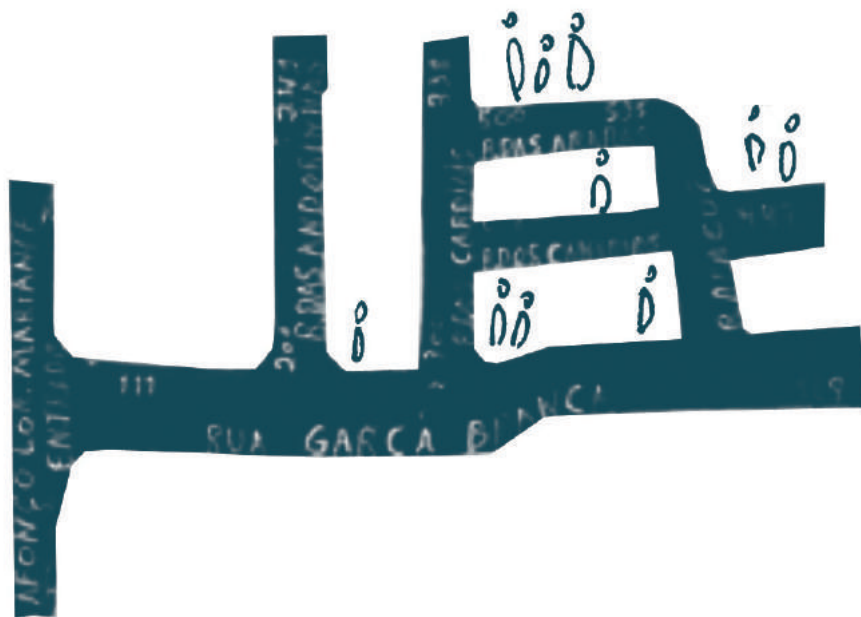


1 Day Seminar

Brazilian co-operatives for housing upgrade

23RD OCTOBER 2015

FIRST PHASE KICK-OFF



results

The Brazilian Co-operative for Housing Upgrade LAB is an Applied Research LAB on Co-operative Housing for Affordable Quality Habitat and Community Development

initiated by:

IFHP

www.ifhp.org

The International Federation for Housing and Planning is a worldwide network of professionals, researchers, academics and civil servants representing the broad field of housing and planning. The federation organizes a wide range of activities across the globe with the aim to foster cross-sectorial knowledge exchanges of international expertise and “test” new solutions in response to the future urban development’s challenges. Through the Latin American Office based in Porto Alegre, Brazil, IFHP consolidates the fertile connections between the Latin American members and the global network facilitating the learning exchange and promoting the discussion on Latin American cities.



www.pucrs.br/fau/

Along the years, the Faculty of Architecture and Urbanism of PUCRS developed a special focus on social issues within the fields of architecture and urbanism. Especially Social Housing became an important theme in the course, dealt with in teaching, research and extension projects. FAUPUCRS tries to stimulate the discussion amongst students, citizens, governments and other groups of interest together, aiming at approximation to reality and the promotion of concrete action in society. Therefore also extension activities within the most deprived communities in Porto Alegre, as well as workshops, seminars and an international congress on social housing are developed.

SPCITI

www.spicti.org

How to create a city where mutual benefit for all is created from the cooperation of multiple stakeholders is the core issue of the strategic planning office Spontaneous City International (SPciti), working in several international regions since 2012, from Brazil to Kyrgyzstan.

SPciti focuses on an innovative planning method that unites the local user and all other stakeholders. SPciti’s approach lies between the conventional categories of top-down and bottom-up coordinating all stakeholders. The result is greater communication capacity, joint commitment, and mutual benefit in the transition of cities. SPciti investigates and assists processes commissioned by various local bodies, governments, and private sector, and stands in the front line of complex transformations for a sustainable and resilient future of cities.

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Co-op for up-grade:

... Almost 40 per cent of families in the region [Latin America] live in a house beyond repair, have no title, or lack water, sewerage, electricity, adequate building materials, or space. It is estimated that by the end of this year that number would be increased by 10 per cent, continuing its raise further and further in the coming decades.¹

It goes without saying that many cities, especially the megacities in developing countries, are under great pressure as a consequence of relentless urban growth and the massive lack of adequate housing for low-income population.

In the meantime successful experiments, projects and programmes are set up, providing quality life environment and increased agencies development for low-income people. Drawing from this, extensive knowledge is deployed, yet implementation is still facing complex hinders in up-scaling from "best practice" to "common practice".

In the framework of IFHP programme's focus on housing & habitat, events take place around the world, digging into specific regional focuses, in search of diversified housing questions and challenges. IFHP, the Faculty of Architecture and Urbanism of PUCRS and Spontaneous City International have partnered in the design and creation of a multiphase proposal for an applied research that focuses on co-operatives as one of the possible tools for housing upgrade. In this way, we strive for affordable quality habitat and community development. The research wants to give a proactive contribution to the on-going progress of what is called "social production of habitat", within the context of actual housing policies and legal frameworks in Brazil.

In Brazil, policies for **upgrade of the informal city** exist in large scale. However, the federal planning and financial programme shows a large dependency on the local competencies and strategies, which are not always adequate. The programme itself shows obstacles of lacking financial resources and complex bureaucracies. The residents of the informal areas are subjected to the local interventions, which differ from one city to the other. The Co-operative for informal housing upgrade LAB seeks to investigate whether the foundation of cooperatives, with the aim of land regularization and urbanization, gives the residents more power to initiate upgrading of their communities, enabling and accelerating the improvement process. As a first step, a one-day 'Co-operative for informal housing

1. IDB, Many Paths to a Home, Emerging Business Models For Latin America And The Caribbean's Base Of The Pyramid, 2014 pag. 4

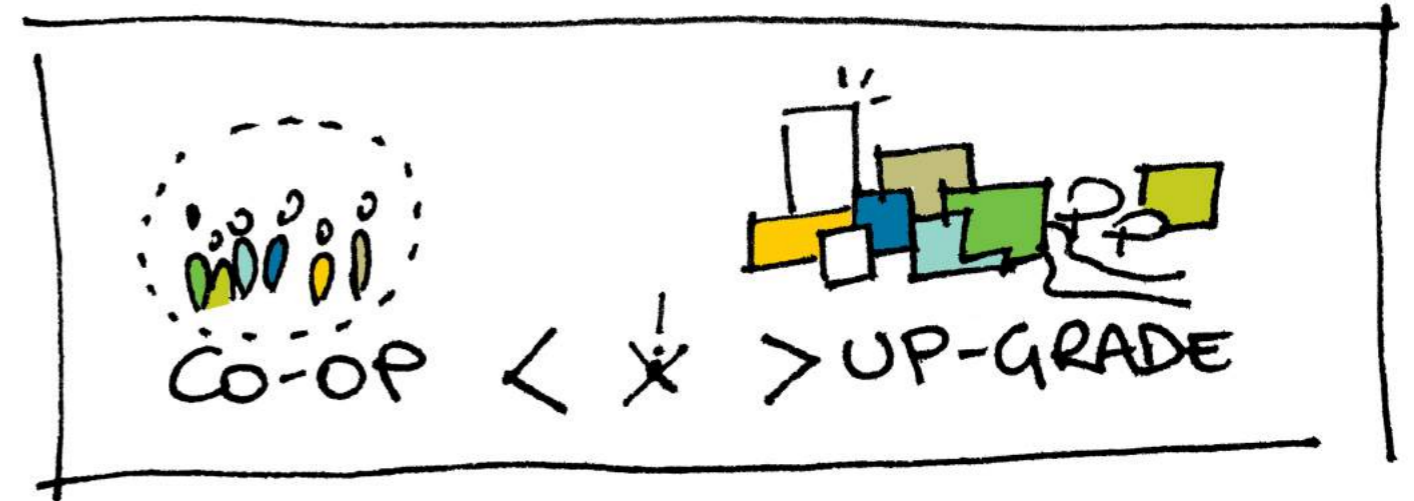
upgrade LAB' has been held in Porto Alegre, Brazil, on the 23rd of October 2015. **The aim was to explore the effectiveness of a co-operative system in the favela upgrading.** The seminar reunited about thirty participants to discuss the role co-operatives could play in the process of regularization and legalization of informal settlements in Brazil. The gathering involved representatives from the Brazilian Ministry of Cities, the World Bank, UN-HABITAT, local Community Leaders, architects and lawyers with expertise in land regularization, the DEMHAB – the department for Co-operatives of the City of Porto Alegre and students of the Faculty of Architecture and Urbanism of Pontifical Catholic University of Rio Grande do Sul - FAU-PUCRS.

