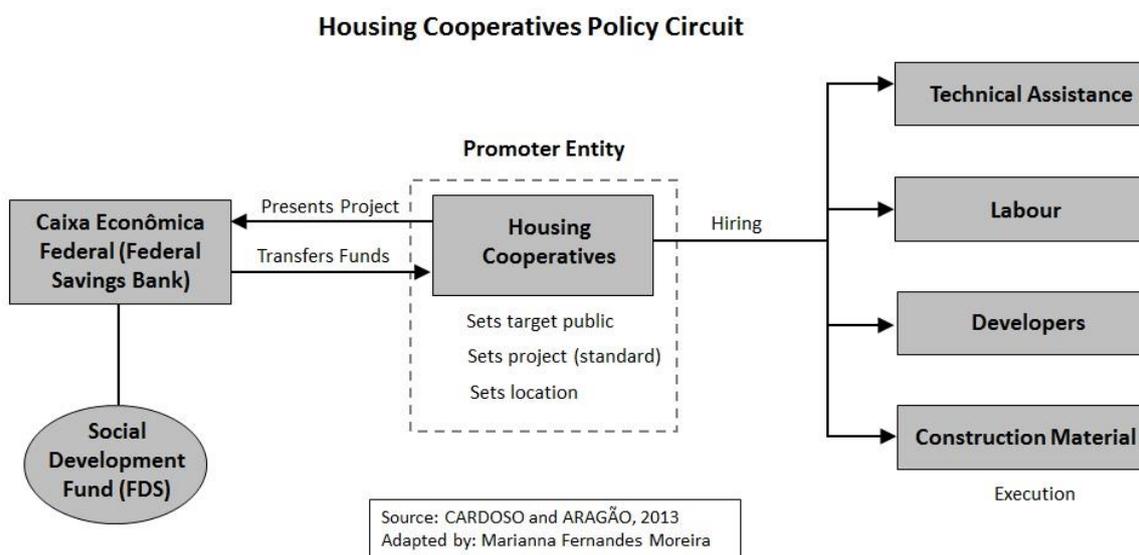


Figure 1: Housing Cooperatives Policy Circuit (PCS and MCMV-E)

Finally, for the model of housing cooperatives to succeed it is essential the establishment of a legal framework that allows collective ownership. The model of the associations, although important in practical terms (since it allows the collective management of resources in the construction phase) does not have any legal relevance after private property titles are granted. In sum, the guidelines of MCMV-E weakens the legitimacy of collective decisions because once the members receive property titles

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they are no longer obliged to follow any of the rules decided in the general assemblies. In this sense, the marketing of housing units, the lack of attendance in meetings and other punishable offenses cannot be enforced by the collective.

Even though some progress has been achieved towards the alleviation of bureaucracy, there is still a lot of work to be done in order to make cooperative housing a viable option in the struggle against the housing deficit in Brazil. Nevertheless, the format of programs such as MCMV-E also creates difficulties within the realm of social movements that put in check the independence and autonomy of housing cooperatives, as we shall see in the next section of this paper.

THE PROJECT *QUILOMBO DA GAMBOA* AND THE LIMITS OF SELF-MANAGEMENT

The Project *Quilombo Gamboa* began in 2009 and was organised by the UMP-RJ in partnership with the Centre for Grassroots Movements (CMP), with technical assistance from Foundation Bento Rubião in the context of MCMV-E. Although six years have passed since the project was finalised by the team of architects, construction has not yet began. Many bureaucratic embargoes (not to mention political) hamper the start of the construction of the housing complex. This experience, however, is important for the purposes of this paper because of what it reveals in terms of the problems related to the internal organization of self-managed cooperatives.

The project involves the resettlement of 116 families from four different communities in Rio de Janeiro. One of them is the Occupation *Quilombo das Guerreiras*, a group formed by squatters that organised themselves through self-management but were soon to be evicted due to a massive project of urban renewal called “Porto Maravilha”. Unlike other groups of residents, the group emerged from the direct action of a housing movement that for seven years managed to maintain a highly organised and horizontal political organisation⁸. However, since they could not independently access public resources through MCMV-E, they decided to join a national movement (CMP) in order integrate the housing program in question. Nonetheless, the organizational model adopted by CMP and UMP-RJ, although participative and fairly decentralised, maintain a Coordination (formed mostly by non-residents) that mediates the negotiation with the state and decides on the topics to be discussed during the assemblies. Even though most of the work is organised by committees (finance, work and mobilization), the model of a hierarchical organization differs from the model adopted by *Quilombo das Guerreiras*, causing conflicts between the group and the coordinators of the project.

The former residents of *Quilombo das Guerreiras* often criticise the political and electoral appropriation of the project by entities that are able to have access to the program. The main point is that only the so called “national social movements” have access to the resources of the program and the criteria used to characterise such movements is not clear. Organisations such as UNMP (National Union for Popular Housing), CMP (Centre for Grassroots Movements) and MNLM (National Movement for Housing Struggle), all of which have ties to political parties (even though maintaining critical towards the government), concentrate most of the resources destined to MCMV-E. The criticism concerns the use of the project as political capital. Members of the Collective *Quilombo das Guerreiras* recognise that these entities focus their organizational strengths to achieve a solution to the housing deficit, but they question the extent to which such political affiliations favour these organisations in the competition with other movements for resources from the program.

