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ASSESSING *MINHA CASA MINHA VIDA* FROM A RACIALIZED PERSPECTIVE

BY

JÚLIA DE SOUZA CAMPOS PAIVA

THESIS

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Adviser:

Professor Andrew J. Greenlee

ABSTRACT

Minha Casa Minha Vida (MCMV) is the major Brazilian housing policy subsidizing low-income homeownership. In this thesis, I discuss hidden mechanisms of racial exclusion within the design and implementation of MCMV. Drawing from an analysis of program administrative data as well as interviews with the program's stakeholders, I demonstrate how a seemingly race-neutral housing policy is biased towards certain regions and cities in Brazil. I also demonstrate through the experiences of program stakeholders how program design incentivizes and favors certain population groups. This work contributes to the understanding of potential racial barriers in MCMV access, and developing a framework that advances the conceptualization of racialization as an organizing feature for Brazilian housing policy.

Keywords: Minha Casa Minha Vida; racial inequalities; housing policy; mixed-methods; cluster analysis

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INTRODUCTION

Minha Casa Minha Vida Program (MCMV), in free translation “My House My Life”, was launched in 2009 by the Brazilian federal government - National Law No. 11,997/2009¹ – and has delivered more than 7.3 million units². Conducted by *Caixa Econômica Federal* (CAIXA), a federal government-owned bank, the program finances the production, acquisition, and retrofitting of houses for low-income communities. Even though this is the major housing policy in Brazil, the extent of the program’s success is a topic of strong debate among scholars.

Scholars including Krause et al. (2013) argue that MCMV as a unified policy may lead to disregarding local particularities, needs, and constraints in a heterogeneous country. Others, such as Arantes and Fix (2009), Nascimento Neto et al. (2012), and Klintowitz (2016), question whether the program is serving the low-income population or the real estate industry. Moreover, some scholars, such as Nascimento and Tostes (2011), Krause et al. (2013), Cardoso (2013), and Rolnik et al. (2014), criticize the autonomy given to the real estate market, not only for designing the project but also choosing the land, resulting in (i) peripheral location of many units, (ii) low agency of municipalities, and (iii) higher production of units in municipalities where higher rates of return could be achieved.

The population eligibility to participate in the MCMV program is determined by income, disregarding existing racial inequalities within the income-eligible group. Moreover, providing autonomy to the real estate industry, the program’s design and operation may lead to racial bias in MCMV program access. Then, I propose to further evaluate if this hypothesis proceeds.

¹ National Law 11,977, July 7th, 2009. Available at https://www.planalto.gov.br/ccivil_03/_ato2007-2010/2009/lei/11977.htm. Retrieved on 02/01/2024.

² Calculated by the author based on database Available at http://sishab.mdr.gov.br/dados_abertos/sistema_habitacao April 2nd, 2023.

Although racial minorities constitute most of the Brazilian population, 56.3% being 10.2% Black, 45.3% Brown, and 0.8% Indigenous (IBGE 2022)³, these groups have historically been spatially segregated and lacked access to basic standards of living conditions. 76% of the poorest Brazilians are Black and Brown (and this number is increasing)⁴. The deprivation of dignified housing for this group marked the urbanization process of the major Brazilian cities and can be seen in the spatial segregation of Brazilian cities, as described by Telles (1992), and in the color of favela dwellers. In São Paulo, the biggest city in the country, less than 40% of the city is Black and Brown (IBGE, 2010), but Black and Brown dwellers in favelas represent 70% (TETO, 2016)⁵. Yet, this topic is underrepresented in the literature and in the evaluation of housing policy (Rolnik, 1989; Vargas, 2005)⁶.

Some scholars debate the importance of studying housing from a racial perspective due to historical and socioeconomic differences. Barone (2020, p.7) highlights the importance of observing the “specificities of how Black families constructed the idea of acquiring a new house, which strategies they used for this goal, and how the house became an essential value in directing

³ Racial terminology used on this thesis follows the IBGE Census Survey. The racial composition of Brazilian population is assessed by self-declaration, and the question comprised in the census survey asks about the population “color/ethnicity”. When questioned, one can declare themselves as Black, Brown, White, Yellow or Indigenous (preto, pardo, branco, amarelo, indígena). “White” refers to the Brazilians of European descendant, while “Yellow” to the ones of Asian descendant. “Indigenous” refers to the descendants of native inhabitants of Brazil. “Black” refers to Brazilians of African descent, and “Brown” (pardo) refers to racially mixed population, particularly between European-African descent. The use of the term “pardo” is seen by many activists as a pejorative term, but it remains as the official term used by the census, and thus, reproduced in this research. Currently, the preferred term is “preto” or “negro”, which both translates into Black. However, Alberto (2011, p.22) points out their difference: “For much of the nineteenth and twentieth centuries, negro was considered a particularly derogatory term for people of African descent; the more polite word, used in official documents, was preto, which literally means the color black. When activists in the early twentieth century began to refer to themselves as negros, they were reclaiming a derogatory term as an emblem of racial unity, in contrast to identifications based on color, like preto or especially pardo (which literally means “grey” or “brown”).”

⁴ According to IBGE, in 2014, 76% of the poorest in Brazil were black and brown, a number that increased greatly compared to 2004, where the number was around 73%. However, they represent only 17.4% of the total richest portion of the country and more than 79% are white people. In 2004, the richest portion of the population was 12.4% black and 85.7% white (average income is R\$ 11,600 per inhabitant). Data available in IBGE Reports: Synthesis of Social Indicators <https://www.ibge.gov.br/estatisticas/sociais/populacao/9221-sintese-de-indicadores-sociais.html?=&t=resultados>

Social Inequalities by Color or Race in Brazil IBGE: <https://www.ibge.gov.br/estatisticas/sociais/populacao/25844-desigualdades-sociais-por-corou-raca.html?=&t=resultados> PCERP - Population Ethnic-Racial Characteristics Survey (2008):

<https://www.ibge.gov.br/estatisticas/sociais/populacao/9372-caracteristicas-etnico-raciais-da-populacao.html?=&t=resultados>

⁵ According to data collected by the social organization TETO Brasil in São Paulo favelas, including black and brown. Made available for the coordinator Beatriz Carmo, lawyer, and manager in TETO Brazil: <https://www.nexojornal.com.br/ensaio/2017/A-pobreza-brasileira-tem-cor-e-%C3%A9-preta>.

⁶ “The empirical topic of black people in cities until now was poorly explored in empirical texts of sociology or cities” (Rolnik, 1989, p. 29) “[...] academic silence around race and urban space” (Vargas, 2005, p.98)

the domestic economy”.

My work contributes to the ongoing debate, by analyzing MCMV from a racialized perspective, from the policy design to its outcomes. Although research has been done to discuss the outcomes of the program (Krause et. al (2013), Arantes & Fix (2009), Nascimento Neto et al. (2012), Klintowitz (2016), Nascimento & Tostes (2011), Cardoso (2013), Rolnik et al. (2014)), to my knowledge, no assessment of MCMV policy at the federal scale has been done to understand the outcomes of the program from a racialized perspective. As pioneer research, it encountered multiple limitations, which will be further described in the methodological chapter. The results of this thesis contribute to shedding light on the need to evaluate housing policies in Brazil from a racialized perspective through the assessment of policy design and outcomes.

I employ a critical mixed methods framework that simultaneously advances an understanding of racialization within the Brazilian housing system and draws from existing approaches to measuring the causes and consequences of racial disparities in housing access. This approach combines quantitative analysis of census and program administrative data with qualitative interviews with program stakeholders (participants, developers, and local government officials) to understand the concrete outcomes of the program beyond its intended goals.

The master thesis is organized into five chapters. In the first one, I describe the MCMV program, from its design to functionality. MCMV had the explicit objective of reducing the country’s housing deficit, but simultaneously incentivizing the civil construction to overcome a financial crisis. The political context in which the program was elaborated is also described, as well as the novel approach of gathering different interests in elaborating the policy. However, the literature demonstrated that the interests of the economic sector were the ones that prevailed. Consequently,

the policy has different subprograms, which guarantees its political sustainability, but with significant uneven allocation of resources.

The second chapter comprises the literature review and is organized in two parts. Firstly, I provide a recap of the recent housing policy in Brazil, from the middle of the 20th century. The historical review reveals the lack of a consistent body to design and implement housing policy in Brazil, as well as consecutive political and economic instability that shifted the policies' approaches and objectives, which resulted in programs that could not well provide solutions for the housing issues in the country. The policies in Brazil were mostly based on home ownership, as in the case of MCMV. The second part of the chapter is dedicated to reviewing the literature regarding racial relations in Brazil: from the racial democracy myth to contemporary authors who discuss the outcomes of this ideology in the present society.

The methodological chapter describes the use of mixed methods in assessing housing policy, and the reasons behind this methodological choice. I describe how the fieldwork was conducted, as well as how it informed the subsequent quantitative analysis. The quantitative analysis was built on exploratory spatial data analysis based on the policy's propositions, and a subsequent cluster analysis.

I discuss the results from the understanding of Brazilian regional disparities, and how MCMV contributes to them, including the existing racial inequalities. The quantitative analysis showed spatial autocorrelation of units delivered per inhabitant and a negative correlation between the percentage of racial minorities and units delivered per inhabitant. In other words, units are being produced in richer municipalities, which also have lower percentages of racial minorities. The analysis of the interviews identified the realtor as a key element in the sales process, but also a

bottleneck for racial minorities, as discrimination is likely to be reproduced in the sales mechanism identified.

Finally, the discussion chapter analyzes how MCMV consolidated the “market social housing” product, and its implications in discriminatory practices. I argue that the autonomy given to the real estate market in managing the program, as well as the disregard for the heterogeneity present in the eligible population, is a mismatch with Brazilian racialized society. This chapter aims to shed light on the complex interaction between housing policy, real estate dynamics, and racial justice. In the conclusion, I recap the main findings of this research and argue that without a racialized component in housing policy design, their implementations will continue to perpetuate existing racial inequalities in the country.

