

## **THE *MY HOUSE MY LIFE PROGRAM* IN THE ABC REGION OF METROPOLITAN SÃO PAULO.**

### **From crisis to opportunity for rethinking progressive urban reform in Brazil?**

The setting of this paper is the rise and fall of what we will label as “*progressive*” *developmental housing finance* through the so-called *My House My Life Program* (MHML), which was launched by the Brazilian federal government as one of its flagship programs in 2009 in the midst of the international subprime crisis and became object of increasing criticism. Recent federal austerity measures have only increased uncertainties regarding the size and scope of the third phase of the program that was launched in September 2015.

After a brief description of the program’s anti-cyclical character and its overall design (subsidies and price ceilings structured around three target groups; the role of private developers in the two low-medium income segments (target group 2 and 3, respectively) and local governments in the third low-income segment – target group 1), we will provide a *synthesis of the critical national research* that has been undertaken on the program (Cardoso, 2013; Rolnik et. al., 2015; Ferreira, 2012). The latter has emphasized that MHML has been disconnected from the national low-income housing policy that had been discussed and approved earlier on. As such, the housing units that have been produced were mismatched with the objective of reducing the overall housing deficit and its regional distribution over the country (producing an excessive number of units in regions with a low housing deficit and vice versa). Moreover, evaluations have stressed the peripheral location of units, particularly in smaller cities, and the lack of architectural quality of projects. Finally, the program seemed to have hollowed out the pillars of *Urban Reform* itself (Klink & Denaldi, 2015), based on participatory master planning and the application of redistributive planning instruments aimed at increasing the leverage of municipalities over speculative land and real estate markets. The research has argued that the *private sector enabling* approach of the program effectively aggravated the regulatory deficiency of municipalities and has not contained the escalating land and housing prices in cities.

In a subsequent section we then evaluate the *Program’s impact in the ABC-region*, a subset of *seven industrial cities in the industrial heartland of metropolitan São Paulo*. Our analysis shows a series of differences and similarities with national evaluations. First, the lack of accessibility to urban infrastructure and services and the peripheral location of units, highlighted in much of the national evaluations *in smaller cities*, is relativized considering the improvements -through infrastructure and slum upgrading – that have occurred in the outskirts of larger city-regions since the mid-1980s-1990s such as the ABC region itself. The latter has built up a considerable track record in slum upgrading and (self-help) housing project since the mid-1980s. On the other hand, while data on real estate and land markets point out that these have been overheated since the mid 2000s, the launch of MHML has only aggravated the price escalation, which has also not been contained by (sporadic) application of redistributive-land market and urban planning instruments in the region. Consequently, and in the second place, MHML has not been able to reach out to its relatively more affluent low-medium income target groups (groups 2 and 3) that are supposed to be attended by private developers. Price escalation has provided developers with incentives to sell units to up-markets segments out of the subsidy range of the program. In effect, about half of the 12.000 units that were initially designed to the low-medium target groups 2 and 3 were eventually sold to up-market

segments. Finally, and similar to national research, target group 1 projects (where local governments perform an active role in the assembly of land and infrastructure in order to make projects viable) are also underperforming but the regional figures have been improving gradually (from 13,7% in 2010 to 72% in 2014).<sup>1</sup>

On the basis of the foregoing, we then argue that national evaluation research on the Program has reached *the end of a cycle* in terms of generating and disseminating new knowledge. Much of the underlying work has taken for granted the capacity of the state to target its subsidies and to mould price formation and market actors into the desirable directions. At the same time, the surprising dissemination *of the model* that underpinned much of post-1994 Brazilian housing and urban development policy in general, and of price and subsidy guidelines and the dynamics of price formation in the finance and real estate complex in particular, have been under-researched. Both conventional (market friendly) economists and progressive planners have (un)consciously contributed to the “*performativity*” of this orthodox representation of housing markets and finance in terms of demand and supply, and of user and asset markets for housing/urban development as perfect mirrors (Dipasquale & Wheaton, 1996). Ironically, and despite of its deficiency in terms of assumptions and predictions, this model has been highly successful in both progressive-redistributive minded circles and market friendly policy networks in grounding the contradictory and state-driven Brazilian post-national developmental housing finance. In that sense, MHML itself could be interpreted as another element in the trajectory of the “economizing constitution” (Henrikson, 2009) of this system.

In the concluding section we argue then that the crisis of the MHML program provides *perspectives for the construction of a new agenda* that articulates critical reflection and transformative praxis, including on the future direction of programs such as MHML and its relation with housing and urban development policies. We suggest that under-researched issues are (i) who are the agents – the “economizers”- that helped to circulate -nationally and internationally- the model that underpinned post-developmental housing and urban developmental policies in general and MHML in particular in Brazil?; (ii) what are alternative representations in terms of housing and urban development markets and policies that are more in line with political economy inspired interpretations of financialization and capitalization as power and conflict (based on regulation theory and critical performativity studies on finance and capitalization, among others); and (iii) how can these alternative models and representations help in designing a different housing and urban development policy in Brazil?

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<sup>1</sup> The latter could be interpreted as a normal pattern in light of the increasing complexity and lengthy administrative procedures associated with projects characterized by relatively more involvement of local governments.

## **Selected References**

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