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The Real Estate Circuit and (the Right to) the City: Notes on the Housing Question in Brazil

Since its re-democratization in the 1980s, Brazil's progressive agenda on urban reform and participatory city management has been widely recognized for its initiative in many areas. These include participatory budgeting,[1] slum upgrading, land regularization, participative design and technical advice on architecture for social housing, the management of construction sites by housing movements, the creation of participatory committees for the management of sectorial funds for housing and urban policies, the struggle for approval of the constitutional principle of the social function of urban property,[2] and the *Estatuto da Cidade* (City Statute).[3]

These initiatives are part of a legacy of achievements in social and institutional movements seeking to produce greater equality in cities in a country that, despite periods of rapid growth, is one of the most unequal in the world. This is a history that begins in the context of the "Base Reforms" of society,[4] at a time when a collection of ideas on social and urban transformation arose—expressed in terms such as "Urban Reform," "Right to Housing," and "Right to the City"—and which were then put on hold when conservative forces seized power. Reforms shelved during the twenty-one year military regime then resumed, to some extent, in the cycle of democratic

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and participatory urban administrations of the mid-1980s and 1990s.

Since that time, this progressive agenda has come under increasing pressure from groups that seek to expand and re-shape cities according to their own interests. Property developers,[5] in the manner of activists, push for change in urban planning and housing policy: the opening of new grand boulevards, an increase in verticalization indices, and the introduction of housing subsidies. In addition there have been changes to the regulatory framework—such as the creation of the Brazilian *Sistema de Financiamento Imobiliário* (Real Estate Financing System—SFI), (including the creation of Certificates of Real Estate Receivables (CRIs) that resemble US Mortgage-backed Securities, or MBSs)—and changes imposed as part of the battle to host international mega-events such as the World Cup and the Olympic Games.

While some of these initiatives were introduced through international organizations (i.e. the World Bank (WB) and the inter-American Development Bank—IDB), many were also promoted (legitimated) by speeches, theories, or ideologies such as, global cities, public–private partnerships (PPP), the strategic planning of cities, city marketing, and the revitalization of historic inner-city areas.[6] It is not, however, simply about the opposition between two watertight groups: at various times, there have been alliances between representatives of the two different approaches, claiming that both capital and labor could benefit by greasing the wheels of the urban growth machine.[7] As Pedro Arantes points out, "The social face of the popular democratic Urban Reform was subdued in favour of market solutions and PPPs." [8]

The real estate circuit of capital accumulation, strengthened during the military regime with the creation of the *Banco Nacional da Habitação* (National Housing Bank—BNH), faced funding difficulties because of the debt crisis of the late 1980s; this in turn led to the demise of the BNH.[9] Urbanization continued at a rapid pace nonetheless, with a growing portion of the population resorting to illegal settlements—the slums, tenements, and irregular land divisions their only possible option.

Initial changes to housing policy occurred in the 1990s, during the administrations of Fernando Collor de Mello (1990–92) and Fernando Henrique Cardoso (1995–2002), via the country's greater involvement in globalization, i.e. PPP, pension funds acting as urban investors, and through conditioned loans from the WB and the IDB. Further changes came about during the administrations of Luiz Inácio Lula da Silva (2003–10) [10] and Dilma Rousseff (2011–present), which saw the recovery of the *Sistema Financeiro da Habitação* (Household Finance System—SFH) and expansion of public subsidies for large urban housing programs.

Major transformations affected all areas of housing: for example, access to and the regulatory framework of loans; the ownership structure of companies, their connection to public subsidies and international finance capital, and their relationship with the construction sites run by these companies. Add to this also both the social imaginary and ideology of home ownership (as opposed to the idea of the right to housing and to the city) and the expanded range of housing projects that managed to create urbanization without urban qualities.

This essay poses four questions with emphasis on aspects relating to housing provision: Who builds housing in Brazil? How does housing policy feed the real estate circuit? Who controls housing development today? and Where and how are the large estates of low-income housing developments built?

Finally, some of the differences and similarities between the transformations in Brazil and those that occurred in the United States are explored, taking the latter country as a counterpoint because the connections between real estate and finance have evolved there the most.[11]

Who Builds Housing in Brazil?

For much of Brazil's history, the answer to the housing question has been in the practice of self-construction: building was carried out by residents themselves, their families, or by way of an informal private order with small contractors and hired masons. Self-construction in Brazil is not limited to houses, however, but extends to other working-class sites as well, including some urban infrastructure.[12]

The housing "solution" as seen in resident self-builds—viewed as marginal and backward, by many—in fact, has proved to be an aspect of Brazilian (conservative) modernization that benefited from lowering the reproduction costs of labor-power.[13] In addition, most self-builds are illegal constructions, in part because they violate construction codes, but mainly due to their illegal land tenure. Barriers to land access have a long history in Brazil dating to the enactment of the Land Law in

1850; and it is no coincidence that the banning of the slave trade shortly after this date was a harbinger of the abolition in 1888.[14] Land bought, could then be sold at exorbitant prices to workers and recently freed slaves; thus, the first town house of the newly freed slave was the tenement and the second, the favela.