CHAPTER 1: MCMV PROGRAM DESCRIPTION

This chapter describes the housing policy design of MCMV to support the further analysis of the program outcomes. MCMV is based on home ownership and had the objective of reducing the Brazilian housing deficit, pioneering allocating significant resources to low-income housing, but also an economic development motivation in the face of an international economic crisis. The discussion of the program's design allows a further understanding of the stakeholders' role in the program implementation.

Political Context

MCMV was implemented in the government of Luis Inácio Lula da Silva (2003-2010), the first president of the Worker's Party (PT)⁷. Machado (2009, p.23) discusses the political changes within the Worker's Party at the end of the 20th century that made possible the election of Lula: "committed initially with the working class, but throughout its trajectory (the party) change its posture and made its initial commitments more flexible". Pinheiro (2003, p.157) explains that these changes were slow and in the direction of neoliberalism, which diluted the classist discourse, "until it got subordinated completely to the capital's interests; among all, replacing the political organization of the base for the meritocratic apparatus".

In Lula's government, different interests were considered as if all were priorities, to avoid conflicts and mobilizations against the government (Klintowitz, 2016). This form of administration is called "lulismo" (Lulism) by Singer (2012, p. 202, Klintowitz, 2016, p.177). "In *lulismo*, high interest is paid to the owners of the money, and at the same time, the transfer of income to the poorest is

⁷ Partido dos Trabalhadores

increased. (...) That is why the president can pronounce, for each of them, an acceptable speech, using different contents in different places and, above all, being careful so conflicts do not imply radicalization and mobilization”.

In terms of housing policy, it was not different. MCMV was designed to address the interests of multiple actors, including the State, the real estate sector, and social movements, but ended up privileging the interests of economic growth. MCMV had the objective of diminishing the housing deficit, but “put the housing problem definitely in the terms proposed by the real estate sector” (Klintowitz, 2016, p. 167) with the explicit intent of economic growth and recovery from the 2008 crisis. In agreement, Arantes and Fix (2009, p.24) state that MCMV “elevated housing to a “national problem” of the first order, but defined it according to capital criteria, or the fraction of capital represented by the real estate circuit, and the power, more specifically, of the electoral political machine.” As a result, MCMV ended up reproducing the same logic as previous programs: standardized mass production and real estate market as the ultimate promoter of housing policy.

However, different from the country’s previous public housing policies, MCMV was the first in which the social movements were recognized as relevant actors in the planning arena. A “daring coordination of interests” Klintowitz (2016) meant the articulation of disputing agendas – urban reform and the agenda of the productive sector – in the same program. As a result, the policy became an umbrella to satisfy all. Klintowitz (2016) calls this a “model of concertation”, an innovative “triple alliance (State, business sector, and social movements) that united entrepreneurs from the productive sector and social housing movements, historical opponents, in defense of a policy”. It should be noted that MCMV did not include a participatory process in its design, as explained by Fix (2011), even though the social movements were invited to participate in the

discussion. Other sectors in society were excluded from the process, as less organized groups in the civil society and even the eligible population, the ones most affected by the program.

According to Klintowitz (2016), without the coordination of interests, this policy would not have been possible, considering the political context. Lula got elected “with the golden age of defending the rights of the excluded and at the same time with the pact with the business community to guarantee the growth of the country's economy and the gains of the national capital.” The force of the interests’ coordination created a “regime of public policies” almost hegemonic (Couto and Abrucio, 2003 apud Klintowitz, 2016, p. 167). Moreover, the Ministry of Cities sought to integrate the lowest-income families into the target group of the program, which meant higher subsidies. “President Lula (...) saw there a possibility of also gaining political capital from the lowest income base, in addition to the expansion of the fundamental housing market for companies in the sector.” (Klintowitz, 2016, p. 168)

Program Functionality

MCMV has different subprograms with specific target groups, funding resources, and housing typologies, but all are based on home ownership; thus, Amore et al. (2015) describe MCMV as an “umbrella” program. This policy is funded by the Residential Lease Fund (FAR⁸), the Guarantee Fund by Time of Service (FGTS⁹), and the Social Development Fund (FDS¹⁰) through the National Bank of Social and Economic Development (BNDES¹¹), according to the program modality.

⁸ Fundo de Arrendamento Residencial.

⁹ Fundo de Garantia do Tempo de Serviço.

¹⁰ Fundo de Desenvolvimento Social.

¹¹ Banco Nacional de Desenvolvimento Econômico e Social

MCMV is divided into two national subprograms: the National Program of Rural Housing (PNHR¹²) and the National Program of Urban Housing (PNHU¹³). PNHR aims to stimulate the production or renovation of real estate for farmers and rural workers and represents a small share of the resources. In PNHU, there are four modalities:

- MCMV *Entidades* (in free translation, Entities): funding granted to organized beneficiaries (associations, cooperatives, unions, and others). Additional resources may come from the local government or even the beneficiaries themselves, but the housing is almost entirely subsidized. This modality represented only 1.3% of MCMV resources and 1.15% of the units contracted, below the expected 3% (data from 2016 in Camargo, 2020)
- MCMV sub-50: intended for municipalities with a population of up to 50,000 inhabitants; it is not operationalized by CAIXA, as the other subprograms, but by private financial institutions and financial agents of the Housing Finance System (SFH)¹⁴ which are previously authorized by the Ministry of Cities. Public resources are allocated to the construction or requalification of housing for families with a monthly income of up to R\$ 1,600.00¹⁵. (TCU, 2014) In this subprogram, the municipalities' role is more decisive, but the share of units is small in comparison to other MCMV subprograms¹⁶.
- MCMV – Faixa 1 (in free translation, range 1): the public sector is responsible for selecting¹⁷ the families that will benefit from the provision of subsidized housing. Are

¹² Programa Nacional de Habitação Rural.

¹³ Programa Nacional de Habitação Urbana.

¹⁴ Sistema Financeiro de Habitação

¹⁵ In this thesis, the values are shown in the Brazilian currency, which currently is approximately R\$5.00 = US\$1.00. Moreover, they are nominal values.

¹⁶ Klintowitz (2016) explains that MCMV-Rural, MCMV Entities, and SUB-50 are not promoted through private initiative; however, they represent together only 11% of the units.

¹⁷ Families are registered by the City Hall, which oversees the local database Cadastro 'Unico (CadUnico). "The local executive entity will carry out the selection according to the criteria established by the Ministry of Cities" (Ministry of Cities, website). More information on:

eligible the ones with a monthly income of R\$ 2,640.00 (originally was up to three minimum wages)¹⁸. The subsidy offered to these families varied from 85% to 95% (Ministério das Cidades, 2023) and the houses can be constructed by the executive branch, NGOs, or private companies with the program's resources.

- MCMV – Faixa 2 and 3: affordable housing (up to R\$350,000.00¹⁹) to be commercialized by private developers. In this subprogram, both the acquisition and the construction of housing are subsidized, with reduced interest rates for the family and the developer. Are eligible the ones with a monthly income of R\$ 8,000.00 (originally was from three to ten minimum wages)²⁰.

The focus of this research is Faixa 2 and 3, providing the assessment of its policy design and outcomes across the country. This subprogram is characterized by the high autonomy of the real estate market, more than in others, which enables the comparison between municipalities. Moreover, most of the units produced are in this subprogram, as described in the table below.

Table 1: Units delivered by subprogram, as classified in the dataset.

	Faixa 1	Faixa 2 and 3	No information ²¹
Units delivered	1564618	4638705	1163513
Percentage (%)	21,24%	62,97%	15,79%
Percentage of valid data (%)	25,22%	74,78%	-

Source: by the author, with data from CAIXA (2023)

<https://www.gov.br/cidades/pt-br/aceso-a-informacao/acoes-e-programas/habitacao/programa-minha-casa-minha-vida/guia-dos-beneficiarios-2013-programa-minha-casa-minha-vida-pmcmv>. Retrieved on 09/01/2023.

¹⁸ According to Law N° 12.424, June 16th, 2011. Available at https://www.planalto.gov.br/ccivil_03/_ato2011-2014/2011/lei/112424.htm. Retrieved on 02/01/2024

¹⁹ Originally, the value would vary by locality, considering number of inhabitants, macroregion of the country, and pertaining to metropolitan region. Since the program was launched, in 2009, the limit value of the unit has changed many times.

²⁰ According to Law N° 12.424, June 16th, 2011. Available at https://www.planalto.gov.br/ccivil_03/_ato2011-2014/2011/lei/112424.htm. Retrieved on 02/01/2024

²¹ The data provided by CAIXA (2022) has limitations, including typos and lack of information that hindered a more precise analysis of the program, as described in chapter 3 - Methodology.

Faixa 2 and 3 MCMV units are commercialized as any other real estate product. Cardoso (2013, p.39) summarizes the process as: “Construction companies/developers submit housing projects to CAIXA, which carries out a pre-evaluation and authorizes the development’s launch and commercialization. After the conclusion of the analysis and proof of the minimum commercialization required, the Production Financing Agreement is signed. The commercialization is done by the construction companies or through fairs organized by CAIXA²²”.²³

MCMV, especially Faixa 2 and 3, was designed to introduce a parcel of the population into the formal real estate market and the financing housing system, with the premise that this group could not access the products that were previously being commercialized due to their low purchasing power. In Faixa 2 and 3, the government enters the equation by financing, with subsidized interest rates, the construction of housing units and further its acquisition, with subsidized interest rates and direct subsidies for vulnerable groups – lower-income population, women head of the family, families with dependents, PCD, elderly, families settled in areas of risk; race is not mentioned in the subsidies criteria.

From the developer’s perspective, MCMV was designed to promote enough incentives to stimulate the production of units for the population whose income range was defined by the program. The business model could even be more attractive than other possible businesses in the real estate market. Firstly, with the construction financed by CAIXA, developers can have smaller initial investments, faster break-even and payback, and higher Intern Rate of Return (IRR) in comparison

²² CAIXA organizes fairs called “Feirão da CAIXA” in which different housing units are sold (not only MCMV’s). More information can be found in CAIXA’s Q&A website about these fairs: <https://www.caixa.gov.br/voce/habitacao/feirao/perguntas-frequentes/Paginas/default.aspx>. Retrieved on 02/01/2024

²³ The authors also mention in their description that CAIXA provides letters of credits for individuals to purchase a house in the real estate market.

to other loans in the Brazilian financial system. Since it is operationalized by a national bank, it provides final security to the business and diminishes its risks.

