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Building institutional bridges for the analysis of housing policy in Brazil

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Introduction

Uncertainties and contradictions associated to what might be understood as a formally designed housing policy generally hinder the task of defining its objectives. Housing’s long production chain involves a wide variety of sectors what makes it a farfetched theme which can be examined under economic, finance, social, legal, engineering, architectural, urban design and political dimensions. Historically, its objectives are associated to deficit reduction, under various approaches (target groups, housing quality in general, emphasis on metropolitan areas, as well as subsidized construction and acquisition, to name the most referred in the classical literature). This set of approaches regards housing policy as elaborated and implemented through a series of programs that essentially represent the stock of repeated past measures, constantly wrapped in new cases. The quantitative and qualitative results observed are more often below expectations and create frustration and a sense of impotence in the minds of those responsible for policy formulation.

To assume that change in housing policy (as in public policies in general), *if and when it happens*, is mostly incremental and reflects a continuous process of small adjustments in written and unwritten norms and conventions and in beliefs and behaviors of interacting agents, provides a more appropriate insight to examine how substantial institutional change occur, *if and when it happens*, once the researcher traces how agents and organizations operate within the policy context. As Mahoney and Thelen (2010:4) state:

“.. institutional change often occurs precisely when problems of rule interpretation and enforcement open up space for actors to implement existing rules in new ways.”

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1 JEL D73; D74; D83; G18; L38; N26; O18; O16; O2; R38; R52
This research paper examines institutional change observed in Brazilian housing policy - from the collapse of the centralized planning model in the mid 1980’s to 21st century stakeholders’ participatory schemes - through three lenses or strands of institutional framework. The threefold comprehensive complementary set of approaches openly provoke the inherent and wicked complexities faced by public policy analysts and is designed to provide policymakers with an understanding of how the bargaining processes which occur at the institutional arena corroborate and change written and unwritten norms, beliefs and behaviors, through cumulative technical knowledge generated by conflict and cooperation.

The first approach is Ben Ross Schneider’s Latin American emphasis on the power of the bureaucracy which adapts Hall and Soskice’s Varieties of Capitalism (VoC) of both industrial and financial firms, originally seen as mere relational agents - how government, the market and society interact at the macro level in Liberal and Coordinated Market Economies, i.e. along Vivien Schmidt’s structural continuum of “faire-laissez faire”. (HALL, 1993; HALL and SOSKICE, 2001; SCHNEIDER, 2004; SCHNEIDER, 2008; SCHMIDT, 2007; SCHMIDT, 2010)

The second one applies Amable’s Social Systems of Innovation and Production (SSIP), where (macro) federal regulation of the construction and building materials sector deliberately tries to drive the market towards a more competitive and innovative environment. (AMABLE, 1999; 2000; 2001; 2003; AMABLE and PETTIT, 2001; AMABLE, BARRE et BOYER, 1997)

The third approach takes Sabatier and Jenkins’ Advocacy Coalition Framework (ACF) to examine how shifts in stakeholders behavior at the local/meso level provide grounds for policy change at the federal/macro level through what may be regarded as a “distillation effect”. (SABATIER and JENKINS-SMITH, 1999; THURBER, 1996; WEIBLE, 2005; SABATIER, 2007).

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2 This paper is a condensed version of the ongoing thesis dissertation project to be submitted at the Graduate Program in Public Policies, Strategies and Development of the Institute of Economics, Federal University of Rio de Janeiro (PPED/IE/UFRJ). The author is indebted to Professor Ana Célia Castro for her valuable advice in the construction of the thesis, although the responsibility for errors and omissions is restricted to the author.
The main conclusion of the research is that different economic cycles and junctures which affected the Brazilian political economy were not related and could not stop the observed structural change in housing policy of becoming a component of the urban policy, governed mostly by principles of land use regulations and less, but not least, by financial supply concerns.