Save for a few periods in history, therefore, this means that the huge mass of wage-earning Brazilians were not included in the market for capitalist housing production; while at the other end of the spectrum was the miniscule bourgeois housing market—architect designed, built by hand, to order. While the capitalist production of homes has been severely restricted throughout most of Brazil's history to a small portion of the population,[15] between these two extremes—self-construction and the bourgeois mansion—there has been the "narrow mass-market"[16] consisting of neighborhoods in which the highest income brackets of society have segregated themselves spatially in the Brazilian metropolis.[17]

The Brazilian state has rarely produced housing directly and the housing market has not grown sufficiently to justify building housing on a large scale. The first time large-scale development did occur in Brazil was with the aforementioned BNH when, from 1964–86, the state attempted to stifle popular pressure and ease the housing crisis while at the same time meet the commercial interests of the construction industry. Using resources taken from the compulsory working-class employment security fund, the *Fundo de Garantia por Tempo de Serviço* (Guarantee Fund for Length of Service—FGTS) and the *Sistema Brasileiro de Poupança e Empréstimo* (Brazilian Savings and Loan System—SBPE), the BNH created a "huge and relatively new artificial middle-class market."[18]

The second growth period began in 2005 through the work of the Ministry of Cities, which resulted in the political-electoral and real estate invention known as the "affordable" or "economic segment." Now that housing development companies had succeeded in expanding the supply of housing beyond their customary social bracket, that is, to cater for lower-income sections of society, the process continued with the housing program *Minha Casa Minha Vida* (My Home, My Life), launched in 2009.[19]

Therefore, though the practice of self-construction and construction by small contractors has remained relevant in the production of houses in Brazil, in recent decades, there has been a broadening of production by developers and construction firms. The increase in the circulation of capital through the built environment has generated important qualitative changes to this "special kind of production-realization system,"[20] here termed the real estate circuit,[21] as we shall see.

How Does Housing Policy Feed the Real Estate Circuit?

As the credit system and the expansion of the real estate circuit in Brazil lacked the stability of the real estate market in the United States, institutional changes associated with the financialization of the economy in Brazil were based on very different foundations to those found in the real estate securitization of this model's country of origin—the US.

In Brazil, when the credit supply plummeted following the debt crisis of the 1980s it stalled the SFH for two decades: "In four years (1983–1986), only 184,300 real estate properties were financed—or 71% of what had been financed in a single year (1982)."[22] Housing financing would not return to its high growth rates until 2005, as outlined below.

In the 1990s, the Brazilian government took steps to promote the country's inclusion in the financialization era with initiatives such as monetary stabilization, open trade agreements, the opening of the Brazilian securities market to foreign capital, and the gradual removal of controls on international capital flow.[23] At the same time, the WB and the Fannie Mae and Freddie Mac agencies, among others, promoted the United States' mortgage system as the model Brazil should follow.[24] What was later known as the US "housing bubble" had been promoted in Brazil, as well as in other countries, for its supposedly virtuous character at a time when its "house of cards" character was suspected but not known; of course, with predictably devastating consequences, as confirmed by the 2008 subprime crisis.

By the late 1990s, the creation of the Real Estate Financing System (SFI) in Brazil relied on the defense of a "deregulated real estate financing system," in opposition to the SFH, which regulated the interest rate and the capture and allocation of resources. The North American mortgage securitization system was chosen as the model for Brazil to use in the creation of the SFI for its supposed ability to provide financial liquidity to the operations and "not to have any dependence on direct funding or mandatory targeting of resources." However, in order to establish itself the new financing system used and still uses public funds to leverage resources, thus minimizing risk. Once again, the discourse of flexibility, deregulation, and a minimal state was concealing a new way to capture public funds, as Luciana Royer demonstrated.[25]

In the same decade, the true scope of urban need and the scale of resources required in order to address the problem was recognized. This, combined with the discourse of the minimal state,[26] strengthened the case for an urban planning model that would bring real estate developers closer to the state. In Brazil, the hegemonic prescriptions applied to cities took the form of urban instruments such as joint urban operations, urban concessions, PPP, projects to "revitalize" central areas, and, in general, the strategic planning for cities and "global cities."