From the perspective of the eligible population, they acquire a loan, which must be paid over 30 years, with parcels that represent up to 1/3 of the family's income. In all income brackets, the families gain the property of the unit when the construction is finished, and then the loan installment payments begin. The difference between what the family can finance with CAIXA, and the total price of the unit is paid directly to the developer/constructing company, and the negotiation of parcels and interest rates is done between the parties.

MCMV's economic purpose

In 2008, the subprime crisis that emerged in the United States had worldwide repercussions. The Brazilian government had immediate responses against the international financial crisis: expanding credit through public banks - Brazilian Bank, BNDES, and CAIXA -, seeking to compensate for the retraction of the private sector. At the beginning of 2009, MCMV was launched aiming at enlarging the housing market, which since 2006 “experienced a phase of intensive growth but was suffering impacts of the financial crisis” (Cardoso, 2013, p.35).

MCMV program is part of the Growth Acceleration Plan (PAC²⁴). According to the Ministry of Cities (MC)²⁵ (2010, p.2), the second phase of PAC had the objective of “overcoming infrastructural bottlenecks of the country”. The axis in which MCMV is inserted had the goal of “reducing the housing deficit, boosting the civil construction sector, and generating work and

²⁴ Plano de Aceleração do Crescimento

²⁵ Ministério das Cidades

income”, and was composed of three areas: MCMV, Financing Brazilian Savings and Loan System (SBPE)²⁶, and Urbanization of Precarious Settlements.

Cardoso (2013) highlights the contradiction of having a housing policy that from its conception aimed at dealing with the housing deficit of the country while intended to overcome the financial crisis. The result of this contradiction can be explained by what Krause et al. (2013) identified as a consequence of the MCMV economic drive: housing units became the product delivered by a policy of economic development. By promoting the civil construction supply chain, MCMV ended up imprinting a neoliberal policy (Klintowitz, 2016) – even though when Lula first got elected, his mandate shifted the national policy from the liberal spectrum to more interventionist policies.

FGV IBRE (2018, p.53) describes the economic importance of the program to overcome a period of economic recession: "Designed as an important instrument of a countercyclical policy, the results speak for themselves: investments have contributed to increasing incomes, taxes, and formal jobs in the sector and throughout the country's chain. (...) since 2014 (MCMV) has contributed to mitigating the effects of the recession and the sharp reduction in investments in the country." According to Antunes (2019), the civil construction industry in MCMV generated 3,5 million jobs from 2009 to 2018, which represents an average of 390 thousand jobs each year. Moreover, according to FGV IBRE (2018), MCMV generated R\$105.6 billion in direct taxes and another R\$57.8 billion in indirect taxes, totaling R\$163.4 billion from May 2009 to June 2018 – R\$ 9.1 billion per year on average.

The explicit intent of economic growth ended up delegating to the real estate market a central role in designing and executing the policy. Cardoso (2013) identifies this aspect of the MCMV as

²⁶ Sistema Brasileiro de Poupança e Empréstimo (SBPE)

another contradiction of a policy with social commitment. The authors explain that "the municipalities have little influence on the morphological aspects and in the location of these units since the structure of provision started to follow the market structure" (p.59). Not even through regulatory mechanisms the municipalities were able to control MCMV production, as "the pressure for results, the strong legitimacy of the program, combined with the unpreparedness of local administrations to effectively control the processes of organization and development of the territory, made local administrations become mere supporting players of this process, acting more in the sense of the relaxation of controls than effective regulation." (p.59)

CHAPTER 2: LITERATURE REVIEW

Brazilian Housing Policy History

The first section of this chapter will describe the recent Brazilian housing policy history, starting in the 1940s decade, when the first public policy at the national level was created, until the present, when MCMV was elaborated. The historical recap shows a discontinuity of policies, which can also be attributed to the lack of a stable administrative body for the governance of housing. At the federal level, the responsibility for designing and/or implementing housing policies in Brazil has been transferred amongst ministries over the years due to changes in administrative structure. In 1967, the Ministry of Interior (MI)²⁷ was created at the executive level of the federal government with, amongst other responsibilities, the nation's housing policy. This duty has subsequently been transferred to the following Ministries, as listed below.

- 1987, Ministry of Housing, Urbanism and Environment (MHU²⁸);
- 1988, Ministry of Housing and Social Welfare (MHBS²⁹);
- 1990, Ministry of Social Action (MAS³⁰);
- 1992, Ministry of Social Welfare (MBS³¹);
- 2003, Ministry of Cities (MC³²);
- 2019, Ministry of Regional Development (MDR³³);
- 2023, Ministry of Cities (MC³⁴)

²⁷ Ministério do Interior

²⁸ Ministério da Habitação, Urbanismo e Meio Ambiente

²⁹ Ministério da Habitação e do Bem-Estar Social Ministério da Ação Social

³⁰ Ministério da Ação Social

³¹ Ministério do Bem-Estar Social

³² Ministério das Cidades

³³ Ministério do Desenvolvimento Regional

³⁴ Ministério das Cidades

Even with the described instability, substantial advances were seen in terms of housing rights. Firstly, the Federal Constitution (1988) guarantees the right to housing and establishes the “social function of the property”³⁵, which is viewed globally as an important standard for other countries to emulate. Moreover, the City Statute³⁶ (2001) is the legal base for democratic access to urban land. It gives the guidelines for the ordering and controlling of land use and outlines the main land policies that can be applied by municipalities.

From FCP to BNH

The first Brazilian housing policy at a national level was the 1946 Popular Housing Foundation (FCP³⁷), which financed the construction of houses and urban infrastructure (water, sanitation, electrical energy) provided by municipalities or private companies. Deprived of adequate power and resources, the FCP was a “failed attempt of housing policy” (Bonduki, 1998, apud Maleronka, 2005, p.12). After almost 20 years with no unified housing policy in the country, SFH was created, in 1964. SFH has “a centralized system of housing finance but with a decentralized network of housing promoters throughout the regions.” (Valença and Bonates (2010, p. 2)

SFH was operationalized through the National Housing Bank (BNH³⁸), which was a federal government-owned bank that defined housing financing conditions. In a centralized management system and standardized mass production, the bank financed approximately 4 million units. However, most houses were produced on inadequate land in peripheral locations, disregarding

³⁵ Federal Constitution, 1988:

Article 5. All persons are equal before the law, without any distinction whatsoever, Brazilians and foreigners residing in the country being ensured of inviolability of the right to life, to liberty, to equality, to security and to property, on the following terms: (CA No. 45, 2004)

XXIII – property shall observe its social function;

Article 6. Education, health, food, work, housing, leisure, security, social security, protection of motherhood and childhood, and assistance to the destitute are social rights, as set forth by this Constitution. (CA No. 26, 2000; CA No. 64, 2010)

<http://www2.senado.leg.br/bdsf/handle/id/243334>

³⁶ Federal Law 10.257/2001.

³⁷ Fundação da Casa Popular

³⁸ Banco Nacional de Habitação

local or regional particularities. (Maleronka, 2005) The financial model of investing cost-effectively made BNH look for clients that could cope with the adjusted interest rate and adjusted currency debt, which significantly limited the qualifying clients (Maricato, 1979). This system collapsed in the 1980s, in the context of a national financial crisis, and BNH was abolished in 1986, despite governmental intents to reverse the scenario³⁹.

The housing financing model implemented in 1964 with SFH remains in place. It is based on two instruments to capture savings: FGTS and SBPE. Cardoso (2013, p.18) synthesizes the model adopted by SFH as “instruments to capture private savings (voluntary and compulsory), indexed at low-interest rates, but guaranteed by the federal government against inflation and against the possible bankruptcy of financial agents. These resources should be applied primarily to investments in housing, both in construction and acquisition”.

CAIXA as the main institution of SFH

When BNH was abolished, in 1986, CAIXA received its responsibilities and duties and was consolidated as the main financial institution of SFH. However, CAIXA acted as a commercial bank, without the social commitment of BNH. SFH centralized resources but had no defined action plan, “using funds for housing in a clientelist way and/or subordinated to general economic interests” (Maleronka, 2005, p.16).

In the 1990s, a “‘modernity’ rhetoric materialized into housing policy proposals which had a pro-

³⁹ “Following the general economic crisis at the beginning of the 1980s, all the system's financial sources were negatively affected. As unemployment soared and incomes declined, workers withdrew from the FGTS and savings accounts, and mortgage holders defaulted. This problem was exacerbated when the Figueiredo government implemented its ‘waterfall’ income policy, indexing the annual salaries’ and wages’ adjustments below the inflation rate while mortgage repayments continued to be indexed to full inflation. By 1984, the crisis had deepened. BNH, under Nelson da Matta’s administration, launched a bonus scheme to compensate mortgage holders for purchasing power loss. However, the measure was short-lived, and, in 1985, the Sarney government decided to ‘solve’ the problem for good, indexing the repayment of mortgages to more or less half of the period's inflation. Now, although solving the mortgage-holders solvency problem, the system's problem had become worse as both mortgage holders’ income and repayments lagged behind the stock of the mortgage debt.” (Valença and Bonates, 2010, p.2)

market orientation” (p.3). The government sought to promote favorable conditions for developers to produce affordable housing, but in as self-financed affordable housing provision. This purpose is clearly stated in the objectives of the recently created ministry MAS: “avoid non-returnable financial transfers, even when the beneficiaries are those of lower income groups” (MAS, 1991, p.10 apud Valença e Bonates, 2010, p.3). Even though the government demonstrated a commitment to providing direct subsidies to real estate housing targeted at low-income communities, no concrete actions were driven at the federal level in this period. (Valença and Bonates, 2010)

In 1991, a new policy was designed: Immediate Action for Housing Plan (PAIH⁴⁰). It was a response to the credit crisis occasioned by reductions of SBPE housing credit and disputes over FGTS’ funds. CAIXA was the financial operator of PAIH, granting housing credit to construction companies. However, the application of this credit was unstable, and the expected rates of return were compromised, which ended up creating an institutional and financial crisis. The response was an attempt at decentralizing the housing policy in the following presidential mandate. However, it failed because of a lack of resources, partly due to the last mandate context, and partly to the ongoing new monetary policy⁴¹. (Maleronka, 2005)

Although failing in designing and implementing a housing policy to benefit the lower class (up to three minimum wages), the first government of the 1990 decade established a new scheme to promote affordable housing social housing based on a new FGTS law, which defined how FGTS’s funds would be used in housing, sanitation, and urban development, as well as the system to control and supervise it. (Valença e Bonates, 2010) Since this period, the development of low-income

⁴⁰ Plano de Ação Imediata para Habitação

⁴¹ In 1994, a new monetary policy was implemented in the country, which introduced the current currency “real”.

housing has been seen as a “profitable business, which attracts new investments”, as stated in (MAS/SNH, 1992:2, apud Valença e Bonates, 2010).