The paper is divided into this introduction, three sections. The first section traces the institutional background of housing policy in Brazil, from 1964 to 2010, under VoC’s approach, with the variant adapting approach to emerging Latin American political economies. The second section examines, under SSIP’s focus, two complementary set of institutions introduced to increase the efficiency of housing policy: the Real Estate Finance System (SFI) and the Brazilian Program for the Increase in Productivity and Performance of the Housing Industry (PBQP-H). The third section applies ACF to analyze how institutionalized stakeholder’s plural and democratic participation at the local and federal levels contribute to legitimate and to produce a more adequate national housing policy.

1. Institutional Background of Housing Policy in Brazil: From “Faire” (State driven planning) to Faire-Faire (Cooperative Developmental State)

The coordinated process of State intervention in economic development in Brazil started in the beginning of the 1930’s, as a means to fight back the negative impacts of the world financial crisis of 1929. Protective measures designed to promote changes in the productive structure – historically concentrated in the agrarian-export sector – complemented by a deep administrative reform of the State bureaucracy, provoked a shift in the power structure that gave room to radical changes in the design and implementation of public policies.

The design and implementation of a formal policy addressing deficit reduction of low income housing in Brazil begins in the 1930’s. In its first 50 year extended period, which goes up to the enactment of the Federal Constitution of 1988, institutional arrangements assume a centralized policy format, expressed by the formulation of national housing plans carried out by agencies such as the official pension funds (Institutos de Aposentadorias e Pensões), the Popular Housing Agency (Fundação da
Casa Popular) and finally by the National Housing Bank (Banco Nacional da Habitação), also responsible for the planning provision of water and sewage, and other complementary services of housing projects (MELLO, 1990; BONDUKI e KOURY, 2010).

From 1964 to 1986 a technobureaucratic model prevailed, in which the relationships among public and private stakeholders were shaped by “bureaucratic rings” (Cardoso, 1975; Codato, 2003:501). This model was governed by the “faire” and “faire-faire” dimensions, as described by Schmidt (2010), where a housing public policy was formulated and implemented by the State in strict accordance with decisions bargained with and originated from financial, industrial and land owners/developers groups.

The change in the way these sectors have historically articulated with the State at the federal level dates back to the 1970’s when organized movements addressing social and economic development demands of low income urban families – such as housing and service infrastructure – begin to support and to actively participate through the new political parties created between the late 1970’s and early 1980’s (SILVA et alii, 1994).

In parallel to these movements, macroeconomic measures gradually adopted from the 1980’s on to foster economic development affected housing policy’s institutional and organizational models.

Notwithstanding these events, it is in the 1992’s United Nation Conference on Environment and Development (The Earth Summit or Rio 92 which took place in Rio de Janeiro, Brazil) with the recognition that the degrading environment was also an effect of rapid and chaotic urbanization, that the change in housing policy regained momentum. Sustainability started to become defined as a principle, and sustainable human settlements were explicitly nominated as objectives to be pursued. The debate about the need for a housing policy in Congress becomes relevant and brings into the policy arena groups of stakeholders which have been struggling for new institutions and organizations concerning its design and implementation.
1.1 The Continuum “Faire-Laissez Faire” of Housing Policy in Brazil

The decentralized implementation of housing policy brought some advantages in efficiency concerns given the legitimacy and a more adequate definition of local demands. But at the same time it made clear some hidden organizational and institutional issues involving the diversity of individual interests of the stakeholders that gravitate around the policy.

The cooperation between the State and the market turns out then to be crucial in mitigating problems derived from lack of coordination among stakeholders, given this decentralized operating mode as well as their motivation to satisfy their own individual interests (PIORE and SABEL, 1984; STREECK and SCHMITTER, 1986; DOSI et al, 1988; BOYER, 2004; NELSON, 1993 – APUD HALL and SOSKICE, 2001:3; AMABLE, 2003; HALL e SOSKICE, 2001 and SCHMIDT, 2007:12).