At the beginning of the Lula administration in 2003, due to the vision of planners and social movements motivated by the size of the urban problem and aware of the urgent need to tackle it, the Ministry of Cities was created. The measures adopted by the Ministry meant that between December 2004 and December 2008 the housing finance supply in the country (at early 2014 prices) jumped "from R$ 41.5 billion to R$ 84.5 billion, raising its percentage of GDP from 1.3% to 2.1%."[27]

At the same time, policies to decrease inequality between workers' incomes (not, however, in the functional distribution of income between profits and wages) contributed to the inclusion, via consumption, of a portion of this population of workers into the consumer society and these businesses' clienteles.

These changes affected the ownership structure and strategies of real estate developers: the Initial Public Offerings (IPOs) on the stock exchange, foreign capital inflow through private equity and the purchase of shares, and the concentration and centralization of capital.[28] Soon, however, this movement ran to limits that to some extent are intrinsic to the way the sector functions in Brazil, accentuated by repercussions of the global financial crisis.

The City Statute, the Brazilian law of Urban Reform, a popular initiative submitted to the National Congress with over one million signatures and approved in 2001, gave municipalities the opportunity to put the principles of the social function of property into practice. The ruling of the "real estate growth machine," in the words of John Logan and Harvey Molotch, however, prevailed.[29]

The 2008 global financial crisis was the pretext for the reformulation of the housing problem. In the terms proposed by the real estate sector in direct negotiations with the Chief of Staff Office, shaped in the 2009 package *Minha Casa Minha Vida* that was later transformed into a housing program, the ideology of home ownership was once again mobilized directing real estate developers to produce affordable housing.

The program has two distinct logics of operation: range 1 is for families with a monthly income of up R$ 1,600 and ranges 2 and 3 is for families with an income of between R$ 1,600 to R$ 4,500. For the poorest (range 1), who represent 83 percent of the demand for housing, housing provision is organized by individual municipalities, supplying houses constructed by private companies that are remunerated per housing unit built. Families pay a small portion of the costs, which should not exceed 5 percent of their monthly household income, with the rest financed via public funds. In this way, housing for people in range 1 is subsidized housing. For those above the range-1 income bracket, the developers define the terms of the project and the properties are then sold on the open housing market. Families in range 2 receive subsidies in the form of discounts on their loan installments.

Similarities between this program and other initiatives of this sort implemented in Latin America—particularly in Chile and Mexico—reveal their kinship. The reform of the Chilean housing sector began in 1977, supported and funded by the WB and the IDB. During the Pinochet administration, Chile became a sort of laboratory for neoliberal policies in Latin America. Years later, the problems with "*los con Techo*" (Those with Homes) were as Alfredo Rodriguez and Ana Sugranyes point out: segregation, fragmentation, insecurity, and overcrowding.[30]

For the Brazilian population in the highest income bracket, access to housing credit has broadened through the use of savings resources such as the Brazilian Savings and Loan System (SBPE), which as they are paid back at regulated rates are a relatively inexpensive funding resource. A percentage of SBPE funding can be provided in accordance with the rules of the SFH, at below-market rates, which therefore indirectly represents a subsidy.[31] These loans are available to anyone, even those who could finance themselves at market rates.

Loan applications grew significantly from 2005 onwards, due both to favorable macroeconomic conditions and changes in regulation, and, as of 2009, according to Claudia Eloy, as a result of the work of public banks.[32] Of the total funds raised in savings via SBPE, in 2002 only 15 percent was invested in housing or used to finance the SFH; 18 percent in 2005; 24 percent in 2008; and 35 percent in 2011. In December 2014, the system had peaked at 52 percent—with R$ 272.7 billion invested in housing loans.[33]

Who Controls Housing Development Today?

If housing policy feeds the private real estate housing circuit, we need to ask who controls the companies today and what their strategies are.

While international capital increased in the Brazilian manufacturing sector during the 1950s, the real estate circuit has remained restricted to the Brazilian elites and has kept its eminently commercial nature, finding parallels in the banking sector and the agribusiness. While multinational companies established in Brazil increasingly produced cars, televisions, white goods, and even food, housing, built for sale on the formal real estate market,[34] in turn, has been a sector that was traditionally composed of local capital, mainly Brazilian family-owned firms.

The speculative nature of how the real estate circuit functions, together with its dependence on state privileges for expansion, make this industry a privileged recipient of investments of non-industrial capital. Carlos Lessa argues that the portion of mass of profit appropriated by the large national private capital tends to outweigh the appreciation opportunities of its own sectors, which implies a permanent structural problem. This allows the real estate capital an important role in the economy, in this kind of capitalism, driven by the recurrent surplus of those sectors in the hands of national private capital. Investors sought to gain at least the equivalent of the higher organic composition sectors of industry. Hence, in the interpretation of Carlos Lessa, the importance that real estate speculation has assumed in Brazilian cities mirrors the difficulties in containing it.[35]

In the 1990s, when the Brazilian economy was going through a process of denationalization, construction and real estate development activities did not follow other sectors, but remained under national control.[36]

With the policies launched by the Ministry of Cities in 2003, the restructuring of the credit system, and mainly after the launch of *Minha Casa Minha Vida* in 2009, various real estate developers, which had previously focused on projects restricted to high-income sections, launched brands directed at the "affordable" or "economic segment." These development companies designed new products together with regional firms and bought up some developers already working within low-income housing provision. At the same time, expanding their geographic reach towards mid-sized cities and other states, finally, many of these developers floated on the public stock exchange as a means of raising more funds for yet more expansion.