The creation of the Secretary of Urban Policy (SEPURB⁴²)⁴³, in 1995 within the ministry MPO, signified advances in the system to finance and produce housing, “incorporating a more appropriate definition to deal with the housing deficit.” (p.15) SEPURB acted in a decentralized manner, in which municipalities and states executed the housing, sanitation, and infrastructure programs. Moreover, SEPURB enabled the proposition of a housing policy for the country which considered regional differences and their demands: the National Housing Policy (PNH⁴⁴), 1996. PNH was presented at the 2nd United Nations Conference on Human Settlements held in Istanbul, the Habitat II, stating the central objective of universalizing access to housing and guaranteeing this constitutional right to all. (Maleronka, 2005)

The reconsolidation of a national housing policy was made possible at the beginning of 1995 through the revision and improvement of existing programs, as well as the implementation of new ones. The main housing policies of this period can be grouped into three areas, according to Maleronka (2005, p. 17): “(i) financing programs for municipal or state governments, usually subsidized or funded with no return, specially targeted to populations with a family income of less than three minimum wages; (ii) direct family financing programs for the purchase, construction and/or improvement of the housing conditions of families with a monthly income of less than twelve minimum wages; and (iii) programs and actions aimed at improving the functioning of the housing market.” The author describes three important programs at the time – For Housing⁴⁵,

⁴² Secretaria de Política Urbana

⁴³ SEPURB was renamed as Secretary of Urban Development of the Presidency of the Republic (SEDU/PR - Secretaria Especial de Desenvolvimento Urbano da Presidência da República) in 1999

⁴⁴ Plano Nacional de Habitação

⁴⁵ Pró-Moradia

Habitat-Brasil, and Letter of Credit⁴⁶ -, as I will further summarize in the following paragraphs.

Firstly, the program For Housing, 1995, granted loans for municipalities and states to execute programs for families living in vulnerable conditions earning up to three minimum wages. The program was funded by FGTS and additional funds from municipalities and states. However, high exigencies⁴⁷ for municipalities and states to comply before borrowing the money hindered new contracts. In 1998, the International Monetary Fund imposed the discontinuity of Brazilian internal debt, which restricted new loans to regional governments. As a result, For Housing was almost extinguished after R\$ 790 million was invested (and far from the R\$ 2.17 billion budget).

The successor program, Habitat-Brasil, had the same target population but used resources from the Union General Budget. However, the program received a budget that could not pair up with the housing needs and was invested in a decentralized form. The revision of the program led to the establishment of the program Better Living⁴⁸, which had the objective of “universalizing basic sanitation services, reduce the housing deficit and improve urban infrastructure for the population in a state of social exclusion” (Maleronka, 2005, p. 18). Better Living promoted the production of housing in partnering with states and municipalities and also financed housing directly to the beneficiary families. Both Habitat-Brasil and Better Living financed, from 1995-2000, 350 thousand units investing R\$ 829 million (CAIXA, apud Maleronka, 2005).

Finally, the Letter of Credit⁴⁹ program was targeted at families earning up to 12 minimum wages. Through FGTS funding, the program released credit for families to purchase or construct houses

⁴⁶ Carta de Crédito

⁴⁷ According to Maleronka (2005, p.17), the conditions to participate in the program were: “the proof of the borrower's (state or municipality) indebtedness capacity, the fulfillment of financial commitments previously made to the FGTS, and the availability of resources for the required counterpart, which varied between 10 and 20% of the investment”.

⁴⁸ Morar Melhor

⁴⁹ Carta de Crédito

and to improve housing conditions. However, the program was not structured to consider social inequalities when selecting the beneficiaries, but on the contrary, focused on their paying capacity. From 1995-2000, the program financed 854 thousand units, investing R\$ 11.3 billion. (CAIXA, apud Maleronka, 2005)

Klintowitz (2016, p.166) characterizes the housing policy of the 20th century as a result of a “strong functioning articulation in the relationship between the State and the productive sector, which ensured the prioritization of housing policies more oriented to economic growth than the right to housing”. The government acknowledged the need for subsidized housing for the most vulnerable families, but imprinted policies to maintain the system financially balanced. Although For-Housing and Habitar-Brasil were directed to the lowest-income population, these programs were underfunded if compared to the housing needs. With the program Letters of Credit, the government shifted “the focus of the housing policy (...) from production to consumption” (Valença e Bonates, 2010, p. 169)

“Market social housing”

Following the modernity rhetoric and pro-market orientation of the decade, in 1997, the Real Estate Finance System (SFI⁵⁰) was implemented. SFI made it possible for securitization companies to capitalize real estate credits, issuing certificates called Certificates of Real Estate Receivables (CRI⁵¹). The possibility of securitizing real estate assets follows the US practice, which started in the 1970s. SFI also integrated the Real Estate Investment Fund (FII⁵²), which has been in action since 1994. This fund operated in the secondary markets, which also resembles the North

⁵⁰ Sistema de Financiamento Imobiliário

⁵¹ Certificados de Recebíveis Imobiliários

⁵² Fundos de Investimento Imobiliário

American model. As a result, “Instead of subsidies for the poor, the government proposed the development of ‘modern’ market instruments to benefit the provision of “social housing”.” (Valença e Bonates, 2010, p.167).

Shimbo (2010) names this real estate product as “market social housing”⁵³, a typology that results from the recent confluence between the State, real estate market, and financial capital. She utilizes documentary and quantitative research to describe the regulatory and institutional mechanisms that have been promoted by the state since the 1990s. In the two decades that preceded MCMV, real estate companies opened their capital in the financial market to produce units up to 200 thousand reais targeted to families with up to ten minimum wages that before were not being served by the real estate market. Shimbo (2010) explains the processes that culminated in an exponential growth in the production of this housing typology. I emphasize the fact that developers benefited both from the resources of FGTS directed at affordable housing and the financial capital directed to market housing.

The last outstanding policy that precedes MCMV was the Residential Leasing Program (PAR⁵⁴), from 2001. PAR was designed to promote leases of 15 years, after which the beneficiaries would become homeowners if there was no remaining debt. The target group was families earning less than 6 minimum wages, with a special focus on metropolitan regions, where the housing issue is more severe. CAIXA operated the program, but developers were indeed the promoters. Maleronka (2005) explains that in PAR what guarantees the financial sustainability of the program is the renting status that dwellers have until the loan is completely paid. Another advantage of the juridical arrangements of the program is the immediate availability to use the resources, operated

⁵³ Habitação social de mercado

⁵⁴ Programa de Arrendamento Residencial

by CAIXA. Therefore, the program did not suffer problems of financial execution, which were observed in programs bounded by budget resources. From 1999 to 2002, almost 90,000 units were delivered all over the country in areas already filled with basic infrastructure – which was a measure imposed by the program. (Valença and Bonates, 2010)

MCMV continues the tendency seen in the country since the 1990s of designing market-oriented housing policies. Its financial execution is made by CAIXA, a publicly owned bank that operates as a commercial bank, with no social purpose in its intents. Therefore, the relationship between this institution and its clients is influenced by the need to diminish default and maximize profit. Arantes and Fix (2009, p.3) comment that the product idealized in MCMV “is of interest to construction companies that already operate in the so-called "economic" and "super-eco" markets for the lower middle class”. In this sense, the policy consolidated “market social housing”, the product described by Shimbo (2010), and institutionalized it as the solution to the housing deficit in the country.

The historical recap informs the incapacity of previous programs in effectively serving the low-income population, which Marelonka (2005) attributes to them being centered on costly resources and the paying capacity of dwellers. Despite the social discourse, the actions “have not been able to break the exclusionary tradition that has always marked the SFH.” (p.20). Even with important critiques made to MCMV policy regarding limitations in solving housing issues in the country, it was the first program to allocate significant resources to the lowest-income population – even though more units were delivered for families earning three to ten minimum wages.

Brazil as a Racialized Society

This chapter describes theories of racialization in Brazil relevant to interpreting MCMV policy design and outcomes from a racialized perspective. Racial democracy is the main theory described, from its origins to its influence in the present society. This ideology contributed to the denial of racism until the present, shaping collective consciousness and hindering the proposition of policies to overcome racial inequalities. I then present studies that found evidence of racial discrimination and exclusion and are relevant to the field of housing; finally, I describe the need to apply a racialized framework to housing policies to overcome these inequalities.

Racial Democracy Myth

Alberto (2011, p.3) provides a relevant perspective on the racial democracy ideology, conceptualizing it from its foundation to its consolidation in Brazilian society. “(...) many believed, a softer form of slavery had made Brazil into an exceptional postemancipation society, a place where members of a racially mixed and culturally hybrid population coexisted in harmony. Over the twentieth century, regimes authoritarian and democratic made the idea of Brazilian racial harmony into an official ideology.” This discourse encompassed the idea of Brazilian colonization and slavery being softer than other countries, as well as the smooth transition from slavery to free labor.