Moreover, the impossibility of a full, systemic view of the events that occurred within the wide network of stakeholders, brought the State into scene, performing articulation and coordination roles in order to reduce the strategic uncertainty that permeated this environment.

Accordingly, the design of housing policy demanded a sharp focus on the complementarities among finance, budget and contractual regulation, besides the coordination by the federal government, the cooperation between the three levels of government and the full diversity of stakeholders.

During the 1985-2010 period macroeconomic and housing policies start to explicitly show new hybrid forms of Varieties of Capitalism such as: “faire faire” – government measures designed to foster market institutions and the construction of a concrete set of social bonds that ties State and society and creates institutional channels to the continuous negotiation and renegotiation of policies and goals -, and “faire avec” – joint action between the State, the market, and society (SCHMIDT, 2007:12).

In coordinated market economies the decision-making process tend to be multilateral and frequently more consensus oriented, differently from what happens in liberal
market economies, where decision-making are unilateral, typically dominated by corporate managers and with low level of consensus (HALL and SOSKICE, 2001:24).

Under such circumstances, adaptation and change are seen as outcomes of “reflection-in-action” and “reflection on-action” attitudes (in the sense of self criticism and self effort, respectively) bored by the State, the market, and society to face in a consequent manner the challenges imposed by the need of a democratic State, a responsible market and a participative society (SCHÖN, 1983).

1.2. The Reproduction of Government Planning in Housing Policy from 1964 to 2012

The 1964-1986 Period

Throughout its 22 years life span, since its inception in 1964 until its discontinuation in 1986 (during President José Sarney Administration), the National Housing Bank (BNH) had as its main goal the reduction of the housing deficit in Brazil. At its early stage, from 1964 to 1967, it operated at a limited scale in financing housing construction and acquisition given the small amount of resources allocated. From 1967 on its operating budget experienced an outstanding increase with the allocation of resources originated from a 8% charge on payrolls of all formal workers (FGTS). From 1970, BNH extended its financing operations to water, sanitation and urban development infrastructures (ARAGÃO, 1999).

However, the political reality of that time did not correspond to the democratic orthodox model which warrants constitutional and legal safeguards for the real expression of power by most influent and articulated groups, and the free participation of the various stakeholders, in such a way to guarantee the institutional balance that allows for the preservation of the State as an institution. Dictatorships, in general, are much more reluctant to admit that these processes take place overtly. As a consequence, dictatorial regimes are prone to create a feudal structure in which relationships present themselves much less flexible (CODATO, 2003:497)
Accordingly, the political dictatorship installed in 1964 is a clear example of the hegemony of the synoptic and rational planning applied to program and implementation of government action. Simon (1978) notes that such position is based on a narrow perspective of political phenomena thus providing solutions that fall short as to society expectations.

“Acceptance of the narrow view that economics is concerned only with the aggregative phenomena of political economy defines away a whole rich domain of rational human behavior as inappropriate for economic research. (SIMON, 1978: 346).

Normative planning expressed by “the plan”, i.e., as a formal tool designed to establish goals aiming at achieving specific results, prevailed from the 1960's until the mid 1980's. In this political environment National Development Plans were not subject of appreciation by the Legislative, without the executive holding consultations with members of the legislature as part of its process of determining budget priorities. In short, public budgets went through mere ritualistic sessions to calibrate allocation among appropriations. In the same vein, agency officials did not have the obligation to answer questions about decisions and/or actions taken, with the limited liability of reporting what had been done.

This was the scenario where the dissolution of BNH took place. Its programs were transferred to Caixa Econômica Federal (CAIXA), a public agency, which, differently from BNH – the central bank of the Housing Finance System – had to attend a balance between a mix of social and private objectives, as well as to report sound financial and economic indicators. Beyond that, housing would represent one among several activities of CAIXA, whereas BNH was solely devoted to housing, sanitation and urban development infrastructures. Under such circumstances it became much more complex to the organization to foster programs concerning low income housing finance with high degree of subsidies, institutional devotion and research and development projects, among other duties inherited from BNH (AZEVEDO, 1996).