Between 2005 and 2007, nineteen Brazilian developers issued IPOs on the Stock Exchange.[37] This raised R$ 12.8 billion for the companies (as primary offerings), and approximately R$ 2.8 billion for their shareholders (as secondary offerings). This combination of loans and grants from public and semi-public funds (middle-class savings (SBPE), and the workers' funds (FGTS)) and finance capital (private equity and portfolio investments on the stock market) has brought about changes in the real estate circuit, which includes changes in the ownership structure of companies.

The result of this is that former owners of several real estate development companies—especially those that floated on the stock exchange—have lost relative participation and been forced to share their power with owners of the finance capital and their managers, asset management companies, and private equity companies. Managers assess which companies are most likely to increase their market value according to the location of their land bank and the type of housing they produce. The outside position of the shareholders (and their managers) often leads to disputes over decisions regarding land purchases and allocation.

Local knowledge, pressure on public authorities (executive, legislative, and judiciary), a lack of articulation with the world's economy, and the distance between capital markets and the housing market are all factors that make the expansion of foreign capital in this sector in Brazil nonetheless difficult. A number of companies have thus remained entirely in the hands of Brazilian families. These companies are fueled by public funds in the form of direct loan subsidies, tax reductions for building materials, and in some cases donations of land for construction projects. In short, therefore, arrangements are constituted, combining new legislation with old elements, such as land rent extraction (land ownership and real estate development), finance rent (share ownership), surplus value (construction profits), interest (loans), and public funds.

Thus, the most significant changes in the housing construction sector have come about as the result of a combination of public and semi-public funds (federal budgetary resources (OGU), FGTS, SBPE) and international finance capital. Real estate securitization mechanisms introduced in Brazil (such as CRIs, for example) have not yet reached the same size as they have in countries such as the US and have had a lesser impact.

Where and How are the Large Estates of Low-income Housing Developments Built?

The result of instructing developers to meet the so-called housing shortage[38] has been a productivist model for the construction of housing—the location, typology, construction site, and architectural design of which is determined mainly by developers within the parameters of their profit forecasts, and combined with expectations of rentier gains (land rent capture and stock market appreciation).

The range of proposals that have been advocated by city architects and planners for decades—i.e. quality and project diversity, mixed-use and integration, community spaces and squares, resident participation in determining design and construction management, the recycling of buildings in central areas, slum upgrading with the involvement of residents and with minimal relocation, public buildings for rental by the community, and the use of technologies and materials appropriate to the climatic, geographical, and cultural conditions—have largely been eroded by the *Minha Casa Minha Vida* program, launched in 2009. *Minha Casa* encourages the production of housing projects, by private companies, that are large, massified, homogeneous, mono-functional, and have low urban quality.[39]

Although an increase in the scale of production may encourage progress at some construction sites towards industrial-type rationalization, at the same time, it strengthens the figure of the developer as the agent that seeks to control the process.

Minha Casa projects tend toward constructions in new or already-established suburbs far away from areas with significant infrastructure, social services, or jobs. Thus, while producing many "city homes," the homes are often without a city.[40] Among the companies' commercial strategies is the purchase of rural land by the hectare and the rapid legal conversion to urban land, which the company then sells by the square meter. Thus, the master plan of the municipality is thwarted by the investment decisions of private companies, which change the expansion vectors provided for by planning. The result is an urban sprawl and enhanced spatial segregation.

In range 1, the choice of land is usually the company's, and the municipality guarantees and manages demand. In ranges 2 and 3, by contrast, choice of location is part of the enterprise's marketing spiel.

Many companies that operate in range 1 use construction systems that require homogeneous mass production, with sliding molds and concrete walls, which therefore require large plots. These large plots of land are generally more difficult to obtain in consolidated areas. The rising price of land, which is much higher than the cost of construction and inflation in recent years, also pushes the projects farther into the hinterland.

With this as the rule, among all ranges, one can find better located projects. In range 1, the municipalities can donate land for construction projects. However, while the government's ability to purchase and concede new plots has been hampered precisely by higher land prices, the construction companies meanwhile have managed to establish land banks. The fact is, then, that with large land tracts in the hands of private firms for future projects, these companies end up driving urban growth in the direction of their own business strategies. This phenomenon does seem to be more common in medium-sized municipalities than in the capital municipalities of the metropolis, however.