Guimarães (in Souza & Sinder, 2007) analyzes papers from the end of the 19th century and the beginning of the XX century and explains that Brazil was seen worldwide as a country without discrimination, especially in Europe and the United States. Alberto (2011, p.5) calls attention to an important paradox in the idea of racial democracy, when asking: “How and when did Brazil— a nation built on the enslaved labor of Indigenous and African people, and currently one of the

most unequal societies in the world—develop a reputation as a racial paradise?” She answers this question by explaining that racial harmony is anchored in the observation of racial mix in society and the absence of legal segregation by race or color.

Hasenbalg (1985) attributes to Gilberto Freyre the formulation of the “racial democracy” ideology, based on the emphasis on the cultural flexibility of Portuguese colonizers and the advanced racial mix of the Brazilian population. By highlighting the positive contributions of Black and Brown inhabitants to Brazilian society, “Freyre created the most formidable ideological weapon against the Black and Brown population” (p.84). Hasenbalg (1985, p.84) explains that the implicit consequence of this ideology is that all have equal socioeconomic opportunities because there is no racial discrimination; thus, “the ideal of equality in opportunity is fundamentally predicated on the racial terrain.” Moreover, Alberto (2011, p.16) argues that the persistence of this ideology and its power is explained by the fact that the myth has a “broader anthropological sense—a discourse that guided discussions of what it meant to be a Brazilian and shaped individual and collective choices in ways that often appeared to advance that ideal.”

The presence of racial democracy ideology in the country, allied with great incentives for immigration, hindered the access of Black communities to workplaces. Azevedo (1987) explains that the post-abolition period was marked by an ideology that attributed to Black people the incapacity of being a free labor force, due to their experience as slaves and their race. The government then incentivized European immigration to improve the racial quality of the country, what is called as “Whitening theory”, a masked eugenic practice (Pacheco, 2013).

“Under the presidency of Getúlio Vargas (1930–45), the state deployed the ideas Freyre helped to popularize in its attempts to unify the nation across class, racial, and regional divides.” (Alberto,

2011, p.11) In the early 1950s, investigators from the United Nations “recognized Brazil’s dramatic inequalities and their correlation with color, but they attributed them primarily to class rather than racial discrimination.” (Alberto, 2011, p.12) Only after the military coup (1964), the racial democracy start being questioned and seen as a “tool of ideological domination”. Scholars started to document the discriminatory practices that had been occurring, from marriage preferences based on color to police harassment, or education and employment restrictions. “This scholarship, following on the criticisms of Black thinkers like Nascimento since midcentury, has helped cast severe doubt on celebrations of Brazil’s “racial democracy.” Alberto (2011, p.13).

Critiques of Racial Democracy

Fernando Henrique Cardoso, Florestan Fernandes, and Octavio Ianni are important authors from the mid 20th century who identified and described racial discrimination in Brazilian post-slavery society. Hasenbalg (1985, p.86) describes that these authors share a rather optimistic view: in their work, "the system of race relations is focused from the analysis of the process of disaggregation of the caste slave system and the constitution of a class society", as the country would transition to a complete system of classes as capitalism develops. Hasenbalg (1985) anchored his analysis of the previously mentioned authors on the concept of “assimilation”, proposed by Robert E. Park, which in sum refers to the long-term process in which minorities would be assimilated when the society fully transfer from the slavery system, and "social class would tend to replace ethnicity as a criterion of social stratification and a source of conflict." (p.71) The author explains that the most expressive research in the assimilation area is based on the U.S. being a multicultural nation of immigrants, with economic opportunities in permanent expansion, which would allow social mobility within a system of classes.

However, other scholars do not see in Brazil the possibility of this transition. Brazil is then described as a system of classes that do not allow racial minorities to fully participate in the social mobility processes. They use the Weberian concept of “social status” to discuss that socioeconomic relations in Brazil are not purely based on a system of class. Differently from the classic concept of “social class”, status, according to Max Weber, is determined by the positive or negative evaluation that one receives according to specific characteristics, such as phenotype, family status, networking cycle, profession, and knowledge, amongst others.

In Weber’s words: “In contrast to classes, status groups are normally communities. They are, however, often of an amorphous kind. In contrast to the purely economically determined 'class situation' we wish to designate as 'status situation' every typical component of the life fate of men that is determined by a specific, positive or negative, social estimation of honor. This honor may be connected with any quality shared by a plurality, and, of course, it can be knit to a class situation: class distinctions are linked in the most varied ways with status distinctions. Property as such is not always recognized as a status qualification, but in the long run, it is and with extraordinary regularity. In the subsistence economy of the organized neighborhood, very often the richest man is simply the chieftain. However, this often means only an honorific preference.” (Weber, 1948, p.170) The sociologist debates the coexistence of “social class” and “status class” in modern society, and scholars identify this coexistence in Brazilian society - some of them acknowledging the influence of race in the definition of status.

Silva (1973) proposes an analysis using 1970 Census data to create a social differentiation for the Brazilian occupations. The author debates many sociological concepts to interpret social position in Brazil, including the Weberian concept of “social status”. In the author's words, “Social differentiation takes place along two basic lines: a "cultural" one, the empirical referent of which

can be the level of formal education of the individual or the social group referred to; an "economic" one, the basis of life opportunities, the empirical referent of which would be the individual's income or that of the aggregate social group. These two dimensions combined give rise to what can be understood as a "way of life" or "lifestyle" - which, together with occupational prestige itself, characterize Weber's definition of "social status". In this sense, the author attributes educational level and income as the defining characteristics of social differentiation.

Fernandes (1978 [1965], p.247) analyzed the society in the city of São Paulo and found evidence of the lack of prestige attributed to Black and Brown individuals. "Black and mulatto people are usually exposed to a real loss of social prestige, as if the classification levels of global society were ineffective for them." The author discusses that race became a category of status, defining the social position of an individual. When saying that color serves simultaneously "to identify Black and mulatto people as a racial category, "Black", and as a social category, as the lowest class" he suggests that when perceived as Black and Brown, the individual is identified as "poor" despite their social class. Moreover, the author describes Brazilian society as characterized by hierarchies of slave origins, closer to caste societies than societies of income classes.

Azevedo (1996[1956]), when analyzing the society in the Brazilian state of Bahia, identified obstacles for Black and Brown individuals to be accepted in the society. He explained that the existence of social status, defined by color and family origin, reproduces the slavery relations of White slaveholders and Black slaves. In this sense, Bahia did not complete the transition from a slave society to a class society. As a result, "birth status and color limit the social distance that can be covered in the process of vertical mobility, regardless of the other conditioning elements" (Azevedo 1966 [1956], p.42). In analyzing Azevedo, França (2010, p.27) explained that color

interferes negatively with how people are perceived, “the effect of the negative prestige of their phenotypic traits results in losses for Blacks in their allocation in the system of class positions.”

Hasenbalg (1985) debated this topic identifying race as a defining criterion of social classes; in other words, people are poor in Brazil *because* they belong to a racial minority. "This profile of racial inequalities is not a simple legacy of the past; It is perpetuated by the unequal structure of social opportunities to which Whites and Blacks are exposed in the present. Blacks suffer a competitive disadvantage at all stages of the process of individual social mobility. Their chances of escaping from the limitations of a low social position are smaller than those of Whites of the same social origin, just as the difficulties of maintaining the positions already won are greater." (p.97-98)

Telles (2003) comments on the work of previous authors dividing them into two generations of racial studies in Brazil. The first one, with Gilberto Freyre and Donald Pierson, is marked by the “racial democracy” and the myth of inclusion, as well as the apologia of the miscegenation – what he calls horizontal relations. The second wave, marked by Florestan Fernandes and Carlos Hasenbalg, questions this idea exposing the racial exclusion present in the country – what Telles names as vertical relations. Telles (2003, p.25) examines that “it might exist, even though limited, some form of inclusion and exclusion” and debates that we should understand Brazilian racial relations from both horizontal and vertical relations. Thus, the existence of social mobility in racial minorities should not obfuscate the higher difficulties these groups face in ascending socially. This discussion in Telles’ book is accompanied by statistical analysis of census data, identifying socioeconomic differences across regions. He explains that: racial inequalities derive from "regional, class, and historical inequalities" but are also "a direct product of the ideology and

culture of racism" (p. 259), leading to the conclusion that race is the determining factor in socioeconomic Brazilian hierarchy.

Another relevant theoretical framework used to analyze Brazilian racial relations in the 21st century is the Critical Race Theory (CRT), which also contributes to the dismantling of the "myth of racial democracy" (Ferreira and Queiroz, 2018). Through an explanation of the CRT origin as a concept of Pierre Bourdieu, Ferreira and Queiroz (2018) describe the emergence of the theory in the North American context and its relevance for understanding Brazilian dynamics. The authors present the principles of CRT from Solórzano et. al (2000, p.663) "(a) central role of the concepts of race and racism; (b) the challenge to the dominant ideology; (c) commitment to social justice; (d) the centrality of experiential knowledge; and (e) the adoption of an interdisciplinary perspective." (p. 663.) Silva e Pires (2015, p. 68) discuss that CRT is relevant in the Brazilian context as it "discuss the racially hierarchical structure of society and institutions."

Acknowledging Racial Inequalities in Housing Policies

MCMV (in free translation, My House My Life) has since its name, a slogan to promote home ownership⁵⁵ and the ideology of it being a central aspect of any family's life. Arantes and Fix (2009) point out that "in several Brazilian surveys of the desire to consume, for all income groups, home ownership comes first" (p.6). The consolidated social dream of housing ownership and its association with economic status has been present in Brazil since the dictatorial system (1964-1985) when the "ideology of home ownership" was strategically spread as compensation for the loss of political rights and wage squeezes". (Arantes and Fix, 2009, p.6). Thus, MCMV follows

⁵⁵ The focus of this research is not exploring the reasons behind this choice, or even the effectiveness of housing ownership as the solution for the housing issue in Brazil – for that matter, see Nascimento & Tostes (2011), Ferreira (2012), Krause et al., (2013), Amore et al. (2015), Arantes & Fix (2009). However, it is important to acknowledge this policy choice to further discuss its outcomes.

the main Brazilian housing policies which are also based on homeownership. A house becomes then, in the common imaginary, a fundamental step in social mobility – and often seen as the unique path to a family’s economic growth.