Given the shortage of credit and the inability of CAIXA personnel to deal with these social and political issues, one of the main consequences regarding the Brazilian
metropolises was that the vast majority of new additions to the housing stock were represented by a massive self help housing activity, without compliance with basic standards of construction and urbanization.

Changes observed in financing schemes were more significant during the 1960’s, with the introduction of the FGTS and the SBPE (the savings and loans system). These two savings tools created the conditions for the existence of a continuous and regular credit flow towards the construction industry, which were recently complemented by budgetary resources of the federal government in order to support the implementation of Minha Casa Minha Vida Program, a massive housing construction program launched in 2009, that incorporates much of the experience in attacking housing problems in a comprehensive manner.

In this case, the main feature of budgetary resources is to reduce the gap between housing price and family income, besides the fact that interest rates are also subsidized. These changes reflect some of the institutional changes that occurred in housing policy in Brazil, following the processes of democratization and the decentralization in the implementation of public policies. These processes made room for greater participation and deeper knowledge of the policy reality, besides the need for a stronger control in its formulation and implementation by its stakeholders (FIX, 2011)

The 1986-2012 Period

From the mid 1980’s (BNH’s dissolution in 1986) to the end of the 1990’s, housing policy in Brazil was characterized as a drifting policy (Weir, 2006). In this scenario a considerable share of the state bureaucracy was dismantled, disorganized or simply demobilized. Moreover, as a response to the negative outcomes of the 1980’s crisis, the reform experienced by the Brazilian State during the 1990’s was addressed towards the contention of public spending, what made the housing sector (both financing and construction) suffer a negative downturn.

In this context, a large number of initiatives regarding the expansion and redirection of social policies were adopted, especially in boosting existent programs, and in creating
new ones, proposing the reduction of barriers to the access of low income families, such as more affordable terms and conditions in financing.

The financialization move became institutionalized prior to the 1990’s. The processes of liberalization and deregulation started during the mandate of Presidente Fernando Collor and were consolidated under President Fernando Henrique Cardoso administration (Freitas and Prates, 2001; Hermann, 2010). Carvalho (2014) notes that transactions involving public debt financing represented an important source of private financial gain, competing with the alternative investment in production. The process of financialization of wealth in Brazil has been associated to the recurrent events of capital flight and to the imposition of compliance rules by multilateral finance agencies, such as BIS, the World Bank and the IMF. This set of circumstances increased the bargaining power of both domestic and foreign finance groups (TEIXEIRA e PINTO, 2012).

In 1997, the Plano Real established the underpinning measures to confront inflation, allowing for the recovery of the housing credit structure. The attempts of the Plano Cruzado (1986), Plano Bresser (1987), Plano Verão (1989), Plano Collor I (1990) and Plano Collor II (1991), may be taken as a fundamental and necessary trial and error exercise of experimentation to understand the social and political dimensions of the phenomenon (i.e. the inflationary process), which circle and strongly affect its economic understanding. The inflation target model introduced in 1999, which replaced the topic calibration of the exchange rate (crawling peg model) after the speculative attacks of July, 1994 and June, 1999, paved the way for the reduction of high levels of volatility expressed by the macroeconomic indicators.

The quest for modernizing the State and for greater efficiency of the public sector, complemented by the contradiction between economic growth and environmental sustainability, started progressively to introduce a new conceptual framework expressed by the Lei de Responsabilidade Fiscal (Fiscal Responsibility Law), the Lei de Licitações (Government Procurement Law), environmental licensing norms and ordinances, increase in the discretionary power of the Ministério Público (Public Prosecutor’s Office), among other measures. The derived institutional infrastructure is somewhat anachronistic: it has been designed to serve a type of State less influent
according to the liberal principles governing the 1990’s and that must nowadays play a protagonist role in development in accordance with the concepts of embedded autonomy - as defined by Evans, and embedded economy - as defined by Granovetter (EVANS, 2010; GRANOVETTER, 1985)

In line with the same economic policy that has governed Brazil since the 1980’s the main objective still remains that of stabilization. The difference, however, lies in that from the second year of the first mandate of President Luís Inácio Lula da Silva on a more favorable macroeconomic juncture began, including the rise of formal employment indicators, notwithstanding the observance of public spending contention criteria (TEIXEIRA e PINTO, 2012:926).