Regarding typology, the increase in the financial scale of the operation was accompanied by an increase in the scale of the projects, whether horizontal (houses) or vertical (apartment buildings). However, the 500-unit-limit that the housing program set was then circumvented by companies by building adjacent (vertical) condominiums under a horizontal project remit, totaling over 2,000 housing units. In ranges 2 and 3, besides the horizontal projects, vertical structures of various heights are also constructed.

With production of some companies reaching 30-fold growth, inevitably, the financial scale of the operations changed the management and techniques of construction. Irrigated by new financial flows, construction sites provided different answers to the problems that arose in the field of production. Several companies followed with traditional solutions from the point of view of building techniques, on grounds that new technologies do not guarantee productivity gains. Other companies have introduced rigorous standardization processes both in the design and in the specification of components—sometimes combined with working conditions likened to slavery, for which some developers have been sentenced to Conduct Adjustment Terms by the public prosecutor. Still other firms sought to build systems that enabled the production of large horizontal projects in a short time, and adopted solutions such as aerated concrete with sliding, reusable molds, previously seldom used in Brazil. This has been the case for several companies operating in range 1 of the program: the financial leap in this case needs accompanying by modifications to the construction site, which is to say that in some cases traditional techniques are barriers to accumulation.

Commodification of Housing and the Right to the City: Brazil and the USA

The means of producing houses and cities today is an expression of these tensions and contradictions, between the advancement of commercial speculative capital and finance capital in the urban environment, and the progressive agenda of social movements and some democratic administrations in a very unequal society. These contradictions are different to those posed by the transformation of homes into financial assets as seen in the United States, where, besides use and exchange value, property became one of the ballasts of financial appreciation, through securitization.

The financial crisis of 2008 highlighted the explosive nature of the ties between the right to housing, real estate, and the financial sphere in the world's core economies. In countries such as the USA and Spain, where millions of people have faced eviction from their homes, entire districts have been devastated, and construction projects have been put on hold.

As David Harvey stated in 1982, "The land must become a form of fictitious capital and be treated as an open field for the circulation of interest-bearing capital. Only under such a condition does the apparent contradiction between the law of value and the existence of rent on land disappear."[41] Thus, when property begins to circulate like a financial asset and is priced in the secondary market then its price, like any other asset, is set by the present value of the expected future income. The guarantee of a place to live contradicts the conditions imposed by financial agents, therefore; for instance, in the event of default when buildings are hastily repossessed or when buildings do not meet their function as financial valuation ballasts. Ultimately, then, housing cannot be recognized as a right, because its financial functions are superimposed onto its social functions.

Although globalization in Brazil began late compared to other Latin American countries, by early 1990, it had accelerated. The spread of its main features towards the built environment in Brazil, however, was not automatic; on the contrary, it found resistance, but overcame or circumvented it through mechanisms that, although unlike those observed in the United States, were inspired largely by the US model.

While the mortgage market was irrelevant in the Brazilian context, in the United States, it had already spread widely, and home ownership had fast become a net financial asset. The liquidity needed for the operation of securities similar to the Mortgage-backed Securities of the US was based, at least initially, on funds raised at low cost from the savings accounts of the SBPE. In Brazil, despite the discourse that prevailed in the 1990s, the credit system continued to be fed by semi-public funds—via the SBPE and FGTS—that proved to be a condition of accumulation and the "financialization of the housing policy."[42]

The restoration of the former SFH, powered by semi-public funds, and combined with federal budgetary resources and finance capital, together, fueled the real estate circuit. The scale of financial growth in this sector spurred the creation of a new product that developers coined the "affordable" or "economic segment." This later expanded within a housing program launched by the federal government: *the Programa Minha Casa, Minha Vida* or PMCMV.

The so-called "economic segment" in Brazil is a major political real estate invention. Its apparent triumph means defeat for social movements that struggle to produce a city endowed with architectural and urban qualities defined according to parameters other than capital accumulation.

The movement is twofold: Brazilian companies have capitalized on resourcing to the capital market; but, seen from another perspective, the cloud of international finance capital found a channel through which to connect with a real estate circuit previously reserved for the local elite.

The state was decisive in its action to remove barriers in the movement of capital. The passage of capital from other circuits to real estate depended on the credit system (besides banks, the stock markets), which was reshaped by the Ministry of Cities.

Now capitalized, the real estate sector found barriers specific to Brazilian social formation, which it sought to circumvent through various innovations. Capital flows drive changes in the ownership structure of companies, in their land and market strategies, in the way that construction sites are organized, and in the forms of the urban environment and architecture. In all of these fields, the transformations remain mixed with old-style Brazilian property development, precisely because of the impossibility of a complete metamorphosis taking shape. Capital flows overcome or circumvent these barriers in order to expand in the city, and then return and meet those very barriers when limits and contradictions manifest.