The issue at stake confirmed to be extremely relevant within informal housing upgrade and deserves a proactive follow up in the coming months.

This report goes into the thematic discussion held during the meeting of 23 October and provides an overview on the Brazilian contemporary housing and outline cooperatives potentials and the actual flaws. You can also find the profiles of the contributors, so as the further steps and aims of the Co-operative for informal housing upgrade LAB.

This report goes into the thematic discussion held during the kick off seminar of 23rd October, providing an overview on the Brazilian contemporary housing and outlining cooperatives potentials and the actual flaws, as well as guidelines for possible developments of the research.

The Question:



Can co-operatives be an efficient means to enhance and speed up legalization and regularization (urbanization) processes of existing informal neighbourhoods to be upgraded?

and if yes, in which way?

the Context:

The existing informal city and qualitative housing deficit

Brazilian cities deal with a grave housing deficit and intertwined with that, a large share of informal housing. The accelerated urbanization process resulted in the following figures: today 85 per cent of the Brazilian population is urban, of which around 18 million households are irregular, so not registered formally and often in precarious circumstances. In 2010, more than 3 million households were located in slums (IBGE, 2010). The great majority of the irregular settlements are in the metropolitan regions of the country. The size of 'irregular settlements' differs a lot, they can be a small group of households, but also be similar to entire towns.

Favela's or slums are the most well-known form of irregular settlements, generally suffering from lacking infrastructure and public services, occupying land irregularly that belongs to third parties, in a dense and disorderly manner and often in risk areas. Another type of informal low-income areas are 'illegal sub-divisions', also self-built, however showing a bit of urban organization. The dwellings in the informal areas are usually built by their own residents, without professional help and with a minimum of financial resources. Over the years, the dwellings are often improved and enlarged, accompanying increasing needs and means of investment.

The irregular urban areas are unimaginably many and big; and with that is the housing challenge. This vastness and the threat of further growths, partly by densification and because of a possible degradation of the space and dwellings, make the upgrade of what is already there ever more complex. At the same time, it is inevitable, necessary and bears a huge potential, especially because of the large scale and the possibility of improvement of these areas that contain strong human and material capital.

Today's Brazilian National Social Housing policies

Since the beginning of this century, urban policies in Brazil are comprehensive, aiming at safeguarding the social function of land property. At least on paper. The creation of the City Statute (*Estatuto da Cidade*) (2001) and the Ministry of Cities (2003) were milestones in the country's urban policies.

ZEIS

The City Statute (law 10.257) incorporates ZEIS: *Zonas Especiais de Interesse Social*, or Special Zones of Social Interest. These are zones for residential use by the lower income groups, whether already occupied informally or where formal social housing can be provided. Different, more flexible rules compared to the 'regular city', are in force in ZEIS

areas, allowing other circumstances and parameters regarding the urban configuration. The idea is to deal more pragmatically and realistically with the urban and architectonic problems, recognizing that it is not feasible to want to attain the rigidity of the planned city.

It is in these areas that the two main federal policy programmes PAC and MCMV that are to complement each other in the provision of habitat operate.

PAC

PAC, *Urbanização de Assentamentos Precários* (2007), is a "curative" programme that is in charge of large-scale favela upgrading interventions. The PAC deals with precarious settlements under which favelas and the 'irregular low-income settlements': areas with deficient infrastructure, large and hard to bridge distances to work, lack of urban services such as sanitation, education and healthcare, high density of the settlements and buildings and precarious construction, and/or threatened by flooding, landslides and other risks.

PAC investments finance integration in the rest of the city, housing and environmental interventions, land regularization and social inclusion. The resources mainly go to housing upgrade, followed by infrastructure and sanitation. In order to be eligible for PAC investments, municipalities present projects to the Ministry of Planning. The municipalities are also in charge of the execution of the project.

Advances

According to the Ministries of Cities, 1,9 million households have benefitted from PAC investments until now. PAC shows a great advance in the sense that integral and integrating urban policies aiming at the upgrade of informal settlements have become more common and accepted.

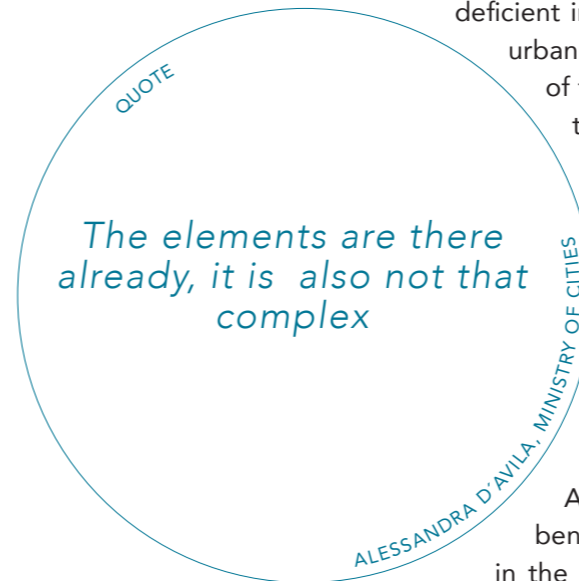
The investments are high, and according to the Ministry, all cities are included in the programme. PAC had also induced the enactment of law 11.977/2009, facilitating land regularization.

Challenges

Despite the intention and high investments, difficulties are to be tackled. The quality of the projects is too often low. Other bottlenecks are the institutional development of and between different governmental levels and the complex processes of implementation of the projects. Furthermore, the resources mainly go to the larger development projects, and it seems complex to split them up in order to benefit also the smaller areas. Another challenge is to work with additional finances brought up by the residents of the areas themselves, or other investments of the residents, such as self-construction or self-management. Integration with other sectors, like education and health-care, is difficult. In addition, the participative processes are weak. And in the end, of course, **the actual task of upgrading slum areas in itself is a major challenge**, as the areas that are being dealt with are very complex in all senses: the socio-economic situation, the density, the natural circumstances (hills, floods) and the lack of the basic urban layer as infrastructure and sanitation.

