

HOUSING PROVISION IN FORTALEZA DURING THE 2000s:

PROGRESS AND SETBACKS

CLARISSA SAMPAIO FREITAS
LUIS RENATO BEZERRA PEQUENO

Universidade Federal do Ceará, Departamento de Arquitetura e Urbanismo, Fortaleza, CE, Brasil

ABSTRACT: Historically, the persistence of informal settlements in Brazilian cities has been described as a by-product of concentration of private real estate market production on high end market, and insufficient public provision of social housing. However, since the mid-2000s, the country witnessed a significant rise in investments targeting low-income housing demands and an increase in private investments in the low/middle income markets. In an attempt to understand the socio-spatial effects of these recent developments, we question to what extent they were able to provide access to the city for the low-income population. We use both quantitative (GIS, and secondary databank) and qualitative (semi-structured interviews) methods to reveal a detachment between housing investments and urban planning inclusionary guidelines. If, on the one hand, we identified measures that could help control the increase in housing informality, on the other hand, municipal government's refusal to curb land speculation practices obstructed the possibility of socio-spatial inclusion. These progresses and setbacks are described in detail through the discussion of the housing provision in the Metropolitan Region of Fortaleza during the 2000s.

KEYWORDS: housing provision; urban inclusionary policies; urban informality; inclusionary zoning; *Minha Casa, Minha Vida*; Fortaleza.

INTRODUCTION

Since the early 2000s, the favorable Brazilian macroeconomic scenario and the greater influence of political groups engaged with urban reform movements led to changes in the urban development process. These changes in federal policies imposed a new set of urban regulations, with direct effects in the urbanization process. Among them, the City Statute (Law No. 10.257 of 2001) and the National Housing System (Law No. 11.124 of 2005) contributed to a reversion of a previous exclusionary planning pattern, leading to an increase in the volume of funds intended for low-income housing production. This increase in funding came through a series of measures that include the launch of the Growth Acceleration Program (*Programa de Aceleração Econômica PAC*) in 2007, and of the My House, My Life program (*Minha Casa Minha Vida MCMV*), in 2009.

Nevertheless, much of the available resources for housing production concentrated in these programs - PAC and the MCMV - does not pass the sieve of the National System of Housing thus failing to meet the inclusionary guidelines of

the National Urban Development Policy. This situation has triggered fierce critics among academics that questioned the effectiveness of the investments to overcome social housing shortages (ROLNIK; NAKANO, 2009; BRAZIL, 2009). Their central argument is that federal government programs with large amounts of resources assume two inexistent conditions: a strong institutional capacity of municipalities and political will to curb land speculation practices. Under the new policy design, municipal governments were required to play the role of formulator and executor of land and urban policy with feeble support from federal government. In addition, the availability of funding has created a situation of political pressure to build new houses, with few considerations on the recently approved urban inclusionary guidelines of the Housing Plan and the Statute of the City. In particular, municipalities were required to approve the spatial allocation of housing estates and infrastructure investments yet the very availability of funding induced a speculative rise in prices of serviced land severely limiting the choices. The housing programs did not require municipalities to make sure that the new social housing would be placed in serviced land. Because of this fragility, the interests of the real estate market would eventually prevail over the collective interest of placing low-income population in a good location within the city.

Such critique created fierce debates among academics and policy makers. Within this discussion, this article scrutinizes the case of the Metropolitan Region of Fortaleza in order to identify the progresses and setbacks of these changes in Brazilian Housing policies. We evaluate Fortaleza housing production in the last decade, emphasizing the program My House, My Life (Minha Casa, Minha Vida). In the first part, we review the literature concerning Brazilian urban housing policies and their impact on the spatial organization of major Brazilian cities. We question the lack of articulation between the housing programs and the inclusionary guidelines of municipal master plans that have been developed according to the precepts of Statute of the City. It discusses how the goal of countering speculative increases in prices of serviced land - present in every urban master plan approved after the Statute of the City in 2001 - has been systematically disregarded. In the second part of the paper, we discuss how this disarticulation operates in the case of the Metropolitan Region of Fortaleza (RMF), with a particular emphasis on the socio-spatial dimension of the problem. This part is based on geographic information system methods, using data from the real estate production from various sources, such as Caixa Econômica Federal (CEF), Brazilian Institute of Geography and Statistics (IBGE) and the Union of Construction Industry (SINDUSCON). The data manipulation exercise allowed to evaluate the spatial allocation of public and private estates by income strata throughout the 2000s. We complement the analysis of the mapping exercises with semi-structured interviews with key actors in the implementation process of housing programs. A third source of data was a survey in the local media about the local implementation of the Minha Casa, Minha Vida program. We have found several elements on the case of Fortaleza that confirm the points of concern raised by the national literature.