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Translated from the Portuguese by Adriana Kauffmann.

1 See Brian Wampler, *Participatory Budgeting in Brazil* (Pennsylvania, PA: Pennsylvania State University, 2007).

2 As Erminia Maricato states, "the 1988 Constitution was vague when addressing the enforcement of the social function of property, and enforcement was postponed until a specific law was passed to regulate it thirteen years later: the *Estatuto da Cidade* (City Statute). See Ermínia Maricato, "Fighting for Just Cities in capitalism's periphery," in: Peter Marcuse et al. (eds), *Searching for the Just City* (London and New York: Routledge, 2009), 194–213.

3 The *Estatuto da Cidade* is a Federal Law (No. 10.257, 2001), available in English in: Celso Santos Carvalho and Anaclaudia Rossbach (eds), *The City Statute of Brazil: A Commentary* (São Paulo: Ministério das Cidades e Aliança de Cidades, 2010), 91–117, online: http://www.citiesalliance.org/sites/citiesalliance.org/files/CA_Images/CityStatuteofBrazil_English_fulltext.pdf (accessed 08/24/15). See also contributions in the same publication by Ermínia Maricato, Edésio Fernandes, and José Roberto Bassul among others.

4 The term "Base Reforms" refers to a broad set of initiatives that were at the heart of President João Goulart's administration (1961–64), including banking, fiscal, urban, administrative, agrarian, and university reforms.

5 The real estate sector consists of several agents: the landowner, the developer, the builder, the financier, and the investor. In the current essay, "developers" are those companies known as *incorporadoras*. In the Brazilian context, therefore, the developer takes on the role of coordinating the production process as well as responsibility for marketing the product. See Luiz Cesar Queiroz Ribeiro, *Dos cortiços aos condomínio fechados* (Rio de Janeiro: Civilização Brasileira: IPPUR, UFRJ, 1997). *Incorporadoras* may also take on the construction, but subcontract to other companies to do the labor.

6 For a critical vision of these discourses, see among others: Pedro Fiori Arantes, "Urban Adjustment: World Bank and IDB Policies for Cities," in: Márcio Moraes Valença et al. (eds), *Urban Developments in Brazil and Portugal* (New York: Nova Science Publishers, 2012); Beatriz Cuenya et al. (eds), *Grandes proyectos urbanos: miradas críticas sobre la experiencia argentina y brasileña* (Buenos Aires: café de las ciudades, 2012); Beatriz Kara-José, *Políticas Culturais e Negócios Urbanos: a Instrumentalização da Cultura na Revitalização do Centro de São Paulo 1995–2000* (São Paulo: Editora Annablume, 2007); and Otília Arantes et al., *A Cidade do Pensamento Único. Desmanchando Consensos* (Petrópolis: Vozes, 2000).

7 Cf. John R. Logan and Harvey L. Molotch, *Urban Fortunes: The Political Economy of Place* (Los Angeles, CA: University of California Press, 1987).

8 Pedro Fiori Arantes, "Da (Anti) Reforma urbana brasileira a um novo ciclo de lutas nas cidades," in: Plínio de Arruda Sampaio Jr. (ed.), *Jornadas de junho: a revolta popular em debate* (Sao Paulo: Instituto Caio Prado Jr (ICP), 2014).

9 Marcio M. Valença, "The Closure of the Brazilian Housing Bank and Beyond," *Urban Studies*, 36, 10 (1999): 1747–68.

10 See Daniela Magalhães Prates and Leda Maria Paulani, "The Financial Globalizaton under Lula," *Monthly Review*, 58 (2007).

11 The United States mortgage system and its counterpoint with the situation in Brazil is explored further in Mariana Fix, "Financeirização e transformações recentes no circuito imobiliário no Brasil," unpublished Diss. in partial fulfillment of a PhD in Economic Development under the supervision of Professor Wilson Cano (São Paulo: Universidade Estadual de Campinas, 2011).

12 Erminia Maricato, *Produção Capitalista Da Casa (E Da Cidade) No Brasil* (São Paulo: Alfa-Ômega, 1979).

13 Francisco de Oliveira, *Crítica À Razão Dualista / O Ornitorrinco* (São Paulo: Boitempo, 2003).

14 José de Souza Martins, *O Cativeiro Da Terra* (São Paulo: Contexto, 2010); Erminia Maricato, *Metrópole Da Periferia Do Capitalismo: Ilegalidade, Desigualdade, Violência* (São Paulo: Hucitec, 1995).