Minha Casa Minha Vida

Since 2009, the national "preventive" programme *Minha Casa Minha Vida* (MCMV), or My House My Life, is responsible for the social housing production in Brazil. Besides the governmental organization and vast allocation of public financial resources, the private



sector has a great stake in this programme, developing the dwellings: the institutional composition of MCMV involves the federal bank, *Caixa Econômica Federal* (CEF), Ministry of Cities and the municipalities, the real estate sector and organizations involved in the housing issue. CEF manages the subsidies, authorizes the designation of resources to the construction companies and realizes the financing of the beneficiaries. CEF also defines the technical criteria of the projects. The municipalities are responsible for the real estate registry (cadastre) and approve the projects playing a key role in their quality. The construction companies are paid by the CEF and have the responsibility to fulfil the criteria set up by CEF and the Ministry of Cities.

The private companies being responsible for construction is problematic. Their aim is to make profit, and they often buy cheap land and build in the cheapest way. The quality of the housing estates is therefore quite low, and the locations isolated, often disconnected from the city and its public services, and poorly served by public transport.

Attempts are undertaken to tackle the occurring bottlenecks. Still, for several reasons, the results show often to be distant of the real demands and expectations of future residents.

In this sense a part of MCMV called *Minha Casa Minha Vida - Entidades (MCMV-E)*, or My House My Life - Entities, was designed in order to bring residents closer to their habitat, financing Co-operative Housing projects. The Entities can be co-operations of residents, associations or other private non-profit organizations.

Besides giving more decision power to the residents, the intension is to cut out the profit margin of the social housing provision. The MCMV-E programme had a difficult start, however nowadays it is becoming more consistent, more projects are being realized and the programme acquires more political support. Yet, the execution of the program still deals with problems, for example a lack of communication among the different actors, ministry, municipalities and the Caixa Econômica.

Law of Technical Assistance

In 2008, the Law of Technical Assistance (11.888), relevant in cases of slum upgrading, was adopted. The law guarantees the right to architectural and engineering services to a population that does not have the possibly to pay for these services. This assistance goes directly to families, associations of residents or cooperatives.

This law is created in order to come closer to the demand of the population with, different from for example many MCMV projects, more 'human projects'. However, the law does not yet flourish, probably because the municipalities do not have or liberate the resources for the professionals. In this sense the law seems to have few meaning. However, possibly it will grow in its relevance when it gets more divulged, known and incorporated.

Co-operative Housing

Brazil has a significant history of collective self-organization and social movements, including cooperative housing. The first cooperative housing production projects already existed during the military regime, and also in the 1980's and 1990's, co-operatives developed mutual-aid housing projects, with a higher or lesser degree of self-construction on the one hand and self-management on the other.

Co-operative housing is based on self-organization and collective benefits, bearing both potentials and controversies. The processes of co-operative building are tailor-made and time consuming. However, when successful, the positive outcomes are principally

of a qualitative character and have positive impact not only on the households but also on the neighbourhood. "For the actors involved with social-housing production, **the ultimate purpose of adopting self-construction and/or self-management processes** should not be the savings on labour costs. Rather, it **should be the involvement of citizens and the increased awareness regarding the social and political dimensions of housing.**"¹

Today, the aforementioned national programme MCMV-Entidades aims to finance housing cooperatives (for new production).

QUOTE

There is need for a clear legal framework and small scale

EMANUELA MONTEIRO, WORLDBANK

1. Interview Gouveia, R. and Kokudai, S., 2013

Cooperatives for slum upgrade in Porto Alegre:

Porto Alegre is the only Brazilian city that formally promotes cooperatives, including cooperatives for slum upgrading, by means of a local cooperative law (9.313, 2003). The law establishes “the municipal programme to promote the residential cooperatives”, aiming to provide education and capacity building of the members of the cooperatives and their boards. Also does it aim for provision of technical assistance to the cooperative, as concerns the juridical, urban and residential aspects. And at last, the program organizes resources for the cooperatives directly. For that, they need to fulfil the juridical obligations that make them a private entity.

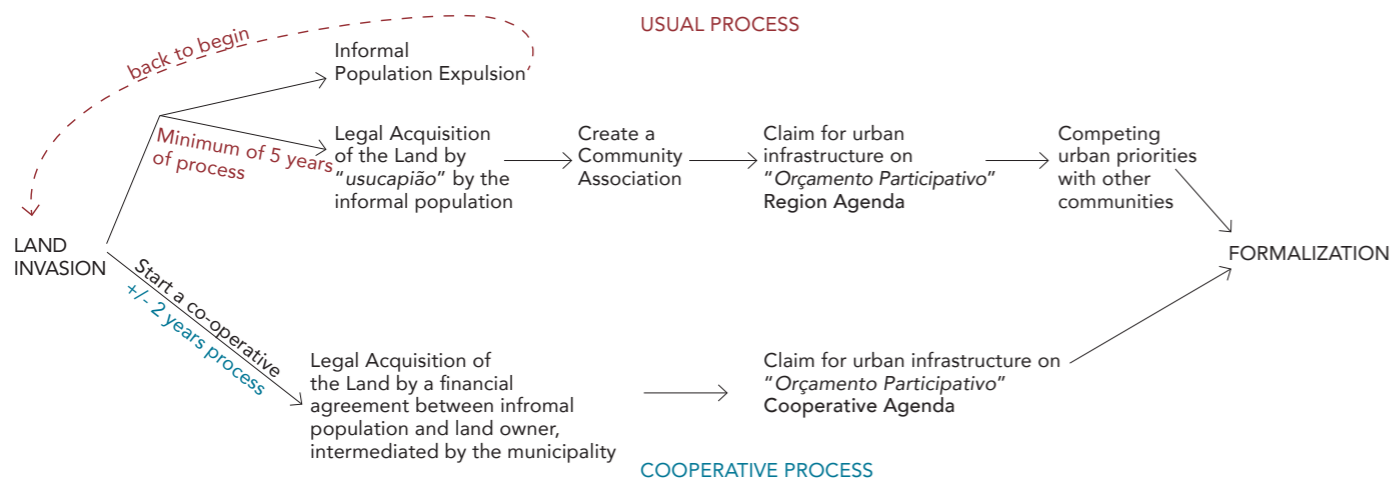
In Brazil, it is common to think about new housing construction projects, when talking about housing cooperatives. However, **in Porto Alegre, the existing communities can also form a cooperative in order to regularize their community, both in legal and urban planning terms.** The residents do need to own the land already (or having bought it from the owner, or through the right of occupation acquired after a certain period of use/occupation – usucapion), in order to be eligible for public funding for upgrading. That also means that the resources allocated to Cooperatives within the participatory budget are not meant for the acquisition of the land. Already at this stage, it is evident how forming a cooperative is worthwhile: it gives responsibilities to all the participants, and consequently more trust, both within the cooperative as towards the outside world (institutions, planning authorities, economic stakeholders). The landowner for example can be guaranteed of a reliable sales contract with the official cooperative.