RECENT CHANGES IN HOUSING AND URBAN POLICY IN THE BRAZILIAN CONTEXT

HOUSING POLICY AND SOCIO-SPATIAL SEGREGATION BEFORE THE 2000S

Throughout the 1970s and 1980s, the periphery of all major Brazilian metropolises presented housing conditions noticeably inferior to those in more central districts, which produced the well-known model of socio-spatial center-periphery segregation. The housing policy of that period, conducted by the National Housing Bank (BNH), is often mentioned as an important factor inducing such spatial organization. The bank housing programs transferred the residents of precarious informal settlements situated on centrally-located areas to large housing complexes situated beyond the borders of the city and therefore in areas devoid of urban services¹. This practice not only induced a model of center-periphery segregation, but also expanded the urban fabric, creating high costs for urban land management. Critics of the excessive expansion of the urban fabric direct themselves mainly to difficulties in rationalizing investments in urban infrastructure. That city production model is also described as “leapfrog development” because of the high incidence of unoccupied areas, located between the rich center and poor periphery. Extending urban services networks and, in particular transportation to large peripheral housing estates involved, necessarily, benefitting the owners of the intermediate areas, often influential large landowners who appropriated public investments in a process known as speculative retention of land (BONDUKI, 1998).

From the 1990s on, the center-periphery segregation model begins to show signs of weakening. Brazilian literature has detected major changes in contemporary metropolises, leading to a different pattern of spatial distribution of urban environmental quality, a process that have been called “fragmentation of the urban fabric” (RIBEIRO; LAGO, 1994). This process reveals itself in two ways. First, there is greater social diversification of outlying areas- which thus far were exclusive to a low-income population- given the “peripherization” of upper classes that have moved to gated communities on the outskirts. Second, a noticeable diffusion of poverty across the city and, above all, the population explosion of slums in areas provided with accessibility but located on land unsuitable for urban occupation, such as wetlands, slopes, public utilities domain railroad tracks, among others.

In this period, informal housing ceased to be concentrated in low-income strata² (below 3 minimum wages) and increased among middle class households (3-10 minimum wages). The dismantling of the Housing Finance System in the 1980s, including the closure of the National Housing Bank, led to a dramatic decrease in social housing production and a virtual disappearance in housing financing contributing to the housing shortage among middle income groups. This later development also explains the reduction of private market housing supply for the middle class. As a result, middle class families resorted to irregular subdivisions and even some centrally located urban favelas. Failure to meet middle class housing demands has been identified as a factor that contributed to the lack of attendance to the low-income housing deficit (MARICATO, 2005).

The massive reduction in large scale housing production from the 1980s and the unfavorable macroeconomic scenario stimulated the process of “favelization”

¹ It is noteworthy, however, important differences in implementing policies between municipalities. For example, in the case of Fortaleza, different from Rio de Janeiro, housing developments were not only intended for residents of precarious settlements.

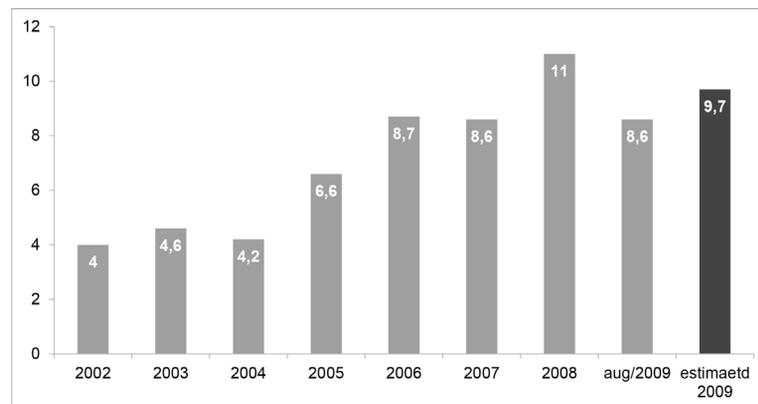
² According to Brazilian housing policies, low-income strata, often described as social interest housing (habitação de interesse social) refers to households that earn less than 3 minimum wages. We will use the term “social housing” as equivalent to this income strata.

and “informalization” of urban development in this period. Yet, this period of macroeconomic recession and shortage of housing policies substantially changed during the early 2000s. The improvement of macroeconomic conditions was also accompanied by changes in the conduct of Brazilian housing and urban policies.

CURRENT BRAZILIAN HOUSING POLICY

In the early 2000s, the factors that influence the country’s urban informal production process underwent significant changes. With the rise of the Worker’s Party (*Partido dos Trabalhadores*, PT) to the federal government in 2002, a national process of constructing a renewed and more inclusionary urban policy was launched. It resulted in the structuring of the new Ministry of Cities, the instituting of the National City Council in 2003, followed by the approval of the National Housing Policy (Política Nacional de Habitação, PNH) in 2004, and the establishment of a National Housing System (Sistema Nacional de Habitação de Interesse Social, SNHIS) in 2005. The System comprised two sub-systems: Social housing (known as “Habitação de Interesse Social”), and Market Housing. The Market sub-system goal was to create conditions for the private real estate market to increase housing provision for the middle and lower/middle income strata. Policy-makers believed it was necessary for government to adopt measures to stimulate private companies to offer popular housing products, fighting the excessive concentration of market housing provision on the higher income strata that had persisted for decades. Examples of measures in this direction, are the Federal Law No. 10,391 / 2004, 11,033 / 2004 and 11,196 / 2005, which have offered greater legal certainty to market housing finance and production, by establishing rules for eviction in cases of default. Also, in the same direction, the Resolution of the National Monetary Council (CMN) in 2005 forced banks to invest a percentage of funds raised through the Brazilian Savings and Loan System (SBPE) in social housing finance, revoking previous resolutions that allowed the investment of these resources in government bonds deposited in the Central Bank (Maricato, 2005). As a result of the new housing policy, there was an increase in mortgage loans for the purchase, renovation, and construction of new homes, as illustrated in graphic 1.