15 Sérgio Ferro, *Arquitetura E Trabalho Livre* (São Paulo: Cosac Naify, 2006).

16 Ibid.
17 Flávio Villaça, *Espaço Intra-Urbano No Brasil* (São Paulo: Studio Nobel, 1998), 327.
18 Ferro, *Arquitetura E Trabalho Livre*. See also Gabriel Bollaffi, *Habitação e Urbanismo: O Problema e o falso Problema* (Rio de Janeiro: Ensaios de Opinião, 1975).
19 The continuity of the program, similarly, is under threat by the current political and economic crisis.
20 As David Harvey states, economic agents have taken on new roles: "Landowners receive rent, developers receive increments in rent on the basis of improvements, builders earn profit of enterprise, financiers provide money capital in return for interest at the same time as they can capitalize any form of revenue accruing from use of the built environment into a fictitious capital (property price), and the state can use taxes (present or anticipated) as backing for investments which capital cannot or will not undertake but which nevertheless expand the basis for local circulation of capital." See David Harvey, *The Limits to Capital* (London: Verso, 1982/2006), 395.
21 The expression is used by Carlos Lessa in some texts, e.g. in the essay written with Sulamis Dain, "Capitalismo Associado: Algumas Referências para o Tema Estado e Desenvolvimento," in: Luis Gonzaga Belluzzo and Renata Coutinho (eds), *Desenvolvimento Capitalista no Brasil: Ensaios Sobre a Crise* (São Paulo: Brasiliense, 1982).
22 Fabio Pahim Jr., "A maturidade do sistema de crédito imobiliário," *Revista do SFI*, 29 (2014): 18–21.
23 Leda Maria Paulani, "A inserção da economia brasileira no cenário mundial: a situação atual à luz da história," *Boletim de Economia e Política Internacional*, 10 (2012): 89–102.
24 Fannie Mae and Freddie Mac are "two government-sponsored private corporations that bundle individual mortgages into packages that are then turned into marketable securities." See Peter Marcuse, "Subprime Housing Crisis," online: http://www.hic-gs.org/content/subprime_housing_crisis.pdf (accessed 08/20/15). The visit to Brazil by two representatives of a North American corporation is documented in a report by the University of Colorado, Denver: "On April 8 to April 11, 1999, over eighty respected Brazilian and U.S. business, government, non-profit, and academic leaders participated in the second Brazil–US Aspen Global Forum on Expanding Primary and Secondary Mortgage Markets and Housing Opportunity, in Sao Roque, Brazil. They included investors, rating agencies, mortgage bankers, originators and servicers, government, quasi government and private sector secondary market participants, and housing policy analysts. ... While they did not always agree on particulars, they did reach consensus on a broad framework to reform Brazil's housing markets. They also concurred on many immediate strategies and next steps to further Brazil's current efforts to establish effective primary and secondary mortgage markets." See Luciana de Oliveira Royer, "Sistema Financeiro Habitacional e Sistema Financeiro Imobiliário: limites e possibilidades," unpublished paper presented at the public meeting, "Conferencia do Desenvolvimento CODE, Brasilia" (Brazil, 2011), available online: www.ipea.gov.br/code2011/chamada2011/pdf/area7/area7-artigo3.pdf (accessed 08/24/15).
25 Luciana de Oliveira Royer, *Financeirização da política habitacional: limites e perspectivas* (São Paulo: Annablume, 2014).
26 For a critical view of the concept of the "minimal state" as employed in the policies of Margaret Thatcher (UK Prime Minister 1979–90) and Ronald Reagan's administration (US President 1981–89) and inspired by them, see Francisco de Oliveira, "O surgimento do anti-valor," *New Studies*, 22 (October 1988). Oliveira shows that while this discourse is "apparently directed to [the] Moloch State, its goal is to dissolve the specific arenas of confrontation and negotiation." That is, it is not really about reducing the state in every area as publicized, but concerns a dispute for public funds destined for capital reproduction and funds to finance the production of public goods and social services.
27 Rafael Fagundes Cagnin and Claudia Magalhães Eloy, "A expansão do crédito e a valorização dos imóveis residenciais no Brasil (2005 a 2013)," unpublished paper presented at the public meeting "VII Encontro Internacional da Associação Keynesiana Brasileira" (São Paulo, August 2014).
28 These changes are discussed in greater detail in Fix, "Financeirização e transformações recentes no circuito imobiliário no Brasil."
29 See Logan and Molotch, *Urban Fortunes*. Other instruments included in the City Statute continued to stand out—which were already in use, before approval, since the 1990s—and that favored the expansion of the capital circulation base in the built environment. This included urban operations (a kind of PPP), but nothing that could possibly interfere with real estate interests, such as Special Areas of Social Interest, which sets a minimum percentage of building of affordable housing in certain perimeters of the city.
30 Alfredo Rodríguez and Ana Sugranyes, "El problema de vivienda de los 'con techo,'" *Revista eure*, 30, 91 (Santiago de Chile, December 2004): 53–65. Also on Chile, among others, see Rodrigo Hidalgo, *La vivienda social en Chile y la construcción del espacio urbano en el Santiago del siglo XX* (Santiago: Instituto de Geografía, P. Universidad de Chile/Centro de Investigaciones Diego Barrios Arana, 2005).
31 Claudia Magalhães Eloy, "Os 50 anos do SFH," *Valor Econômico* (São Paulo, October 15, 2014).
32 Ibid.
33 Ibid.
34 As already mentioned, a significant proportion of housing is self-build constructions, not built (directly) for the market, although participatory in the informal circuits (purchase, sale, and rental).
35 Carlos Lessa, "A Crise Urbana e o Circuito Imobiliário," unpublished paper (1981). See also Wilson Cano, "Reflexões sobre o papel do capital mercantil na questão regional e urbana do Brasil," Discussion Paper, No. 177 (São Paulo: State University of Campinas (IE/UNICAMP), May 2010).
36 The real estate circuit saw an increase in the amount of international capital in some segments: i.e. the retail sector (building materials: cable, wiring, and electrical equipment; paint, and other cosmetic features such as cladding, glass, tiles, etc.); and in the consulting industry, including activities around high-rise offices in the central business districts.
37 An Initial Public Offering (IPO) is the first sale of shares of a company on the market, i.e. the first public offering when the company goes public. It allows the company to raise capital for its expansion.
38 In 2009, the João Pinheiro Foundation estimated the housing deficit to be six million homes. The deficit, calculated from census data, considers several components: precarious housing, family cohabitation, excessive burden of rent, and increased density of rented homes.
39 João Sette Whitaker Ferreira (ed.), *Produzir casas ou construir cidades? Desafios para um novo Brasil urbano* (São Paulo: FUPAM/LabHab-FAUUSP, 2012); Caio Santo Amore, Beatriz Rufino, and Lucia Shimbo (eds), *Minha Casa ... E a Cidade? Avaliação do Programa Minha Casa Minha Vida em seis estados brasileiros* (Rio de Janeiro: Letra Capital, 2015); Cardoso, Adauto Lúcio (ed.), *O programa minha casa minha vida e seus efeitos territoriais* (Rio de Janeiro: Letra Capital, 2013).
40 This problem was noted in early criticisms of the program shortly after its release: cf. Raquel Rolnik and Kazuo Nakano, "As armadilhas do pacote habitacional," *Le Monde Diplomatique, São Paulo*, 20 (March 2009): 4–5; Pedro Fiori Arantes and Mariana Fix, "Como O Governo Lula Pretende Resolver O Problema Da Habitação," *Correio da cidadania*, 30, 7 (2009). Six years later, extensive, qualified literature was published to which I cannot do justice within the limits of this note. Among the most recent, see for example: Caio Santo Amore et al. (eds), *Minha Casa ... E a Cidade?* with contributions by many other researchers. See also Adauto Lucio Cardoso (ed.), *O programa minha casa minha vida e seus efeitos territoriais* (Rio de Janeiro: Letra Capital, 2013). In order to gain better understanding of the economic impact of the program, the Economic Development Studies Center at UNICAMP conducted research in which I, together with Professor Claudio Maciel and Professor Humberto Miranda do Nascimento, as well as graduate