Another criticism regards the reluctance of these movements to take firm actions against the state, as seen in the case of *Esperança* Group when a sudden and authoritarian decision of the municipal government (run by a political party that is the main national ally of the Worker’s Party) simply ignored all previous agreements with the movement, took away the land that was intended for the project and faced almost no resistance from UMP-RJ. According to the former residents of *Quilombo*

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das Guerreiras, information about negotiations with state bodies is restricted to a Coordination that previously selects what will be passed on to the whole group. Such practices serve both to mobilize residents for acts of protest, but also to contain the level of dissatisfaction towards the state. We witnessed several times the dissatisfaction of the residents during the assemblies and the effort of the coordinators to justify the actions of the government and blame the setbacks on the “lack of mobilisation” of future residents.

Moreover, the lack of funds available for the program creates competition between different organizations of social movements dedicated to the housing struggle rather than a strategic cooperation to demand for more resources. In this sense, these movements become "organizing entities"⁹ of public policy, and their political agendas end up being guided by its institutional relationship to the state and its political interests, renouncing the more combative strategies of pressure and direct action.

CONCLUSION

Even with all the criticism wisely pointed out by members of the Collective *Quilombo das Guerreiras*, the recent policy to encourage housing production through cooperatives is still an important step towards solving the housing deficit. However, the clear choice of the state for private production of housing (even for the lowest salary range) is justified by the government with the argument that popular movements have little capacity to respond to a large-scale demand, and suffer from technical difficulties and delays in the execution of their works. Thus, the state ignores that there are ways to reverse the bureaucratic obstacles that hinder the cooperative production and strengthen the popular associations.

Fix and Arantes (2009), in their research on housing cooperatives of São Paulo, state that the production of private developers for the lowest income range produces habitations for approximately forty-eight thousand dollars per unit, a value that is up to two to three times the cost of self-managed efforts of popular movements, as they benefit from the free labour of future residents (representing the order of 10 to 20% reduction in cost), as well as from a profitless production and the participation of technical advisory services, small contractors and labour unions. In addition, since the projects carried out by popular movements are not led by a commercial perspective, they manage to obtain larger housing units, different typologies, new architectural and constructive characteristics, collective spaces and communal facilities.

The struggle against the housing deficit cannot be reduced simply to the production of new homes but must also question the conditions under which they are produced. The option of private production for lower income families not only depend on high state subsidies but also results in homes of lower quality, higher cost and located in the periphery of the cities where health, educational and cultural infrastructure is lacking. Therefore, cooperative housing represents not only a viable alternative in the struggle against the housing deficit, but also an alternative that offers a possibility to produce homes of higher quality, lower cost and at the same time help mobilising large sectors of the Brazilian society towards the struggle for the right to the city.

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ENDNOTES

¹ See Rosana Denaldi, “Viable Self-management: The FUNACOM Housing Programme of the São Paulo Municipality”, in *Habitat International* (1997), vol. 21, nº. 2, pp. 213-227.

² The Program My House My Life-Entities is part of the larger program My House My Life directed specifically to self-managed cooperative housing initiatives.

³ The board of directors (called “*Coordenação*” – “Coordination”) is composed of leaders from the following movements: the *União por Moradia Popular* – Union for Popular Housing (UMP) and the *Central de Movimentos Populares* – Central for Grassroots Movements (CPM).

⁴ João Paulo Oliveira Huguenin, *O território do homem comum: constituição e apropriação cotidiana do espaço em cooperativas habitacionais* (Rio de Janeiro: UFRJ/FAU, 2012).

⁵ Cooperativa Habitacional e Mista Shangri-lá, *Estatuto da Cooperativa Habitacional e Mista Shangri-lá* (1995).

⁶ Tiago Souza Bastos, *Autogestão Habitacional e a Desmercantilização da Moradia: Análise dos avanços e retrocessos na Região Metropolitana do Rio de Janeiro* (Niterói: UFF/PPAU, 2013).

⁷ Edison Mineiro and Evaniza Rodrigues, “Do Crédito Solidário ao MCMV Entidades: Uma história em construção”, in *Autogestão Habitacional no Brasil: Utopias e contradições*, ed. Luciana Corrêa do Lago (Rio de Janeiro: Letra Capital, Observatório das Metrôpoles, 2012).

⁸ See Rafael Gonçalves de Almeida, “A microfísica do poder instituinte e sua espacialidade: O processo de territorialização de uma ocupação de sem-teto no Rio de Janeiro”, in *Cidades* (Presidente Prudente, 2012), v.09, p.133-167; Marianna Fernandes Moreira, “Casa e família na Geografia: Estratégias espaciais de mulheres sem-teto na construção do lar”, in *Revista Espaço e Cultura* (Rio de Janeiro: UERJ, 2013) v. jul-dez, p. 83-122.

⁹ Edison Mineiro and Evaniza Rodrigues, “Do Crédito Solidário ao MCMV Entidades: Uma história em construção”, in *Autogestão Habitacional no Brasil: Utopias e contradições*, ed. Luciana Corrêa do Lago (Rio de Janeiro: Letra Capital, Observatório das Metrôpoles, 2012).

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