Graphic 1: Development of individual housing loans for the purchase, renovation or construction of new homes – FAR/FGTS/SUBSÍDIOS/FDS, in R\$ billions



Source: Chaves (2009). Updated data of Staff Casa Civil (Available at: <<http://www.casacivil.gov.br/uploads/06.pdf>>. Accessed on: 15th April 2015).

These measures aimed at encouraging the formal housing markets to produce for middle income households, which had previously had difficulty accessing private housing market. Federal Government understood these measures as a fundamental step to tackle the problem of low-income (social) housing shortage. That is because, due to the lack of housing alternatives for the middle class, the price of the products initially produced for low-income families had risen, and public housing estates initially targeted at social housing had been gentrified. In Brazil, the term “market expulsion” or “white expulsion” is used referring to the process of replacing the target population of social housing programs and urbanization of favelas by the next higher income strata. Therefore, when the formal (public or private) market does not produce for the middle class, they might informally buy social housing units.

In order to reverse such process, the 2004 housing policy concentrated efforts in creating conditions for the formal real estate market to produce for the middle class, fighting the process of gentrification in social housing. This objective was initially conceived in the electoral campaign program of the candidate Lula for federal presidency in 2002. However, in spite of the importance of these measures, slowly but steadily the primary goal of reducing the low-income housing deficit, has given way to the demands of political actors linked to the real estate market. Real estate agents, such as the major construction companies, were increasingly seen as allies by federal government as it had to face questions of inflation stabilization and macroeconomic growth.

CRITICISM OF HOUSING POLICY: THE LAND ISSUE

Contradicting the progress described so far, Brazilian planning academics have pointed to factors that may obstruct the initial goals of the new housing policy (MARICATO, 2009; ROLNIK; NAKANO, 2009). They denounce government reticence in confronting the urban land issue. To explain this, it is necessary to go back to the origins of the current Brazilian urban policy.

The Brazilian urban policy suffers a major change of direction in the early 2000s. With the approval of the City Statute in 2001, the country has renewed the legal urban order, aiming at counteracting the exclusionary effects of urban legislation that has been inspired in traditional technocratic and modernist perspectives. This renewal basically operates in three fields: (1) Land tenure, which guarantees the rights of the inhabitants of consolidated informal settlements; (2) Inclusive urban development, which aims to induce urban inclusion through combating speculative real estate valuation, facing one of the biggest disabilities of the Brazilian urban policy, and preventing the formation of new informal settlement by meeting social housing demand in serviced land; (3) Democratization of the decision-making process by encouraging a transparent planning process and the creation of participatory councils.

The City Statute establishes instruments to implement each of the three fields of action, which would be regulated by municipalities during the renovation of their municipal master plans. Nevertheless, after a 10-year period of updating municipal master plans, those instruments more difficult to implement were precisely those that aim to counter real estate speculative practices, such as the progressive land taxation IPTU and the Special Zones of Social Interest (ZEIS) on vacant or underutilized land (OLIVEIRA; BIASOTTO, 2011). The progressive taxation discourages speculative retention of serviced land leading to increasing land supply in the housing market,

which might contribute to lowering of the price of urban land. The ZEIS on vacant plots is a land use regulation constraint that prohibits building characteristic of the middle and upper classes, setting aside serviced land for low-income housing.

The little progress in fighting speculative retention of serviced land leads to a contradiction: government invests efforts, and huge amount of resources, to reduce housing problems created by an elitist urban development process without changing its underlying driving force. By “ elitist urban development process “ we refer to an urban development process that does not provide housing for middle and lower-income families, leaving the low-income population to submit itself to rentals with abusive prices or buy / occupy properties in informal settlements, feeding a vicious cycle of urban informality and exclusion.

Upgrading the existing precarious settlements is very expensive, and it could have been avoided if previous decades’ policies had succeeded in including the low-income population in the formally developed city. In this sense, regularization/upgrading policies are ineffective if public policies do not target the main causes of informality: the inability to produce affordable housing in serviced neighborhoods located near areas that concentrate jobs. The speculative price increase of land in well-located neighborhoods, is the driving cause for this inability, because it prevents the construction of social housing in serviced neighborhoods.

Unfortunately, in the current political scenario, when the private market has favorable conditions to reach middle-class housing demands, municipal master plans and policies were not able to set aside serviced land for this end. By abdicating to intervene in the formation of urban land prices, local governments have left for the market the task of defining the location of new housing estates for middle and lower-income strata. We are, therefore at risk of reviving a population expulsion model to peripheral land deprived of services, implemented by National Housing Bank (BNH) until the 1980s. According to Rolnik and Nakano (2009), this risk is a fact. They describe the federal housing program *My House, My Life* as an example of a contradictory action of the Federal Government because it induces an increase in demand for serviced land without requiring any mechanisms devised to assure affordability of serviced land (ROLNIK; NAKANO, 2009).