While the 1990’s were characterized by the primacy of the liberal agenda, the first decade of the 2000 begins to incorporate to the previous agenda the ideas associated to the changes in Politics and in social policies. It may be argued however, that although many social themes were under discussion during former administrations prior the decade of the 1990’s, they were still restricted within the limits of their respective areas (or sectors) of action.

But from 2003 on, the approach is to stress the comprehensiveness and the coordination of policies such as food security (Programa Fome Zero) and income transfer (Programa Bolsa Família), emphasizing low income consumer credit to the acquisition of household appliances, tax deduction in household appliances, payroll deducted loans, simplified banking accounts, scholarship provision for low income undergraduate private courses (Programa Universidade Para Todos and PROUNI), the expansion of rural electrification (Programa Luz para Todos), tax deduction on sale of building materials, the already mentioned Programa Minha Casa Minha Vida, and the real increase in minimum wage.

Although many social themes were under discussion during former administrations prior the decade of the 1990’s, they were still restricted within the limits of their respective areas (or sectors) of action. From 2003 on, the approach stresses the comprehensiveness and the coordination of policies implemented such as food security (Programa Fome Zero) and income transfer (Programa Bolsa Família), emphasizing
low income consumer credit to the acquisition of household appliances, tax deduction in household appliances, payroll deducted loans, simplified banking accounts, scholarship provision for low income students in undergraduate private courses (Programa Universidade Para Todos and PROUNI), the expansion of rural electrification (Programa Luz para Todos), tax deduction on sale of building materials, the already mentioned Programa Minha Casa Minha Vida, and the real increase in minimum wage.

In 2006 the Brazilian economy experienced a new growth - demand driven - boom in which income distribution and domestic market growth policies played an important role, incorporating a vast share of the so far excluded population of mass consumption goods and services. Nevertheless, even after the reduction of those indicators, in reality there were still some hallmarks prevalent during the liberal movement, such as the establishment of primary fiscal floor, bore by the burden of high real interest rates, which negatively affects housing policy from the financial standpoint. This phenomenon, were two conflicting sets of policies coexisted, was coined by Erber (2011:45) as the “neo developmental” and the “restrict institutionalist” conventions.

Whereas BNH has been an agency tied to long term financing operations - based on the assumption of a long term sustainable growth, the Minha Casa Minha Vida Program was launched in 2009 as a countercyclical, short term tool designed to face the negative effects of the 2008 world financial crisis in the Brazilian economy. Moreover, it must be stressed, the housing policy still carries some attributes of the “old” centralized model which embodies some beliefs and behaviors of the period prior to BNH’s dissolution.

From 2010 on, the growth model based on the domestic market strength and on income distribution via welfare programs reaches its limits. The context of high interest rates on public debt management and appreciation of the exchange rate begins to threaten the continuity of the changes introduced in the first administration of President Luís Inácio Lula da Silva and deepened during the mandate of President Dilma Rousseff.

One attempt to officialy circumvent this restriction was the decrease in interest rates charged by both public banks - Banco do Brasil and CAIXA - in their loans, and the resounding speech of President Dilma Rousseff on May 1st, 2012 – Labor Day - calling the private banks to meet their responsibility in also reducing their spreads in order to low the cost of financing to borrowers.
2. Social Systems of Innovation and Production Approach applied to the Real Estate Finance System (SFI) and the Brazilian Program for the Increase in Productivity and Performance of the Housing Industry (PBQP-H).