Barone (2020) identified the advocacy of owning a house in Black press periodicals of the 1920s, as an important intergenerational social security strategy. The author describes that for Black families at the beginning of the XX century, owning a house had two main objectives: (i) guaranteeing an economically stable future for the family, and (ii) avoiding discrimination when looking for rental housing. She explains that the sociologist Florestan Fernandes (2008 [1964]) interpreted that for Black families, owning a house meant "An effort to change the way society imagined them, represented them, and constructed racial prejudice." (p.10). She interviewed three families and described the reasons that led them to purchase a house at the beginning of the 20th century. Moreover, she identified that with patrimony, the families could guarantee a more stable education for their children, and subsequent social mobility: "(...) investing the savings of these families in a real estate asset that represented, on the one hand, a transferable patrimony and, on the other, an essential condition for the complete personal and professional formation of the following generations until adulthood." (p.35)

In the Brazilian literature, important contributions were made to expose the existence of racial inequalities and to dismantle the racial democracy myth, as described previously, but the strength of this debate is not seen in terms of policy implementation. As stated by Mununga (1996, p.227), “A society that over a century denied racism will not suddenly find its solutions”. Then, the author analyzes that Brazil is far behind South Africa: “We took a century to find out if we are racist or not, while there this matter is clear. Now they are looking for solutions, and here there is still people discussing if we are racist or not.”

Scholars and civil society activists in the 21st century advocate for an acknowledgment of race in policies, considering the historical debt of 400 years of slavery and the subsequent denial of its consequences. Telles (2003) made an important contribution when identifying racial inequalities in Brazil and proposing solutions that acknowledge these inequalities when designing policies. The author also warns that without a racial component in the policy, they tend to reproduce and even enlarge existing inequalities. Specifically in the field of housing, Fields and Raymond (2021, p.637) warn of the consequences of not analyzing financialization from a racialized perspective, which is relevant to understand a policy like MCMV, based on homeownership. First, they debate the violent process of disposition through financialization processes. Then, they point out that emancipatory politics demand a racialized framework of analysis to be implemented. “Financialization may be placed in a much longer line of land and housing schemes where capital accumulation is predicated on the racialization of people and place. This perspective brings questions of property as a site of racial domination into scholarship on housing financialization; such questions are particularly important as digitized financial techniques naturalize and put an objective face on racial violence.” (p.639)

Moreover, Farranha (2014) discusses that policies promoting equity must “correct situations of discrimination, which are often unintentional, seeking to change elements of institutional culture, perception, segregation, and occupational segmentation. Therefore, it is a matter of going beyond the formula "everyone is equal before the law" and promoting the conditions for the exercise of equality.” (p.180) The author also highlighted an important aspect related to visibility and acknowledgment brought by the inclusion of equity in the public debate; the idea then becomes to not only reach all, but also understand that “all” are numerous, diverse, and multiple groups.

In sum, the literature review conducted in this chapter has shown firstly that Brazilian housing policies did not consider racial inequalities in its design and implementation- MCMV or previous initiatives. However, the literature has already shown the existing inequalities and the incapacity of describing the Brazilian population in terms of income, as race also drives socioeconomic relations. This research aims to contribute to these discussions by providing evidence of racial inequality in the access to housing in MCMV, from evidence in its policy design to its territorial outcomes.

CHAPTER 3: METHODOLOGY

This research is based on a critical mixed methods framework that seeks to simultaneously advance an understanding of racialization within the Brazilian housing system and draws from existing approaches to measuring the causes and consequences of racial disparities in housing access. This approach combines quantitative analysis of program administrative data with qualitative interviews with program stakeholders (participants, developers, and local government officials) to assess MCMV policy design and outcomes.

Specifically, I engage the following questions: **Is the model of affordable housing provision proposed by MCMV capable of overcoming structural racial inequalities in the country? What are the main barriers and constraints that racial minorities face in accessing the program?**

The first objective of this research is to analyze if the MCMV is capable of overcoming structural racial inequalities, assessing the territorial outcomes of the program, and the nuances of non-economic barriers to accessing MCMV housing units. This work aims to provide a deeper understanding of MCMV's policy design and outcomes from a racialized perspective; and also facilitates the identification of disparities, allowing the comparison of the program's performance on a regional scale with the local conditions of municipalities. Secondly, the research aims to construct a literature review and contribute to the ongoing debate about housing policy and race in Brazil, as well as raise the concern of diversity and racial inclusion in housing provision.

The methodology employed in this thesis is a systematic effort to address the mentioned questions concerning the policies of the MCMV program in overcoming structural racial inequalities to equally provide access to housing despite the racial composition of the population. Joshi et al.

(2014) propose the adaptation of the framework Policy Equity Assessment to include the racial component. Policy Equity Assessment is a “framework designed for policy analysts and researchers to use in synthesizing information relevant to understanding equity and identifying and conducting analyses of a policy’s or program’s ability to reduce inequities. Their method integrates policy assessment approaches with rigorous equity-focused research methods.” (p.2222) The framework is focused on three stages. First, the logic stage asks, “What is the policy designed to do?”; second, the capacity stage, “Is the policy implementing services and distributing benefits as intended?”; and finally, the research evidence, “Is the policy effective for the defined target population?”.

This research focuses on the first stage, as it explores the policy design of MCMV, and how its propositions may hinder the access of racial minorities to the program by considering racial inequalities present in the country. Joshi et al. (2014) describe that “Central to the logic stage of the Policy Equity Assessment is determining whether policy goals acknowledge racial/ethnic inequities and whether services are designed or targeted to explicitly or implicitly address them.” (p. 223)

The integration of quantitative and qualitative methods enables a multifaceted exploration of the research questions. The qualitative component serves to uncover nuanced insights into the program through the lived experiences and perceptions of MCMV stakeholders interviewed. The interviews informed the development of hypotheses and research questions and provided context to the subsequent quantitative analysis. Then, the quantitative analysis assesses the policy propositions and their relations to the territorial outcomes and examines racial disparities that may exist in housing access.

According to Ivankova et al. (2006, p.3), “mixed methods is a procedure for collecting, analyzing, and “mixing” or integrating both quantitative and qualitative data at some stage of the research process within a single study to gain a better understanding of the research problem.” In this research, the qualitative part was conducted before the quantitative, and therefore the mixed-method approach is an exploratory sequential design, following the definition of Ivankova et al. 2006. Prior qualitative research is used to “inform development or refinement of quantitative instruments or interventions or generate hypotheses in the qualitative component for testing in the quantitative component” (Fetters et al., 2013, p. 2135). The fieldwork was conducted to elaborate on the previously defined research questions and hypothesis, and the interviews informed the subsequent data analysis approach.

The limitations of this research should be acknowledged. The public database obtained from CAIXA on its website⁵⁶ at the beginning of 2023 was limited to information on the housing units and lacked data about the program beneficiaries⁵⁷. The lack of this data influenced the methodological approach to the subject of this study. Initially, my research question was focused on understanding whether the racial composition of MCMV beneficiaries is statistically different from the eligible group. Without data on beneficiaries' demographics, the results of this research do not demonstrate if the program generated a racial bias. Nevertheless, this thesis sought to analyze how the design and implementation of the program may be associated with racially discriminatory practices and barriers faced by racial minorities in program access.

The novelty of the topic, discussing housing policy through racialized lens in Brazil, called for a robust method that could sharpen the hypothesis and further expand the insights of the research. It

⁵⁶ Available at http://sishab.mdr.gov.br/dados_abertos/sistema_habitacao April 2nd, 2023.

⁵⁷ To fill this information gap, I requested a database that preserved the beneficiaries' anonymity, but the request was denied.

encompassed a comprehensive data collection and analysis: I combined secondary quantitative data, program administrative data, and census data, with primary qualitative data. Moreover, the integration of qualitative and quantitative data in this case allowed findings that “expand insights of the phenomenon of interest by addressing different aspects of a single phenomenon or by describing complementary aspects of a central phenomenon of interest.” (Fetters et al., 2013, p.2144)

As an exploratory mixed method, the emphasis of the research was given to the quantitative analysis. The fieldwork conducted was exploratory, and mainly used to better understand MCMV practices, confirm the initial hypothesis, and avoid an ethnocentric approach to the problem. “Ethnocentrism” does not have an agreed definition in the literature, but Bizumic & Duckitt (2012, p. 903) reviewed the original concept of Sumner, further definitions of other authors, and findings of empirical research to reconceptualize the term as “a strong sense of ethnic group self-importance and self-centeredness”. Therefore, avoiding ethnocentrism, authors seek to not impose their personal views in defining and analyzing issues. Moreover, Bertaux (2010), describes that qualitative research based on ethnic-sociological perspective can help identify logics and structures based on the study of specific contexts.

Thus, the qualitative data presented in this thesis speaks to the nature of the racial discrimination process within MCMV housing policy in Brazil, suggesting bottlenecks in the process. Then, the quantitative data analysis enlarges this understanding by contrasting socioeconomic inequalities across the country with disparities in units delivered by municipalities, speaking to the correlation of those variables. The research was structured in four parts, as described below:

- Review program context and operations. Discuss the MCMV program: aims of the

program, administrative data produced, possibilities to work with the data considering the Brazilian context, prior evaluation strategies, the accessibility to this information, and identify data gaps;

- Conduct a literature review and interpret previous studies regarding the racialization of housing access in Brazil. Discuss previous research in the field of housing policies and/or racial inequality in Brazil and internationally, assessing how I can respond and adapt existing methods to the task of assessing the MCMV program. Describe possible reasons that are hindering the access of racial minorities to housing policy programs, and also sharpen the outcomes of the quantitative research;
- Conduct interviews with MCMV program stakeholders (participants, developers, local government officials). The purpose of the interviews is: (i) to further understand the practical functioning of the program; (ii) to identify barriers to program entry and possible racial discrimination;
- Analysis of program outcomes on the federal scale. Produce visual graphics that can be useful for policy analysts, policymakers, and scholars who are interested in replicating results and discussing housing policy from a racialized perspective in Brazil.