This brief review of literature allows us to identify progress in recent Brazilian housing policies, such as the stimulus for the private market to produce for intermediate classes, through financing to the buyers and builders. However, it also lights up a warning sign that might bring some setbacks: there is no guarantee that the housing policy will be implemented in accordance with the inclusionary precepts of the Statute of the City and the renewed urban policy. The increase in funding sets out a scenario where the urban land issue can, again, be left out. In this context, the mere increase in the demand for serviced land, promoted by the launching of the housing packages such as MCMV, prevents the production of social housing in serviced neighborhoods. As a result, new housing estates have been located in areas disconnected with basic urban services networks, feeding speculative price increases of vacant land located in the in-between spaces. We have called this increase as speculative because it results mainly from the transfer of surplus-value generated by public investment to private owners. Current Brazilian public housing policy risks feeding a vicious cycle of real estate valuation and social exclusion, rather than fighting it.

Within this discussion of the relation between housing policy and the land issue,

we turn now to evaluate the case study of Fortaleza. We question to what extent the local housing investments induced a greater socio-spatial inclusion of middle and low income families. We intend not only to observe an increase in housing supply by the formal real estate market for lower income strata, but also to look into the spatial dimension of the process, seeking answers to the following questions: what is the relationship between the increase of real estate production and the changes in the pattern of territorial organization of the city? Would it be possible to talk about peripherization of the low-income population as a result of increased housing production?

HOUSING PRODUCTION IN THE METROPOLITAN REGION OF FORTALEZA IN THE 2000S

THE METROPOLITAN REGION OF FORTALEZA

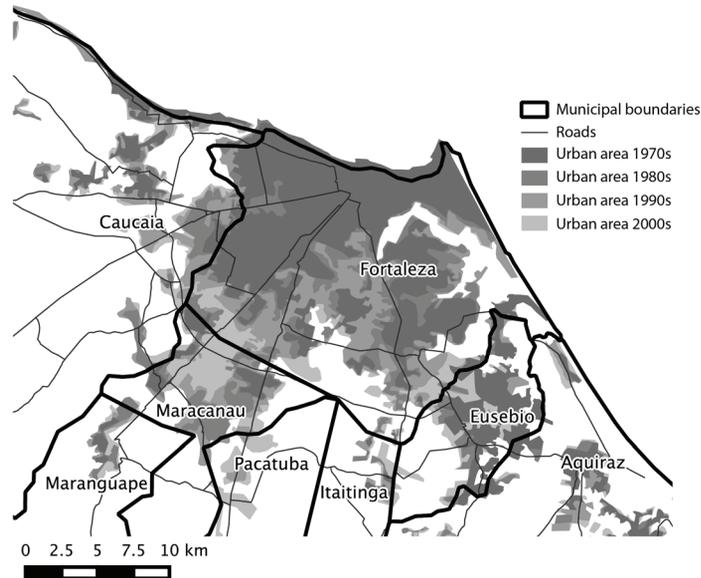
The metropolitan region of Fortaleza is composed of 13³ municipalities and has a population of 2,984,689 inhabitants, with 723,192 households (IBGE, 2010). In the group of municipalities, Fortaleza has a significant economic power and concentrates 72% of the population. There is no rural area in the central city, which produces the false impression of lack of available land to affordable housing production, traditionally located on the fringes of the urban fabric. This impression may be questioned if one considers the existence of a significant quantity of vacant and underutilized properties. As in most Brazilian large cities, the number of vacant housing units in Fortaleza (70,000) approaches its estimated housing deficit (77,000) (PEQUENO, 2009), not to mention numerous undeveloped plots of land that are not counted in the IBGE census methodology.

Only five municipalities comprise the main conurbated area: Fortaleza, Caucaia (west), Maracanaú (south), Eusebio (southeast) and Aquiraz (southeast). Conurbation processes in the south and west directions were driven by the construction of large public housing estates in neighboring municipalities back in the 1970s. Fortaleza peripheral neighborhoods in this direction have developed after the investments in the peripheral municipalities, and were stimulated by the extension of the urban services in their direction. With the recent improvement of the road network capacity, new high-rise condos emerged, allowing for the arrival of middle class families in that peripheral region, that was initially comprised only by low-income population.

Figure 1 maps the evolution of urban area showing that in the 1980s the main urbanized area already extends beyond the south and west administrative boundaries of Fortaleza. It also reveals that, it was only after the 2000s that the southeastern borders were surpassed. There are, significant differences in the urban development processes in both directions. While toward the southwest, urban expansion was induced by the construction of large housing complexes or clandestine / irregular subdivisions in the in-between neighborhoods, the urbanization toward the southeast was driven by the formal real estate market, benefited by several public investments in a regional road network.

³ In November 2009, the state government included two municipalities in the metropolitan region, Cascavel and Pindoretama. This work only considers the 13 municipalities existing before the change, since the inclusion is not yet consolidated and was questioned even by sectors of the very state administration. Later, in 2014, other 04 municipalities were incorporated: Paracuru, Paraipaba, Trairi and São Luis do Curú.