Porto Alegre also distinguishes itself for implementing the Participatory Budgeting, or *Orçamento Participativo (OP)* which gives the possibility to the inhabitants to decide about the investments of part of the public budget. The Cooperative Law is linked to the Participatory Budgeting, which consists of a dedicated budget in the OP specifically for the cooperatives.

The public financing for the cooperatives (for the surveys and regularization projects) are no subsidies but loans. The cooperatives have to pay them back in 20 years with a low rent (2%). The burden on public funds therefore is temporarily.

The law determines that the municipality will search for partnerships with public and private agencies, national and international, in order to obtain credit that is adequate for the specificities of the residential cooperatives, which mainly concern the interest rates.

Even in Porto Alegre as the only Brazilian city equipped for institutionalized cooperatives, problems of communication and capacity building, both on the municipality and communities’ level, prevent the process from being successfully achieved. The possibility communities have to form cooperatives and jump into the system of regularization gets little visibility. In this context, bottlenecks are slowing down the potential of the cooperative as a tool for regularization and informal settlements upgrade.



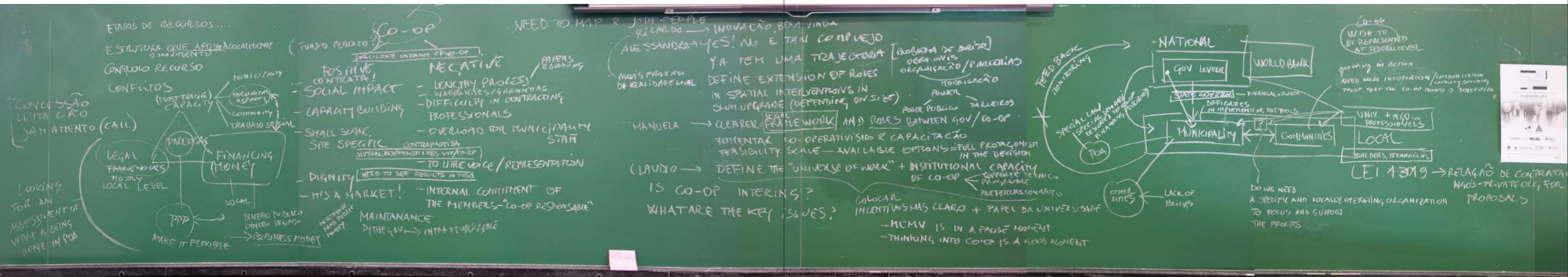
First Conclusions:

- A large and growing share of informal areas in poor, 'substandard' conditions
- *Estatuto da Cidade*, striving after the "right to the city" for everybody, safeguarding the social function of land property and promoting participative urban policies
- *Minha Casa Minha Vida Entidades* for cooperatives for housing construction
- PAC - *Urbanização de Assentamentos Precários* programme for upgrading the existing and precarious city
- A Law of Technical Assistance, aiming to provide professional technical assistance directly to residents and cooperatives of residents
- A Cooperative Law in Porto Alegre, promoting and facilitating cooperatives for land legalization and urbanization.

All above mentioned urban interventions have an ever so valid reason for existence, though they all cope with difficulties. This gave reason for the investigation into cooperatives for slum-upgrading. Can the cooperative for upgrading of the informal city be a valuable addition to the palette of urban and housing policies on the national level? And if so, how?

The one-day meeting 'Co-operative for informal housing upgrade LAB' intended to come to an answer to at least the first primary question. The result of the discussion is that the participants and we ourselves became aware and convinced of the possible value of cooperatives for slum upgrading, and gave more reason for further investigation.

October 2015 1day Seminar:



Panelists:



Claudio Acioly

Architect and urban planner and a development practitioner, Head Capacity Development Unit, Housing & Urban Management Expert UN-HABITAT

Claudio Acioly is an architect and urban planner with experience in planning, design, management, implementation and evaluation of housing and urban development policies and projects in over 25 different countries. He has lived or worked continuously in more than 10 countries, often occupying leading positions, working closely with decision makers, senior executives and policy makers of governments, scholars and academic institutions, civil society organizations and community-based organizations.

His career spans from theory and practice linking urban planning, housing, urban regeneration and slum upgrading.



Alessandra d'Avila

Architect and urban designer, director PAC/UAP Urbanização de Assentamentos Precários, Ministry of Cities

Alessandra d'Avila Vieira is an architect and urban planner, graduated at the University of São Paulo – USP. She has a master degree in Housing Planning at the Technological Research Institute of São Paulo – IPT. She worked in local governments and non-governmental organizations in the field of urban planning, focused on urban regeneration and housing. She works for the Ministry of Cities' National Housing Secretariat in 2007, is a Technical Analyst for Social Policies, and is the Director of the Slum Upgrading Department.



Cid Blanco

Architect and urban planner Technical Advisor at Regional Office for Latin America and the Caribbean UN-HABITAT Rio de Janeiro, Brazil

Architect and urban planner by the University of São Paulo (1998, Brazil) and a Master of Architecture and Urban Planning by the School of Engineering of São Carlos, University of São Paulo (2006, Brazil). Specialist in the planning and management of programs to reduce urban poverty by the Institute for Housing and Urban Development Studies (2001, Netherlands) and design and housing development by the Department of Architecture and the Built Environment, Faculty of Engineering of Lund (2009, Sweden). For 16 years, he worked in governmental institutions with policies of urban development, housing, strategic planning, social inclusion, citizen participation, communication and culture at local and national levels.



Sílvia Maria Carpenedo

Architect and Urban designer Advisor at the Technical Analysis Commission of Land Regularization DEMAB PoA

Sílvia Maria Carpenedo graduated in 1981 in architecture and urban design at the federal University of Rio Grande do Sul. She has a masters degree in Sustainable Development. Since 1996, she works for the Municipal Department of Housing (DEM HAB) in Porto Alegre. She has been coordinator of urbanization and coordinator of elaboration of the Municipal Plan of Social Housing in Porto Alegre. At the moment she makes part of the "Technical Analysis Commission of Land Regularization".



Solange Carvalho

Architect and urban planner professor at FAU/UFRJ Rio de Janeiro, and director of ArquiTraço Projetos Ltda

Solange Carvalho graduated from the Faculty of Architecture and Urbanism at the Federal University of Rio de Janeiro (FAU/UFRJ), Brazil in 1994. She is a professor at the Faculty of Architecture and Urbanism of Federal University of Rio de Janeiro (FAU/UFRJ). Her research focuses on Housing and Human Settlements, emphasizing Social Housing. She also is Director of ArquiTraço Projetos Ltda, and has extensive experience in urbanization and architecture projects in informal settlements. She has won awards in numerous competitions that focus on informal settlements and social housing.



Fernando Garcia

Economist, Advisor of the Nacional Secretary of Housing - Ministry of Cities

Fernando Garcia de Freitas is PhD in Economics, Universidade de São Paulo, Brazil. He was Professor of Economic Development at Fundação Getulio Vargas, Brazil. Recent publications: (i) Subsidies, credit, and housing deficit in Chile. ECLAC Review. Santiago de Chile, August 2013. (ii) Dialogue Brasil and Europe Union: Social Housing, Financing and Subsidies. Cities Alliance, 2015. (iii) PMCMV beneficiary Satisfaction Survey, Ministry of Cities, Brazil, 2015.