The data analysis of MCMV sought to make visible the heterogeneity that exists in the group classified as eligible for the program. The quantitative data analysis conducted derived from the policy design - eligibility based on income -, contrasting it with the existent racial inequalities beyond income inequalities. The qualitative data analysis provides information regarding the nuances of the heterogeneity of these groups, and how they manifest in the program functionalities. The inclusion of the race variable enables the discussion of housing policy proposals in Brazil to seek equity, as mentioned by the author.

Quantitative Analysis

Data preparation

The data used in the project was assembled from two institutions: IBGE and CAIXA. The Brazilian Institute of Geography and Statistics (IBGE⁵⁸) is the government institution responsible for conducting census research in Brazil and the main resource for demographic and economic data. The census is released every 10 years, and at the time this research was elaborated, the last available information at the household level is Census 2010. Moreover, this proved to be the most appropriate year to use, since MCMV was launched in 2009. To summarize the data following the MCMV criteria of eligibility, I used Census Sample Data⁵⁹, in which each observation represents a household in Brazil and therefore presents more information. Census data was aggregated by municipality, to further constitute a unified federal database.

Data from MCMV presented numerous issues, which also indicates the lack of transparency in the policy implementation. Firstly, the data was not georeferenced and municipalities names had typos. Moreover, Brazil is a country with 5565, many of which have names with special characters (“ç”, “ã”, “é”, to exemplify a few). Therefore, when gathering the units per municipality, I had to create automated sequences to clean errors and unify the municipalities’ names. The process proved to be successful, with less than 1% of the units without identification. As a result, the dataset has 5,565 observations, representing each municipality in the country. The raw dataset used is shown as follows. In the sequence, I present the final dataset summary.

⁵⁸ Instituto Brasileiro de Geografia e Estatística

⁵⁹ This data is made available by IBGE and is named *Pesquisa Nacional por Amostra de Domicílios*.

Table 2: Description of Raw Variables

Variable		Data type
Geography	Municipality (name and ID)	Character
Sample Data	Weight	Numeric
Race/ethnicity	Black, Brown, Indigenous, White, Yellow, NA	Categorical
Income	The sum of all employment	Numeric
Education	Highest course enrolled Course currently enrolled (students)	Categorical
Job typology	Type of employment	Categorical
GDP	GDP in current price (2010)	Numeric
MCMV	Units delivered (2009-2022)	Numeric

Source: by the author

Table 3: Description of Final Variables

Variable		Data type
Geography	Municipality (name and ID)	Character
Population	Total resident population	Numeric
Racial minority	Black, Brown, Indigenous	Percentage
Income	Eligible for MCMV	Percentage
Education	Level of education	Categorical
Job typology	Job informality	Percentage
GDP	GDP in current price per capita (2010)	Numeric
MCMV	Units delivered (2009-2022)	Numeric

Source: by the author

The dataset is structured in two parts. The first one describes the population at large, and the second describes the eligible population for MCMV Faixa 2 and 3, which enables a comparative analysis.

For example, considering the racial composition of the population: the first part of the dataset

describes the racial minority proportion in the population at large, while the second part describes the racial minority of the eligible population.

Principal Component Analysis and Clustering

Principal Component Analysis (PCA) as defined by Jolliffe (2002, p.10) is an “orthogonal linear transformation (...) (which) optimizes several different algebraic criteria” creating a smaller number of linear combinations; thus, the process reduces the linear dependence of variables. Moreover, Bourassa et al. (1999, p.170) explain that “The first component is the linear combination of the original variables that explains the maximum variance. The second component is the linear combination of the original variables that are orthogonal to the first and that explains the maximum proportion of the variance unexplained by the first component. The i th component is orthogonal to the first $i-1$ components and explains the maximum proportion of the variance unexplained by the first $i-1$ components.”

Cluster Analysis has been widely used in assessing housing policies and real estate markets, especially in the English written literature. Bourassa et al. (1999) defined housing submarkets in the Australian cities of Sydney and Melbourne using Principal Component Analysis (PCA), factor scores, and Cluster Analysis. They also apply hedonic price equations for each city as a whole and the submarkets defined in the cluster analysis. Ara Aksoy and Irwin (2021) applied clustering analysis to housing market segmentation for four counties arrayed along the Lake Erie coastline, Ohio. Wiersma et al. (2021) applied PCA and clustering analysis to find a classification scheme of German housing markets at the city level, using 17 market parameters. Owens (2012) also uses a combination of PCA and clustering analysis in the field of housing. They use socioeconomic and housing characteristics to identify patterns of neighborhood change in metropolitan areas; their

results are interpreted from a racialized perspective, showing “White suburban neighborhoods make up the bulk of neighborhoods that ascend in each decade”. (p.345)

In terms of housing policy analysis, Gallego-Valades et al. (2021) analyze the spatial distribution of public housing in Valencia, using exploratory spatial data analysis (ESDA) and clustering methods. Oakley (2008) assesses the location and dispersal of affordable housing built through the Low-Income Housing Tax Credit (LIHTC) scheme in the United States. The study uses data from the U.S. Census and the U.S. Department of Housing and Urban Development’s (HUD) LIHTC Database in four metropolitan areas. She applies spatial clustering models and multivariate linear regressions to assess whether the Low-Income Housing Tax Credit (LIHTC) housing policy is built in less disadvantaged neighborhoods and interpret the results from a racialized perspective. She concludes that the “LIHTC program was more successful than other programs at locating developments in less disadvantaged neighborhoods but not as successful at avoiding geographic concentrations associated with these other low-income housing programs.” (p.599)

In Brazil, Silva and Alves (2014) analyzed MCMV in the state of Rio Grande do Sul using clustering methods and spatial regressions. They used the LISA indicator and identified two areas in the state categorized as High-High (high values of MCMV financing from 2006-2010 close to high values) in the northeast of the state around its capital and in the southeast around Pelotas and Rio Grande cities. Moreira and Santos (2023) analyze MCMV at the federal scale to discuss the distribution heterogeneity of the units contracted by the program. They employ Ordinary Least Squares (OLS), Spatial Autoregressive Model (SAR), and panel data regressions using states as their geographical unit. The explanatory variables include population, GDP, Gini Index, and housing deficit, but do not include socioeconomic characteristics of the population. The study was successful in establishing the relationship between units contracted by the program and housing

deficit, both from temporal and spatial perspectives. When analyzing the MCMV program in the state of Paraná at the municipal level, Nascimento Neto and Ultramari (2022, p.17) identified clusters of priority action in the real estate market. "Such clusters bring together contiguous municipalities with a significant volume of units built in the segment of social market housing", the clusters found are in metropolitan regions of the state.

In this research, I applied PCA and Cluster Analysis to classify the geographical units based on socioeconomic characteristics and MCMV housing units delivered per hundred inhabitants and identify regional patterns across the country. In clustering observations, the hypothesis assumed in the algorithm is that observations within a cluster tend to have more similar characteristics amongst themselves than with observations of other clusters. Bourassa et al. (1999, p.172) comment on the advantage of combining PCA with cluster analysis: PCA "permits the cluster analysis to focus on orthogonal factors in the data rather than multiple variables that may be explaining the same factor or factors."

Spatial clustering is based on spatial networks between observations. A spatial weight matrix synthesizes this network in terms of spatial dependency and captures the connectivity of observations, in this case, municipalities. Various types of weight matrices could be applied, and the results of spatial analysis are to some extent dependent on this choice (Griffith, 1995; Dall'erba and Le Gallo, 2008). I applied the queen contiguity matrix, following Anselin (2005) and many other scholars in the field, as this is one of the most applied weight matrices in geostatistics. Queen matrices define neighbors as observations that share a common edge or vertex. It proves to be an appropriate spatial weight matrix for this research as the physical connectivity of cities defines its flows of goods and services, fundamentals of civil construction and real estate industries.

The clustering analysis is supported by previous exploratory spatial data analysis, including Global Moran's I for units delivered and LISA for all variables. Global Moran's I index is a spatial statistic that measures spatial autocorrelation (Moran, 1950). Global Moran's I is calculated as (Moran, 1950):

$$I = \frac{n}{\bar{W}} \frac{\sum_{i=1}^n \sum_{j=1}^n w_{ij} (x_i - \bar{x})(x_j - \bar{x})}{\sum_{i=1}^n (x_i - \bar{x})^2}$$

- n is the number of spatial units (observations);
- W is the spatial weight matrix;
- w_{ij} is the weight between observation;
- x_i and x_j are the values of the variable being analyzed at locations i and j respectively;
- \bar{x} is the mean of the variable across all observations

Anselin (1995, p.94) defines LISA statistics as (i) "the LISA for each observation gives an indication of the extent of significant spatial clustering of similar values around that observation, and (ii) the sum of LISAs for all observations is proportional to a global indicator of spatial association." LISA is a strong indicator of local spatial clusters, and analyzing the socioeconomic characteristics of the municipalities supports the understanding of the distribution of MCMV units delivered per hundred inhabitants considering the local dynamics; beyond the regional comparison that PCA and hierarchical clustering provide.

After the assessment of each variable in the exploratory spatial data analysis, I conducted the main clustering analysis. There are different clustering methodologies, but the two most used in the

literature are hierarchical clustering and k-means clustering. In this research⁶⁰, hierarchic clustering was applied, following other studies of housing market patterns. Manning et al. (2008) outline that hierarchic clustering is appropriate for exploratory research, and present advantages of this methodology: (i) output structure in the hierarchy is more informative than other types of clustering, such as flat clustering, (ii) does not require previous specification of the number of clusters, and (iii) most hierarchical clustering are deterministic. In the field of housing, Aka Asksoy & Irwin (2021, p.16) states that “Agglomerative hierarchical clustering is one of the most widely used algorithms in the area of market segmentation.” They acknowledge that as hierarchic clustering does not require predetermination of clustering numbers, it is appropriate to analyze real estate tendencies, defining the number of submarkets and their characteristics.