Figure 1: Metropolitan Region of Fortaleza: political-administrative division and evolution of urban spot



Source: Elaboration of Clarissa Freitas from Observatório das Metrópolis (2010) data.

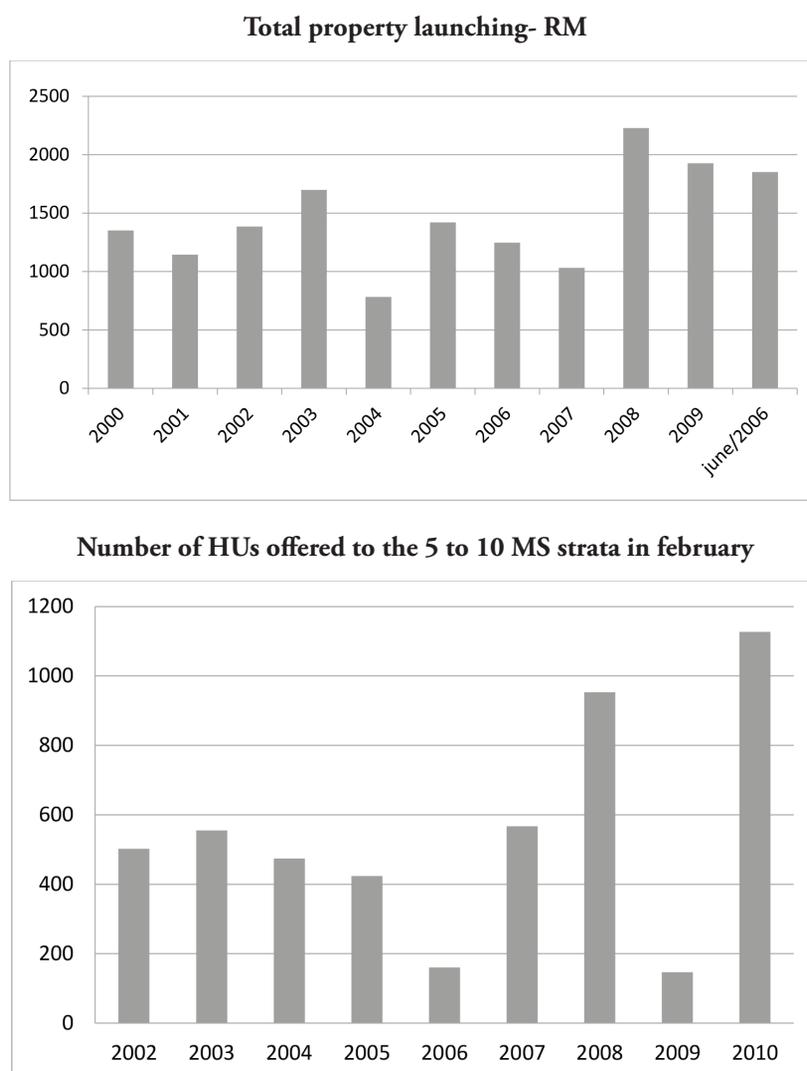
As well as the population, the institutional capacity on urban management of municipalities is also unevenly distributed across the municipalities. Few of them have updated their master plans according to the City Statute guidelines, particularly because Ceará state government had funded the development of several municipal plans in the late 1990s through the PROURB⁴ program. Only the city of Fortaleza reviewed its Master Plan in the early 2000s. However, in 2005, with the change of direction of local politics due to PT ascension to Fortaleza municipal government, the approval process of master plan proposal elaborated under the PMDB administration was aborted. The new political group in charge argued that the plan did not meet federal planning guidelines due to the absence of popular participation. In 2005, a phase of renegotiation of the Master Plan of Fortaleza began, now called the Participative Master Plan (PDP). Its final version was approved in February 2009. This discussion period of the PDP is marked by fierce dispute for the definition of land uses allowed in serviced land. There was a particular polarization between agents linked to the real estate market and social housing movements. The movements pressured for the approval of ZEIS in serviced vacant land, a provision that limited building potentials and thus devalued land prices. Real estate agents, on the other hand, advocated for the increase in building potentials and the relaxation of other regulatory measures such as a decrease in percentage of permeable area within the lot and increase in building footprint coverage. It was thus fundamentally a debate about for whom serviced land would be developed, a debate on the social appropriation of land use rights. Interviews with key actors in Fortaleza's master plan debates revealed that the approval of ZEIS in some prime urban land was traded by the allowance of loose land-use regulations in the rest of the city, a measure that has had clear appreciation effects. Such appreciation, as we will see, has further encouraged the peripherization of social housing provision, particularly because the political conditions for the implementation of ZEIS have deteriorated as a result of increased influence of the real estate sector on municipal governance.

⁴ Maracanaú and Caucaia, the two most populous municipalities, for example, approved their urban plans in 2000, which almost do not mention the territorial inclusion guidelines of the City Statute.

THE FORMAL HOUSING PROVISION

The Sinduscon data found in monthly reports of volume of real estate sales support the claim of real estate price increase as an important element of social housing provision peripherization. On the one hand, the formal real estate market represents a very small portion of the housing production in the metropolitan region of Fortaleza (RMF), and it has a strong spatial concentration in neighborhoods where the higher income groups are located (classes A and B). On the other, the same data shows that the housing production in RMF has expanded in the late 2000s. In the graphics below, an increase in the total number of real estate developments in the last three years can be noticed.

