

Abstract proposal to Streaming 12 - Housing in the era of neoliberalism between adaptation and transgression (chairs Monika Grubbauer and Clara E. Salazar)

### ***Severance Indemnity Fund and mortgage-backed securities: the Brazilian case***

The study about credit, funding, and the financial architecture presents itself as fundamental for those interested in cities and urbanism in general. The debate about urban development financing, always under the perspective of the universalization of rights in a country with structural inequalities like Brazil, is one of the crucial points for the structuration and management of urban public policies.

The paper describes the relationships between the FGTS (Fundo de Garantia do Tempo de Serviço/Government Severance Indemnity Fund, 8% deposits of a worker's salary made by the employer and managed by the federal government) and the real estate-backed securities. The contracts undertaken with the FGTS resources since 2008 for the acquisition of real estate-backed securities resulted in the stimulus of the real estate bonds and securities markets in Brazil, constituting a mechanism that generates a minimum liquidity for its own operation. The investment logic of the real estate funds is the logic of investment return and gain, without necessarily focusing into a housing and urban development public policy geared towards the universalization of rights. The dispute of the FGTS resources and its role as a player in this market is discussed in the context of the insertion of Brazil in the financial capitalism.

The paper is organized into four sections. In the first one, it will be briefly presented the current context of the real estate credit in Brazil. Next, it will be discussed the creation of the FGTS, its recent changes and performance, providing a brief history of the Fund. In order to discuss the entry of the FGTS into the bonds market, the third section of the article will introduce some aspects of the recent evolution of the mortgage-backed securities in Brazil. Some its basic characteristics and its recent performance will be discussed in this section as well. The relevant role that the FGTS has in this market is the main topic of the fourth section of the article, which deals with the relationship between the Fund and the mortgage-backed securities. Finally, in the final considerations, some reflection points are sought based on the recent volume of investments in the Fund and the trends that can be observed from those investments.

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