Ricardo Corrêa

Architect and urban designer Presidency Consultant for housing and social development programs, former Executive director of the Bento Rubião Human Rights Foundation

Ricardo de Gouvêa Corrêa graduated in 1978 at the the Rio de Janeiro's Federal University – UFRJ as an architect/urban designer. He has a post-graduation degree in "Housing and Urban Development" and "Land Management, and Informal Settlement Regularization" at the IHS, the Institute for Housing and Urban Development Studies, and at the moment he is a doctorate student at the Urban and Regional Planning and Research Institute of UFRJ. From 1990 until 2013, he was the Executive director of the Bento Rubião Human Rights Foundation and coordinator of the "Land and Housing Program", working with land regularization and low-income housing projects, for a large part with cooperatives. Since 2014, Ricardo is Presidency Consultant for housing and social development programs, especially for the *Minha Casa Minha Vida Entidades Urbanas e Rurais* Program.



**Ademir
Maria**

Lawyer, Coordinator of the Team of Cooperativism at DEMHAB PoA

Ademir Maria graduated in law, and has a post-graduation degree in International Relations. He has been active in the formulation of the cooperative programme and now he is the head of the sector Cooperativismo at DEMHAB. He has experience in the area of real estate and juridical business. He has also been a professional football player for 22 years.



**Marli
Medeiros**

Community Leader, Porto Alegre

Marli Medeiros (1952) was born in the city of Alegrete, in the Campanha region of Rio Grande do Sul. She moved to Porto Alegre in 1976 in search for better living conditions for her family. Since then she has worked as housekeeper, bank administrative assistant and shop manager. She decided to devote herself exclusively to community work, and not to let the rules imposed by the local dealers controlling her. In 1992 she founded the Women's Club and in 1993, she finished the course for becoming Community Leader with the aim to promote and defend women's rights and their capacitation as community leaders, promoting the importance of creating a professional possibilities for women, for their moral, psychological and financial freedom.



**Emanuela
Monteiro**

Urban Specialist at the World Bank, Brazil Country Office

Emanuela Monteiro is an Urban Specialist currently working in the Social, Urban, Rural & Resilience Global Practice of the World Bank, based in the Brazil Country Office. She has 13 years of experience in Urban Development, both within the Private and Public sectors, in the latter case serving diverse Subnational Governments in Brazil.

Prior to working at the World Bank, her experience as a consultant mixed analytical, policy recommendation, technical and managerial work in the areas of Regional and Urban Planning, Urban Design, and Land Regularization. Over the last five years, she has worked at the World Bank as a technical expert and team leader dealing with a portfolio of projects in Brazil focused on Integrated Urban Services Provision (with emphasis on slum upgrading), Institutional Strengthening for Social, Urban and Environmental Management, and Local Economic Development.



**Betânia
Alfonsin**

Lawyer, Professor, Expert in Land Regularization

Betânia de Moraes Alfonsin Graduated in Law and Social Sciences from the Federal University of Rio Grande do Sul, Betânia has a master in City and Regional Planning from the Federal University of Rio Grande do Sul (2000) and PhD in Urban and Regional Planning at UFRJ (2008).

At present she is Professor at PUCRS in the Faculty of Law and of Architecture and Urbanism. She is also professor at the *Fundação Escola Superior* of Public Ministry Rio Grande do Sul, and is a teacher of the Legal Dimensions of the Urban Policy Programme for Latin America and the Caribbean at the Lincoln Institute of Land Policy.

With an extensive experience in public law, in particular on urban law, she focuses on the topics of Urban Policy, Urban Planning, Housing Policy, Land Regularization.



**Alexandre
Pereira Santos**

Architect and Urbanist, working for a Marli Medeiros' Community

Alexandre Pereira Santos is an Associated Partner at 3C Architecture and Urbanism. He graduated at the Architecture School of the Rio Grande do Sul Federal University (2007) and has a Master's degree in Architecture and Urbanism from the Pelotas Federal University (2015). He has experience in design, planning and spatial analysis and simulation, working with the following issues: housing, public policy, urban and landscape design, urban planning, computer simulation, complex social systems, social movements support and direct participation processes.

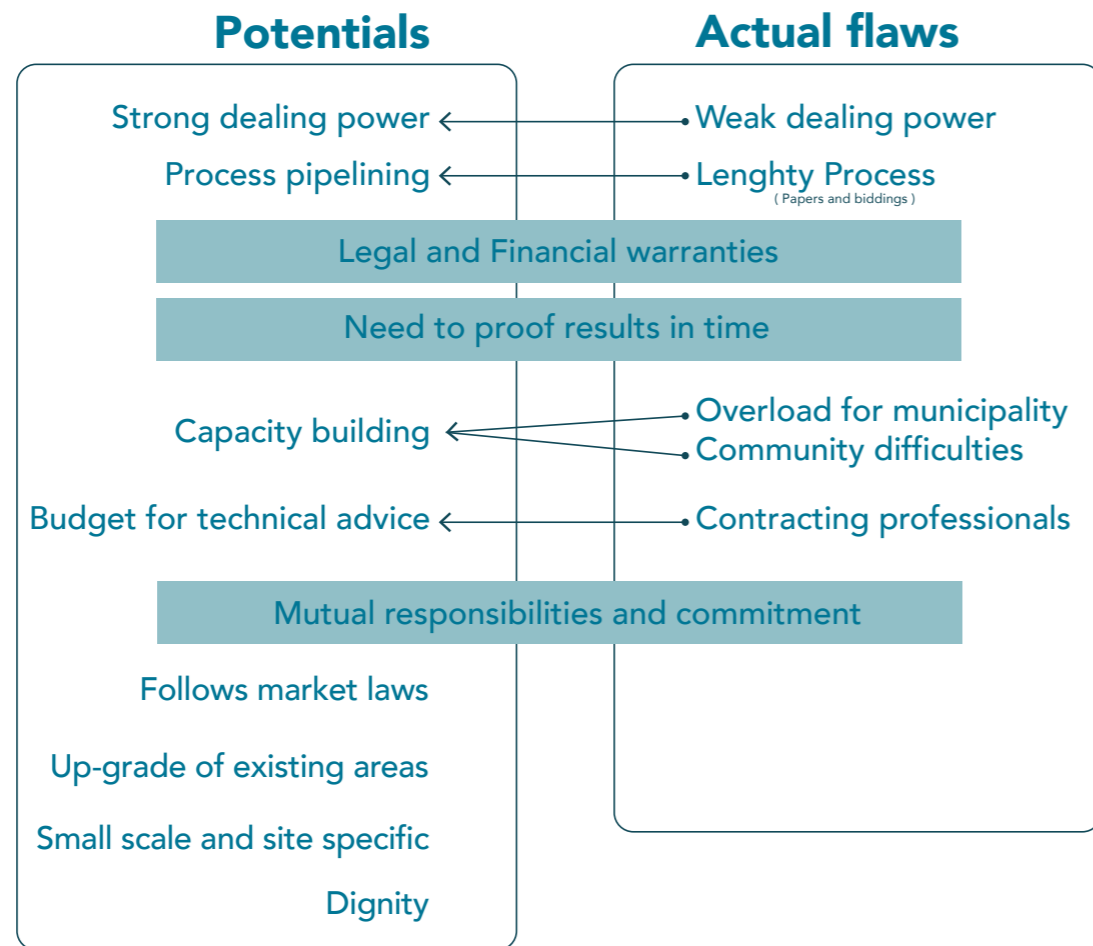


**Adrian Dario
Pajolchek**

Chapatral Cooperative Leader

Adrian Dario Pajolchek is experienced with social civil-society movements and with cooperative organization. At the moment he has a leading role in the housing cooperative Chapatral, representing the cooperative in the Municipal Council of Urban Environmental Development. He is also consultant of the Municipal Council of Culture and co-organized the 10th Municipal Conference of Culture, after a longer history of experience with culture and cinema projects.