and undergraduate students, took part. A national evaluation that allows for comprehensive analysis, taking regional differences into account, and which, at the same time, is precise and synthetic is still lacking. Data made available by the government is limited and does not provide sufficient information to enable a precise quantification of location and typology.

41 Harvey, *The Limits to Capital*, 371. See also David Harvey, "Right to the City," *New Left Review*, 53 (2008); and *Rebel Cities* (London: Verso, 2012).

42 Royer, *Financeirização da política habitacional*.

AbdouMaliq Simone

Housing Systems as Environments of Practice and Information

Much of the focus in urban policy and development today concerns providing sufficient land and basic infrastructure for the expansion of cities. It is assumed that the majority of urban residents, no matter where they are located, prefer to live in settings that accord them the possibility of affordable homes or home ownership and where transportation to and from work is not an arduous or expensive proposition. The assumption is that people want space, and that they want to live in structured environments where the provision of basic services, amenities, and economic opportunities do not come down to them having to provide most of the effort, resources, or responsibility. Keeping the conditions of everyday urban living as clear and simple as possible is assumed to be what people want. Given the volatilities of urban life and the rapid transformation of urban landscapes and actions, indeed most residents, regardless of economic or cultural background, will buy into these assumptions.

From many years of research, development, and advocacy in places like Jakarta, Phnom Penh, Bangkok, Lagos, and Johannesburg, I have noted the lingering doubts and frustrations on the part of residents as to the conditions and formats through which such inhabitation is