2.1. Social Systems of Innovation and Production and The Real Estate Finance System in Brazil.

The SSIP approach focus the processes of innovation systemically, stressing the institutional dimension in the creation, transfer and knowledge application involved in regulation. These processes are characterized by specific patterns of interaction among six sector subdivisions: science, technology, industry, education, job market and finance. The dynamic compatibility of each subdivision defines ex-post the characteristics of the SSIP (AMABLE, 1999).

SSIP’s approach to housing policy examine the continuum “faire-laissez-faire” observed in the regulation of the Sistema Financeiro Imobiliário – SFI - (Real Estate Finance System), which complements the existing Sistema Financeiro de Habitação (SFH)

The body of market oriented reforms implemented by the mid 1980’s (Hermann, 2010) was facilitated by the political and institutional environment and by the existence of a State bureaucracy with capacity to elaborate norms and to negotiate its calibration with the financial sector, i.e., with embeddedness, thus making possible the sustainability of the reforms. This was the specific case of the introduction of the Real Estate Finance System (SFI) in 1997.

While SFH’s regulatory structure establishes limits to investment allocation and mandatory lending terms, under SFI – a market oriented framework - parties are free to determine the terms and conditions of their own financing arrangements. Another difference concerns to the funding structure of he two systems. SFH relies on funding from the FGTS, savings accounts, Government transfers and mortgage notes, whereas in SFI self-coordinated market, participants are able to issue securities backed by real estate receivables (CRI) and finance them in the capital markets. The introduction of SFI reflects the State initiative to induce agents in producing an appropriate body of institutions and organizations to elaborate and to enforce their own compliance to
norms, once the existing State regulation is not observed in practice by private agents (CULPEPPER, 2007).

The observed institutional change in stakeholder power correlation derived from the process of financialization (liberalization of finance policy expressed by the introduction of the Real Estate Finance System – Sistema Financeiro Imobiliário (SFI), and on the other hand, with a democratic, transversal and socially inclusive urban policy (Minha Casa Minha Vida Program, the Ministry of the Cities – Ministério das Cidades, and Participatory City Master Plans, among other measures.. In this context the State (following the precepts of Evans) assumes a leading role as “developing” by establishing bonds with the productive sector (capital and labor groups) in order to implement development and inclusive policies, to reduce poverty and to enhance food security.

2.2. Social Systems of Innovation and Production and The Programa Brasileiro para a Melhoria da Produtividade e Qualidade da Habitação-PBQP-H (Brazilian Program for the Increase in Productivity and Performance of the Housing Industry).

The PBQP-H (Brazilian Program for the Increase in Productivity and Performance of the Housing Industry), addressing construction and materials, is a program that expresses an institutional arrangement of partnership between the public and the private sector aiming at the increase in efficiency of the construction sector, especially housing and infrastructure.

The main purpose of the PBQP-H is to guarantee that houses are produced efficiently, that jobs and contractors are legally formal, that materials and processes of construction are certified, that projects observe environmental and building standards, and so on.

The program involves several agents in the construction sector, such as builders, project firms, material suppliers, material producers, research and development, normalization, universities and public agencies. These sectors fit into Amable’s classification which encompasses the six sector subdivisions: science, technology, industry, education, job market and finance.
When referring to the four types of Social Systems of Innovation and Production (SSIP)\(^3\), Amable (1999) points out the wide variety of interests involved in SSIPs, especially in the Public SSIP, where government agents have an important role in market regulation, innovation and in production, through, for example, the implementation of monetary and fiscal measures, thus creating a bargaining environment among institutional stakeholders so as to increase competition and inequality reduction in the market, what shortens the gap between Public SSIP and Social-Democrat SSIP.