Cooperatives Potentials VS Flaws:



Cooperatives are an optimal legal tool for empowering communities. Brazil has a strong history of social movements, though at the same time there is a lot of mistrust both from the municipalities and from the communities. Their main concern is the lengthiness of the process, the uncertainties it may bring because of the lack of a clear framework, the unsecured financial warranties and burdensome procedure for the municipality administration. The second main obstacle is at the same time financial and technical: if a community needs to autonomously engage professionals for specific tasks (e.g. advise, land survey etc.) it is hard for them to be an "appealing" and reliable client.

If cooperatives were to be promoted at national level, according to the Brazilian

governance structure each municipality would be the implementing level where specific legal frameworks should be formulated and applied. Due to the lack of knowledge about cooperatives, so far such a promotion has never occurred. Question is how to initiate a promotion of public policies to incentivise for cooperatives and attract municipalities to implement local legal frameworks as an effective tool for the housing up-grade. Feedbacks and monitoring of such development would be key for the Ministry of Cities, enabling it to make revisions and help steering the process.

Having established the law *das Cooperativas*, n. 9.313, the Municipality of Porto Alegre is kind of a pilot, developing forward, finding its own path. However, from their beginning experience there are still several bottlenecks that need to be addressed before possibly up-scaling the process to a national level. The main hinder is a matter of capacity building: on the one hand communities need more information and some professional support, in order to be able to exert influence, on the other hand the municipality needs more human resources and skill development to process in a more trustable and efficient way. Another commonly recognized aspect of cooperatives is the share of mutual responsibilities and commitment both on Municipality and community level. If roles and tasks would be clearly defined in a legal and financial framework, it is much more likely that all stakeholders would stick to it, having rights and duties clarified.

The stakeholders present at the seminar agreed that when the above-mentioned conditions would be solved and met in an efficient way, cooperatives can be a very compelling instrument because:

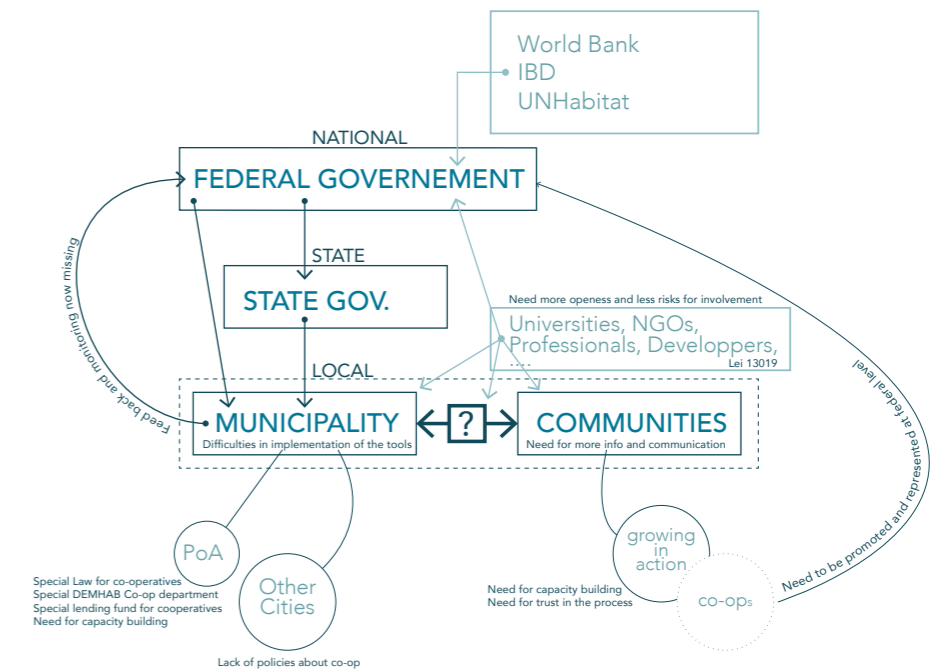
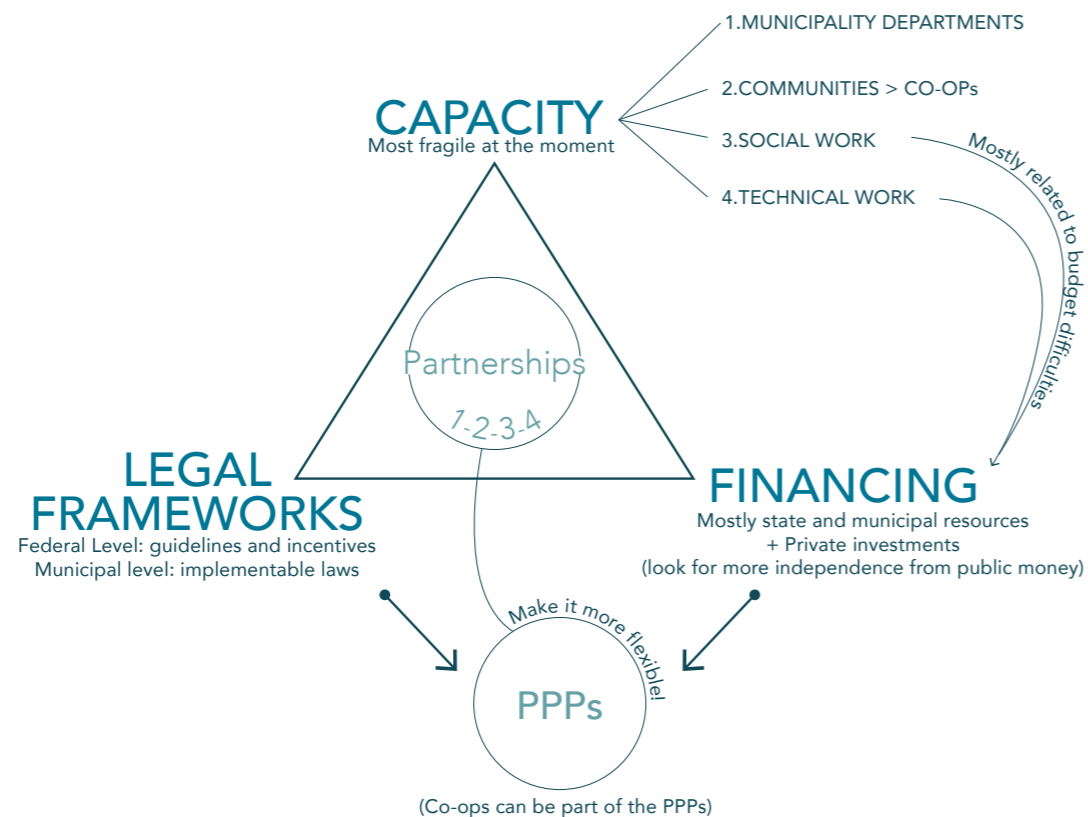
- They are a sort of public-private partnership, with no intermediaries that follow market laws, that can produce a win-win situation
- They can significantly contribute to upgrade existing areas, including public space
- They would offer small scale and site specific solutions and involve the local stakeholders, creating sense of ownership
- They can stimulate the increase of projects, the initiative being in the hands of the communities
- Ultimately, though hard to measure, they confer personal development, dignity and status to the cooperative members.