Graphic 2: Evolution of the number of real estate developments in the metropolitan region of Fortaleza: sample data to affiliated companies Sinduscon-CE



Source: Systematized by the author based on IEL-FIEC and Sinduscon (2010).

⁵ Sindiscon data considers middle-income the strata between 5 and 10 minimum wages.

⁶ Interview with Mr. André Montenegro owner of the construction company More Fácil on April 22, 2010.

Data from building companies affiliated to Sinduscon also reveal that, from the mid-2000s, the housing production for middle income households⁵ starts growing - except in 2009, the year of the economic crisis. The impression is confirmed in interviews with entrepreneurs who operate in this market and with agents of the Federal Savings Bank Caixa Econômica Federal⁶. The increased supply of real estate financing and legal certainty for producers were cited as the main factors for the movement of popularizing the local real estate market, confirming a statement found in the national literature (Maricato, 2005).

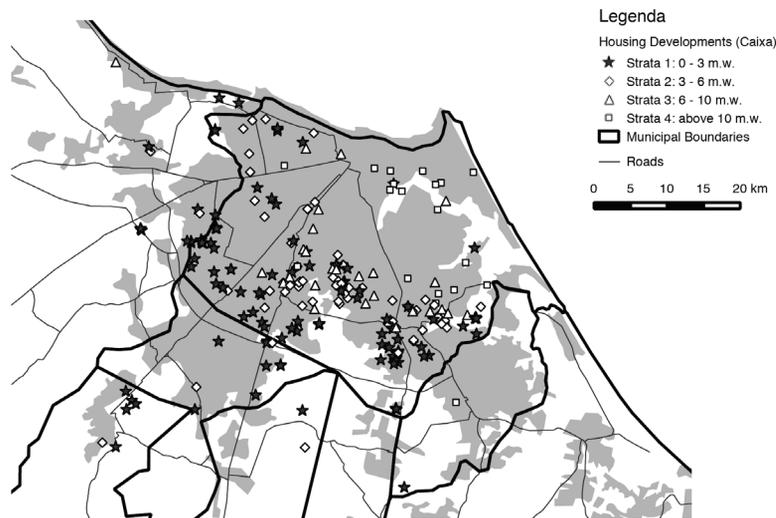
The expansion of the formal real estate market toward all income levels and more specifically, the increase in housing production for middle income households are extremely positive steps in fighting the existing scenario of territorial exclusion in RMF. Such a trend, if confirmed, would indicate an increase in formal housing production in relation to total housing production of RMF, which, in turn, might entail a reduction of the weight of informal housing provision.

However, this progress becomes less evident when examining the spatial distribution of the estates targeted at lower income groups. Traditionally, the formal housing market has produced a relatively limited portion of the city. Building companies concentrate their activities in the neighborhoods bordering the central zone in the east-southeast vector and the coastal area, where the tourism industry and the demand of the upper classes for second homes foster market production.

The housing production targeting middle income strata was not placed in the neighborhoods where the elite market normally operates. The collected material suggests that the increase in housing production for this market was placed in less traditional neighborhoods, out of the east-southeast axis. An article published in a local newspaper in November 2009⁷ points this out. It mentions the districts of Messejana, Passaré, Castelão, Modumbim and Maraponga that have received a large amount of high-rise gated communities' units within the price range of 90-130 thousand reais. According to the article, the demand for these neighborhoods, ranked in the text as "emerging" neighborhoods, was due to the difficulty of acquiring land in the traditional neighborhoods of the south east axis. In this most prized area, land prices prevent a profitable production to development targeting middle income households.

⁷ Procura (2009).

Figure 2: Housing developments eligible to receive public housing loans in the RMF, decade of 2000



Source: Systematized by Clarissa Freitas based on Caixa Econômica Federal data (CEF/GIDUR-CE).

Given the difficulty of mapping the information about the real estate production from Sinduscon, we have resorted to data on real estate financing from the business office of the Caixa Econômica Federal, in Fortaleza. The spatial distribution of the developments eligible to receive housing loans in the RMF in the 2000s reveals a trend of peripherization of the lower income classes. The data mapping (Figure 2) leaves no doubt about the pattern of spatial allocation of the estates by income: the lower the income of the targeted audience of the development, the more peripheral is its location.