Incentives to participate are represented by government assistance in the form of grants (i.e. financing without repayment). This modality of grant is justified because the government finances the acquisition of dwellings, funded by FGTS resources besides other budgetary sources. Government involvement tries to guarantee that housing construction attends building norms so as to reduce the risk involved in the operations, so as to guarantee the finance. In other words, until the full repayment is made, the government still owes the money to the FGTS or the Treasure. Moreover, contracting must comply with procurement norms and firms must be included in the federal procurement registry (Sistema Unificado de Fornecedores -SICAF)

Constraints used in the PBQP-H mean that firms which do not comply with standards defined in government purchases cannot participate in contracting. The most severe constraint however is the firm exclusion from the procurement registry of suppliers and contractors (SICAF).


The third complementary approach used to examine institutional change in housing policy is the ACF (Advocacy Coalition Framework), developed by Sabatier and Jenkins-Smith, and Weible (SABATIER, 2007; SABATIER e WEIBLE, 2007).

\(^3\) Market-based; socio-democrat, meso-corporatist and public (AMABLE, 1999, AMABLE, 2001; AMABLE E PETITT, 2001)
The change in the structure of relationships among the State and the stakeholders – which is a good indicator of institutional change in the housing policy - is also represented by the various cases of participatory action that mushroomed following the democratization and decentralization processes which took place after the Constitution of 1988.

Two important milestones of institutional building in housing policy at the federal level were the introduction of the Conselho de Desenvolvimento Urbano da Câmara dos Deputados – CDU – (Federal House of Representatives Urban Development Committee), still in 1985, and the Council of Cities (Conselho das Cidades - ConCidades), a stakeholder political arena of the Ministério das Cidades (Ministry of the Cities), in 2004.

This change meant two important steps in the migration from the old centralized model of which BNH, bureaucratic rings and one national (macro) housing plan were the blueprint, to a new institutional and organizational mode of housing policy process, where the Ministério das Cidades coordinates three cross-sector areas (housing, transportation/accessibility and urban development programs) closely connected to local participatory (meso) master plans. This mode of housing policy process allows for stronger stakeholder interaction along the line of elaboration and delivery of services at the “street level” as well as plural and democratic participation of the various advocacy coalitions that operate within the policy subsystems.

According to Monteiro dos Santos(2011), subsystems under dispute during public hearings include citizen participation in urban management, land tenure regularization, environmental issues, urban mobility and accessibility, intermunicipal relations, citizen education with focus on local plan formulation methodology, among other issues.

Local participatory master plans (Planos Diretores Locais Participativos) express the possible solutions that may be applied to housing in the context of urban policy formulated at the federal level, since it engulfs other complementary policies, such as transportation, accessibility, water, sewage, etc.. The participatory process in voting local master plans follows the guidelines of public hearings, the existence of local
housing councils and the systematic plan revision. This exercise of citizenship opens the opportunity for face-to-face discussion among stakeholders situated at the various housing policy subsystems, with democratization of technical knowledge and reduction of opportunistic behavior by the actors.

The transmission channel of policy results implemented at the local level up to the federal level is made possible by the multilayer representation of stakeholders that sit in local and in the two federal boards (CDU and Concidades), what may be compared to a distillery apparatus, with the dripping phase of the process as producing tested experiments with validity to become “written” or formalized under norms and regulations applied to programs.

**Concluding Remarks**

Institutional change in housing policy in Brazil represents the change in stakeholder power correlation following the entrance of new actors into the policy arena and the introduction of new forms of relationships between the State, the market and society. The dynamics of institutional change is expressed through three processes: a) financialization (liberalization of finance policy and the introduction of the Real Estate Finance System – Sistema Financeiro Imobiliário (SFI); b) the adoption of a democratic, transversal and socially inclusive urban policy (the institution of the Ministry of the Cities – Ministério das Cidades Minha, the Casa Minha Vida Program, and Participatory City Master Plans), and c) the introduction of the PBQP-H.

In this context, the State (following the precepts of Evans) assumes a leading “developmental” role, by establishing new and strengthening old cooperative bonds with the productive sector (capital and labor groups) and with groups engaged in social change in order to implement development and inclusive policies.
References