Key Findings:

The discussion about cooperatives as an instrument to “produce” legal housing has been welcomed as trailblazing at national level, while highlighting the necessity to improve the current approaches like the one of Porto Alegre: “There is a need to innovate and encourage a cultural change towards collective responsibility and engage various actors in ensuring the Brazilian’s future housing provision”. But what are the vectors of this change?

According to what emerged from the discussion, national programmes and local legal frameworks should complement each other and work in symbiosis on a tri-dimensional scale: legal aspects, financing and technical capacity.



Several highlights about the **institutional framework** in which cooperatives could find a suitable environment to embed came up during the seminar:

- At the base is the communication between municipality and communities that needs to be improved. At present, lack of communication and transparency hinder the access to cooperative programmes where existent.
- An interesting possibility to consider is to introduce local ‘cooperative agencies’. They would be special institutions with public mandate from the municipality but working in direct contact with the communities, more flexible and accessible.
- Also the vertical collaboration at national, state and local government level is fundamental, clear roles and responsibility and communication on the topic should be eased.
- Connected to the previous point, cooperatives should be more represented at federal level, especially because the national level plays an important role from the financial point of view. Thus the institutional and financial role of the state government should be reinforced. Whilst the ministries at federal level should cater for planning and financial tools and encourage and support municipalities in developing the local legal frameworks.

A formalized collaboration between municipalities and communities:

- Would assure for a successful unfolding of new municipal legal frameworks focused on cooperatives for housing upgrade. This would directly tap into the increasing political support to “Entidades” capable of autonomously develop projects and the Law of Technical Assistance.
- Within such legal framework special attention should be given to open and stimulate collaboration with local universities, NGO’s, and professionals.
- Similar legal possibilities should be sought for private building companies and banks

Caveat, possible pitfalls:

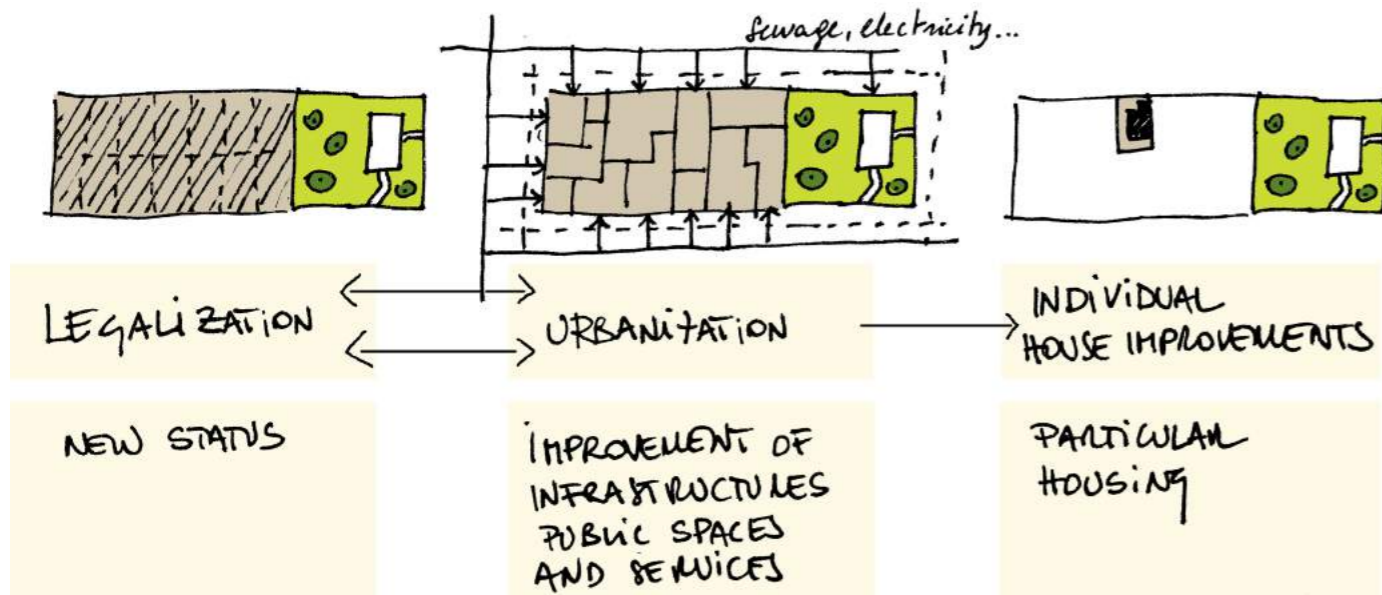
- At the moment the relations between the Ministry, Caixa and municipalities, and within that the overall governance, are often not effective.
- The whole governance system needs more public private engagement (e.g. at academic level to shape the process).
- Capacity building is missing today.
- Fraudster organizations could be set as fake communities to profit of the system.
- Relations and trust between the members of the cooperative are vulnerable, especially on longer term.

Research and Methodology

In Brazil there is a great urgency for an up-scaling of slum upgrade and regularization projects while the existing massive parts of the cities keep growing: burdensome bureaucracy, political lacunae and complexity of the task are all contributing to make these processes very slow and intricate.

Co-op phases

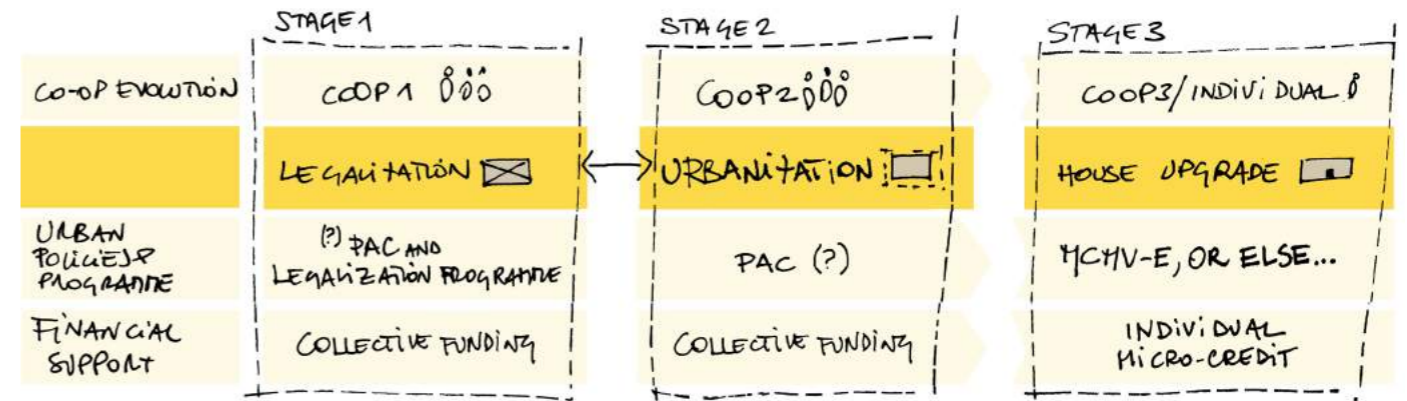
Upgrading involves urban infrastructure and public space, legalization and particular housing. There is need for an integral approach, although it does not need much explanation that there is a tangible rationale for starting with the overall urban structure, to which the particular houses should be adapted. Urban qualification and regularizing of land titles are strongly depending on each other, and following on that, official land titles can facilitate the households to obtain financial support for housing upgrading.