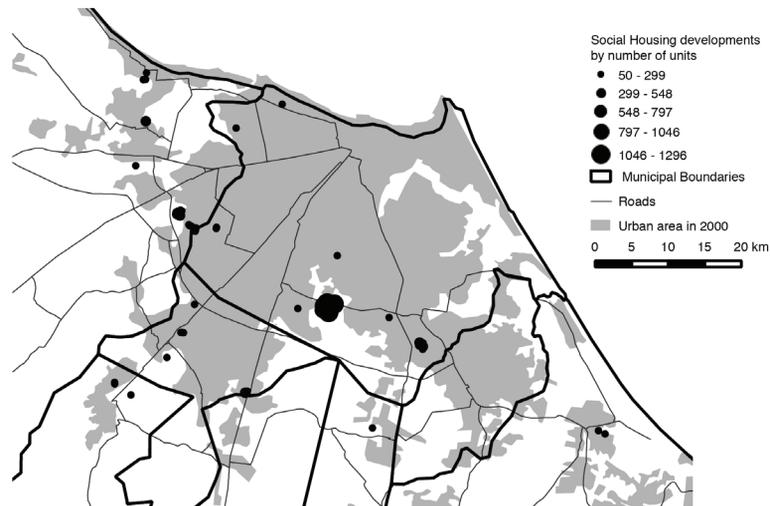
The mapping of “CAIXA” data illustrates the scenario described on the newspaper article: the reservation of land in the prime districts (“bairros nobres” in Portuguese) for an income level above 10 SM leaves the “emerging” neighborhoods for receiving the 3-10 SM developments. As a result, production for the group below 3 SM, struggles to happen within the administrative boundaries of the city of Fortaleza, being pushed to the peripheral municipalities. The analysis of the implementation of the Minha Casa, Minha Vida (MCMV) in the next section illustrates this phenomenon.

THE MCMV AND PRODUCTION FOR THE STRATA OF 0-3 MINIMUM WAGES

With the launch of the Minha Casa, Minha Vida (MCMV) program in 2009, the impossibility to produce for low-income families in serviced neighborhoods under market conditions became quite evident, and came to occupy the pages of the local newspapers in early 2010. Indeed, at first, the execution of the program for the strata of 0-3 minimum wages in Fortaleza was much lower than expected. The explanation for the initial difficulty was clear: the land endowed with urban services (a feature required by the program) were located only in prime neighborhoods where the high land price hindered the profitable production of housing units below the limit of 45 thousand reais, which was the maximum amount the Federal Budget was allowed to pay for a social housing unit in Fortaleza⁸.

⁸ See, for example, the report on April 17, 2010 from the newspaper *O Povo* (CEARÁ, 2010).

Figure 3: Enterprises of Minha Casa, Minha Vida in the range of 0-3 SM approved or under consideration by CEF/Gidur-CE, December 2012



Source: Systematized by Clarissa Freitas based on CEF/Gidur-CE, 2012.

Figure 3 depicts the location of the developments approved or under review by CAIXA for the income strata below 3 minimum wages by December 2012. We can see a concentration of developments in the southwest, where land is cheaper and accessibility worse than the east side. The figure also reveals that most of the MCMV developments for the lower income strata are located on the edge of the effectively urbanized spot, signaling to a process of fueling urban sprawl, induced by low-income housing complexes, very similar to what happened in the period covered by BNH.

The reduced number of developments in serviced neighborhoods in Fortaleza can be attributed to the high price of land. In the peripheral districts of Fortaleza, this initial absence of developments can be attributed to a restriction of municipal environmental legislation. This regulation prevented the installation of social housing estates in areas not equipped with sewage networks and no prediction of the installation or the service within the next 5 years. In March 2010, in response to political pressure about the timid progress of the MCMV in Fortaleza⁹, a provision of the local environmental council changed this restriction, relaxing the norm. The solution of reducing the infrastructure requirements was approved by all sectors involved in the program, including the social housing movements representatives who didn't see meaning in the requirement. They felt it was senseless and only represented an obstacle to the progress of MCMV program, not a way of ensuring minimal living conditions of low-income families.

In the debate on the implementation of MCMV in Fortaleza, all actors see the high price of land as an obstacle to its implementation, but none of them mentions the tools to counter property speculation, included in the Master Plan, as a possible solution. During a debate broadcasted by university¹⁰ radio to discuss the progress of the MCMV, a representative of CAIXA even mentioned an increase of about 30% in the price of land in Fortaleza as a result of growing demand for land caused by the program-launch. Even though not grounded in any systematic survey, the same information also appears on some local press articles. In November 2009, a major

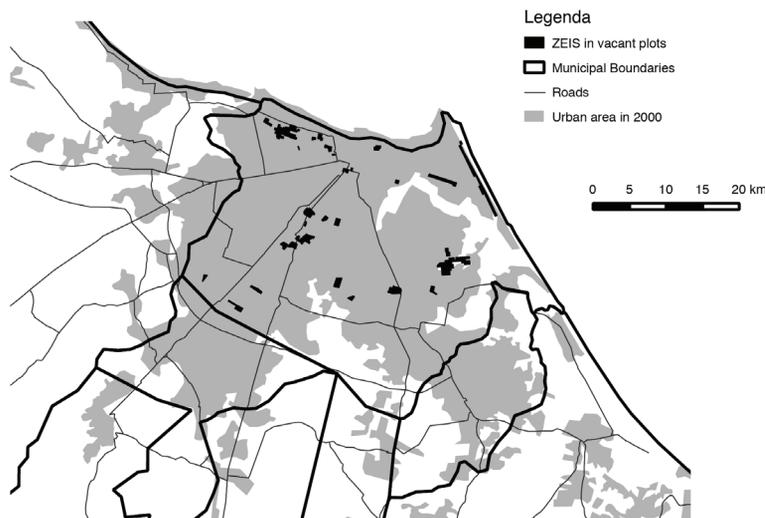
⁹ In this regard, see report on the website of the Secretariat of the State of Ceará Cities (COEMA, 2010).