Observing that the residents of favelas are very depending on the public (political) choices, we believe that they could exercise much more power in their demand for upgrading and regularization of their area when they are organized and formalized in co-operatives. We are conscious that co-operatives are still edge solutions and, besides the promising sides, they have some negative loopholes as well. Therefore the aim of this research is to explore on the one hand how the housing policy framework at the different levels (municipal, state and federal) could be improved to make

sure cooperatives can play a more effective role and speed up the upgrading processes. On the other hand how co-operatives would evolve in time: should there be changes in the property form in the different phases of the cooperative (regularization, legalization and housing upgrading - e.g. ownership or land-lease, collective or individual)?

We have made the assumption of a long-term process, in the context of Brazil, where there could be three stages to investigate:



Stage 1 would concern the creation of the co-operative and the legal acquisition of the land in order to be eligible for public funding for upgrading (stage 2). Already at this first stage, it is evident how forming a cooperative is worthwhile: it gives responsibilities to all the participants, and consequently more trust, both within the cooperative as towards the outside world (institutions, planning authorities, economic stakeholders). How to support the creation of the co-op and make the legalization process possible? What kind of ownership is appropriate: e.g. ownership or land-lease, collective or individual?

Stage 2 would involve urbanistic upgrading and planning tools (involving own resources, PAC, local funding) that can be applied in order to make the regularization and upgrade programme start.

Stage 3 would concern particular housing upgrade (Caixa Econômica / MCMV / MCMV-E/private banks?). Once the process of urbanization and upgrading is started, the co-operative could probably even be dismantled or be given another status with less importance, because the common ambition of the inhabitants is mainly fulfilled and each family will be looking forward to improve its own household. For particular housing upgrade, Caixa Econômica could be a possible financier, within the MCMV-E programme. Also other banks can be approached for micro-credit for housing upgrading. Working in an existing neighbourhood, it is probable that all households have different requirements, and for that reason there is perhaps no need to work as a cooperative anymore. Rather each house would need an ad hoc loan.

The proposal

In synthesis, the applied research would critically look into the co-operative model as a means for slum upgrade and which are the institutional and financial frameworks suitable for each phase of the development.

The objective is to strengthen and widespread knowledge and experience on co-operative housing upgrading in Brazil, in order to enable improvement and wider application of co-operative development for existing housing neighbourhoods. This should generate a diffused impact for the households and their neighbourhoods, as well as for cities as a whole.

Multi-Phased Applied Research:

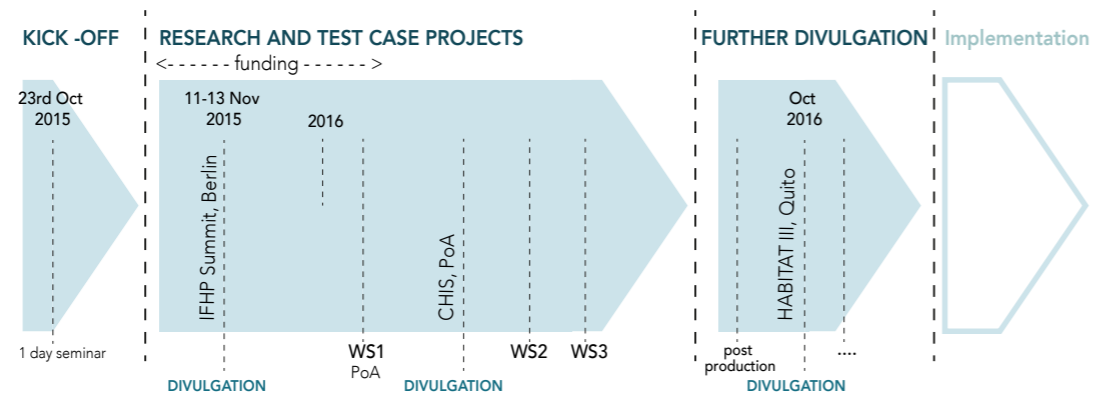
The first one-day seminar in Porto Alegre in October 2016 opened a three phase research programme. As a starting point, the multi-stakeholder panel discussion wanted to challenge the assumption that co-operatives are valuable for the process of upgrading and regularization of informal settlements encouraging a proactive knowledge exchange and debate among the various actors engaged in ensuring the Brazilian's future housing provision.

This gave impulse for the foundation of a Research Group CNPq at FAU-PUCRS. The group will prepare for the second phase by surveying the (institutional) context of cooperatives for upgrading and regularization of informal settlements.

Following on that, the second phase of the project will be the application of test-case projects in three different cities in Brazil in order to prepare and streamline processes of 'co-operative favelas upgrading'. Cases will be announced at the beginning of 2016. The objective is to learn from practice what the possibilities up until now are and which elements of the institutional framework are lacking, necessary or helpful, which bottlenecks occur and so on.

The third step will be entirely dedicated to knowledge sharing and debate of the results within the partners' network and other platforms of discussion. Besides, the FAU-PUCRS CHIS Housing conference that will be held in Porto Alegre in 2016 and the third United Nations Conference on Housing and Sustainable Urban Development in Quito, Ecuador, from 17 – 20 October, 2016, will represent the milestones for showcase the obtained knowledge and address more stakeholders.

The programme is a work in progress and open to receive contributions and contributors to enrich and support the realization of the coming phases.



How to Contribute:

Willing to contribute or sponsor the programme?

If you want to share your experience or learn from experiences elsewhere, and/or want to sponsor the LAB

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What?

Co-operative housing Labs is an open-source project investigating the role co-operatives can play to enhance and speed up the regularization processes of existing neglected informal neighbourhoods.

The programme is still in the making. Interviews, site visits, background information and reports are available on IFHP website at <http://www.ifhp.org/event/brazilian-co-operative-housing-upgrading-lab>. In the coming future you'll also be able to connect to the work in progress of the LAB on the blog <http://Braziliancooplabs.org> (to be published soon).

Furthermore, you can also actively participate!

Who?

Policy-makers and housing experts and professionals, local and governmental authorities, civil society, local housing associations, co-operatives, private actors, building companies, We would like to encourage local experiments and practices, create the connections and facilitate the dialogue among stakeholders in order to make a change in the current housing policies approach.

How?

Join our programme and support our research. The programme just started and need change makers to achieve its goals!

23rd October 2015

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JANUARY 2016

QUOTE

*This is promising, I've
heard all of these
now for the first time*

MARLI MEDEIROS, COMMUNITY LEADER