¹⁰ Interview conducted by the program *Rádio Debate*, on the University Radio of UFC, on April 7, 2010.

newspaper stated that “approximately 313 square kilometers of Fortaleza seem insufficient to shelter the local real estate agents’ “eagerness to build”, due to the the current macroeconomic momentum. Neighborhoods that were only “periphery” have received “organized population developments” (PROCURA, 2009,).

The increase in land prices resulting from the increased demand for serviced land, could have been controlled if instruments aimed at fighting speculative practices had been implemented. In January 2009, a negotiated version of the Fortaleza Master Plan had been approved and the document included instruments such as ZES on vacant plots and progressive land taxation. As opposed to the other Brazilian cities, the ZEIS perimeters had already been defined, and they comprised spaces set aside for social housing production. However, the lack of political will to implement them made these plots unavailable for construction of social housing (HIS) (social interest housing). The result is that there is no social housing MCMV development within the zones designated by the master plan for this use.

Figure 4: Polygons defined as empty ZEIS by the Master Plan 2009



Source: Systematized by Clarissa Freitas based on Participative Master Plan of Fortaleza, Complementary law nº 062, of February 2 2009.

The progressive IPTU Instrument would also have the potential to counter the process of rising land prices described previously. The peripheral location of the projects for the strata of 0-3 minimum wages from the MCMV program contrasts with the reality of various “noble” or “emerging” neighborhoods that accumulate empty or underutilized plots for decades. One example is a neighborhood called Cidade dos Funcionários in the east of Fortaleza, which has 16.3% of its allotted area completely empty¹¹, which corresponds to approximately 35 hectares of vacant lots. This is particularly serious if one considers that the neighborhood was allotted, mostly in the 1950s, almost 60 years ago. This area remains empty waiting for the expansion of the classes A and B market, which is very small compared to the total urban population. If Progressive IPTU was applied in this neighborhood, the result would probably be an increase in the supply of land equipped with infrastructure and, consequently, a decline in its price, making it affordable to lower income strata.

¹¹ The information about the neighborhood is sourced from unpublished studies, conducted in the analysis of elements in Architecture and Urbanism 2 discipline (EEAU-2), from the course of Architecture and Urbanism, of UFC, in the second half of 2010.

The failure to adopt such instruments nourishes a perverse process of oversupply of land for the high income real estate market, in contrast to the lack of land for Social Interest Housing.

FINAL REMARKS

This analysis of the housing production in the 2000s in the metropolitan region of Fortaleza reveals that neither the overall increase in housing production, neither the timid dis-elitization of market housing provision are enough to counter a fierce exclusionary urban development process. The recent progress of the MCMV program in Fortaleza reveals a process of peripherization of low income families and a pressure for lowering urban services standards for this income strata, without considering the spatial insertion of the low-income population as a mechanism to counter their social vulnerability, one of the most important precepts of the Statute of the City. The fact that the program leaves the spatial allocation of the developments to the housing market, in combination with the increased demand for serviced land due to the increase in funding, has hindered social housing market production within the urbanized space. The analysis of the perspectives of the actors involved in the problem also reveals a process of naturalization of land speculative price increases: the phenomenon is always described as unavoidable and beyond the reach of municipal policies.

Ultimately, the housing production process in the metropolitan region of Fortaleza in the last decade exemplifies the mismatch between investment in housing and urban policy goals described by the national literature. If, on the one hand, the housing policy has successfully expanded the formal housing market, even to the lower income strata, on the other hand, the refusal to confront the land issue puts into question government efforts to prevent the formation of new precarious informal settlements. The case of Fortaleza illustrates how the 2000 years have witnessed progress and setbacks in the housing policies of Brazilian cities.

Clarissa Sampaio Freitas:
urbcla@gmail.com.

Luis Renato Bezerra Pequeno:
renatopequeno@gmail.com.

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R E S U M O : O crescimento da informalidade urbana brasileira tem sido entendido como subproduto da pouca atuação do Estado na política habitacional, aliada a um mercado imobiliário concentrado nas camadas de alta renda. Entretanto, a partir de meados da década 2000, aumenta-se significativamente o volume de recursos federais para a provisão habitacional de baixa renda, gerando novos mercados habitacionais. Para contribuir com as análises sobre os efeitos socioespaciais desta mudança, este artigo questiona em que medida ela favoreceu o acesso ao espaço urbanizado pela população de baixa renda na Região Metropolitana de Fortaleza. Utilizando-se de sistema de informações geográficas, entrevistas semiestruturadas e dados secundários, identifica-se um descolamento entre os investimentos em habitação e as diretrizes de inclusão contidas na política urbana local. Se, por um lado, amplia-se a produção formal para as rendas inferiores, por outro lado, o não enfrentamento da questão fundiária põe em risco a possibilidade de contenção da informalidade urbana.

P A L A V R A S - C H A V E : produção habitacional; inclusão urbana; informalidade urbana; zoneamento includente; Minha Casa, Minha Vida; Fortaleza.