⁶⁰ In this research, the clustering analysis was conducted in Rstudio, using the functions PCA and HCPC. The code was adapted from the material of Illinois Housing Lab, directed by Andrew J. Greenlee, PhD (not published).

Qualitative analysis

The qualitative approach was based on semi-structured interviews and informal conversations with stakeholders, as well as visits to MCMV developments and participant observation. Qualitative methods were included in the research to understand the local dynamics of the program's implementation. In policy evaluation, it is essential to incorporate into the analysis the micro-mechanisms that characterize the operationalization of the program. These in turn influence how participants experience public policy and its effects on their lives. This fieldwork sought to explore the multiplicity of actors, their roles, and their influence/relationship in the practices of the MCMV program. Through these voices, I aimed to understand how the proposals made at the federal level were implemented in the day-to-day operation of the program.

All the qualitative method techniques were conducted in Recife, located in the Northeast region of the country, for one month and a half. Recife was chosen because most of its population belongs to racial minorities, and it is the Brazilian capital with the greatest income inequality⁶¹ (IBGE, 2020). Moreover, it is the third biggest city in the Northeast region, with 1.5 million people.

Semi-structured interviews and informal conversations occurred concurrently during fieldwork. Initial contact was through members of the municipality whom I knew from previous work in the area. After a first contact with a municipality representative, the following interviews occurred through a snowball sampling technique. This type of sampling is based on identifying a *seed* individual, who refers to people who could be potential research participants. This process is repeated successively to enlarge the sample of participants (Rubiano-Lizarazo, 2023; Bernard

61 Comparing Gini Index (Síntese de Indicadores Sociais 2020 (SIS)).

2006). For this research, interviewees were considered eligible if they had experience with the program. This technique was chosen due to convenience and time restrictions on the field.

Through this process, eleven formal and semi-structured interviews were conducted in person with diverse stakeholders. Moreover, twenty informal conversations were conducted with MCMV participants. It is important to mention that other eighteen people were contacted over the phone, as indicated by other interviewees, but did not manifest interest in participating in this research. Even though contacted, no one from CAIXA manifested interest in participating. The table below summarizes the participants included in this research.

Table 4: Participants of this research

Stakeholder Group	Informal Conversation	Formal Interview	Name on this Thesis⁶²
Municipal representative	3	1	MR
Realtor	4	3	R
MCMV dweller	7	3	D
Real Estate Developer	2	0	RED
Prospective client	3	1	PC
NGO/Activist	1	3	NA
Total	20	11	

Source: by the author

The combination of two types of interviews proved to be useful in this research, as they complemented each other. The informal conversations provided an opportunity to enlarge the sample and obtain socially relevant information, and participants' own concepts to refer to the phenomena. The formal semi-structured interviews provided more in-depth information regarding

⁶² To maintain the anonymity of the interviewees, they are cited using acronyms of the stakeholder group they belong to and an identification number, for example: MR1.

the program allowing for non-rigid conduction of the interviews, given the protagonism of these voices, and active listening as a guiding principle of these conversations. Active listening provided the possibility, at the time of the interview, to elaborate new questions to explore details of what was being said. In addition, the results of one interview helped to better understand the following ones.

For each stakeholder group, a preliminary interview guide was elaborated, as shown in Appendix B. For the residents, I asked about their understanding and evaluation of the program, their interaction with CAIXA and realtors, and their lived experience in the building. For developers, I asked how they interpreted the MCMV program within the real estate market, their business model, and the advantages of constructing it within the MCMV program. The municipal representatives were asked about the public role in managing the program, and the interaction with developers and residents, if any.

For one month and a half of fieldwork, I prepared a field journal, in which I wrote down sensations and observations, seeking to include the subjective understanding of the program results to improve the future interpretation of the interviews. Also, as the interviews were being conducted, I wrote different types of notes such as methodological and theoretical ones. The journaling provided me the opportunity to reflect upon my positionality and how people in Brazil perceive me. Considering the researcher's positionality "means accounting for how one's race, ethnicity, nationality, gender, and other potential subjectivities (as researchers, as academics, as professionals, as employers, co-workers, etc) influence the ways in which others – especially informants – relate and engage with us, and also the ways in which we interpret and understand the information we gather. Positionality is fundamentally an attempt to challenge further the

powerful scientific impulse of obtaining objectivity, particularly with regards to knowledge production.” (Muniandy, p.21)

Acknowledging positionality is crucial on research that examines social relations, and social power that comes from different identities. The researcher’s positionality inevitably influences their data (Pilow, 2003), or in Dwyer and Buckle (2009)’s words: “thoroughly contaminate the data”. However, Bonatti (2017) points out the productive role of this “data contamination, which “represents a constitutive and important part of the research process, rather than a limitation”. The fieldwork encompassed a reflective process on my identity and position as a researcher, specially the intersect between class-gender-race. Due to constraints in time, the focus of this research was on exploring racialization in housing access, contrasting the proposition of the program based on class, and the racialized society observed. The gender aspect appears inevitably as I approach the subject from a female perspective, but is limited to this reflection on positionality.

As a white woman, born and raised in Sao Paulo, the biggest and richest city in the country, I was constantly seen as an “outsider” in Recife. Being from elsewhere helped me gather more information about the ones interviewed but potentially hindered me the access to others. Seen as an “outsider”, people tended to over-explain me things – about the city, their neighborhood, and MCMV program, which allowed me to better understand the vision of the interviewees and their relationship with the policy. However, the unfamiliarity with the territory provided me challenges; cultural differences in some circumstances became barriers to communication. Moreover, my position as a researcher allied to my whiteness opened me opportunities to talk to municipal representatives, and to be invited to visit a developer’s enterprise and have a conversation with the owner of the company. But it also prevented me from connecting with certain members of the community, who may have felt uncomfortable or distrustful about my presence. Even so, in the

conversations I had, I noticed that people tended to open up more easily to me. Due to gender construction related to care, as a woman, I was often seen as a trusting figure.

I paid careful attention to how people perceived me and interacted with me, to interpret the interviews considering my positionality. In each conversation, I sought to speak the minimum, understanding the protagonism of the interviewee in this process and allowing them to freely express their experiences and opinions about the program. The mentioned preliminary interview guide served as a preparation to the fieldwork but did not restrict the conversations, as I adapted the questions in light of what was being exposed. One of the goals of the fieldwork was to understand how the actors interact and relate to the program's propositions. The information provided was then triangulated with the literature review conducted. The duration of the interviews varied from half an hour to two hours, depending on the interviewees availability, which also influenced the data collection. The location of each interview was chosen by the interviewee, where they felt more comfortable. That aspect also influenced the sequence of the interview, even aggregating new interviewees into the conversation⁶³.

As a result, the interviews ended up being very different one from another. Some became more personal, specially in the case of prospective clients and dwellers, who shared their family stories and desires related to housing. Some interviewees showed more distance to the subject. Moreover, particular questions were not answered by some interviewees and were perceived as too personal. Such circumstances are examples of when I had to redirect the questions corresponding to the information that was being given at the moment. I also noticed that many interviewees did not provide enough information about the program, which also influenced the sequence of the

⁶³ This happened in a building where I interviewed a dweller and their neighbors, but also in the municipality of Recife, where one person indicated another specialist to answer more specific questions that were being asked.

interview. Once again, I had to adapt to those circumstances. I was able to register how some interviews brought up new inquiries about MCMV that I could not previously oversee when developing the questionnaire. In this sense, I took advantage of these opportunities to ask other questions and further elaborate on topics relevant to this study.

It is important to say that I was immersed in the territory for one and a half months, using public transport, having informal conversations about urban dynamics with the people I met in daily activities, and questioning about housing difficulties and the MCMV program. These daily information conversations were registered in the field journal, and served to better comprehend how the population understand and relate to MCMV program. This vivid ocular and auditory experience also guided the possibilities of continued elaboration of the interviews and the definition of the following steps of the fieldwork.

CHAPTER 4: RESULTS

This chapter is organized into three sections. Firstly, I describe the regional disparities present in Brazil, from the socioeconomic characteristics of the population to the economy – GDP and real estate market activity. Then, I provide a quantitative analysis of the program, relating its policy design and outcomes to the disparities previously described. I found that a unified policy for a heterogenous country reinforces existing inequalities, which manifest in terms of race. In agreement, the qualitative analysis shows that racial minorities face barriers in accessing the program, and suggests that the autonomy given to the real estate market reinforces racial inequalities in the way the program is operationalized.

Descriptive Statistics: Regional Disparities in Brazil

Brazil is a country with continental dimensions, 3.3 million mi², divided into 26 states and the Federal District. In 2010, Brazil had 196.4 million inhabitants, and according to 2022 Census Data, the population grew by 6.5%, reaching 203.1 million inhabitants. Brazil is commonly characterized by its five regions: North, Northeast, Center-West, Southeast, and South. The population is unevenly distributed amongst these regions, with the Southeast concentrating 42% of the country's population (IBGE, 2010). In 2010, three capitals of the Southeast, São Paulo, Rio de Janeiro, and Belo Horizonte, concentrated in their metropolitan regions almost one-fifth of the country's population⁶⁴.

Most Brazilians live in urban centers, 84.4% of the population, and this percentage has been growing in the past years (IBGE, 2010). However, when analyzing the urbanization across

⁶⁴ According to IBGE (2010), the population in these metropolitan regions totaled 36.934.384.

Brazilian territory, one can note that the Southeast is the region most urbanized, above 92%, while the North is less urbanized, below 75%.

Table 5: Brazilian population per region

Region	Population	Percentage of Brazilian Population	Urbanization rate
North	15,864,454	8.3%	73.5%
Northeast	53,081,950	27.8%	73.1%
Southeast	80,364,410	42.1%	92.9%
South	27,386,891	14.4%	84.9%
Center-West	14,058,094	7.4%	88.8%
Brazil	190,755,799	100%	84.4%

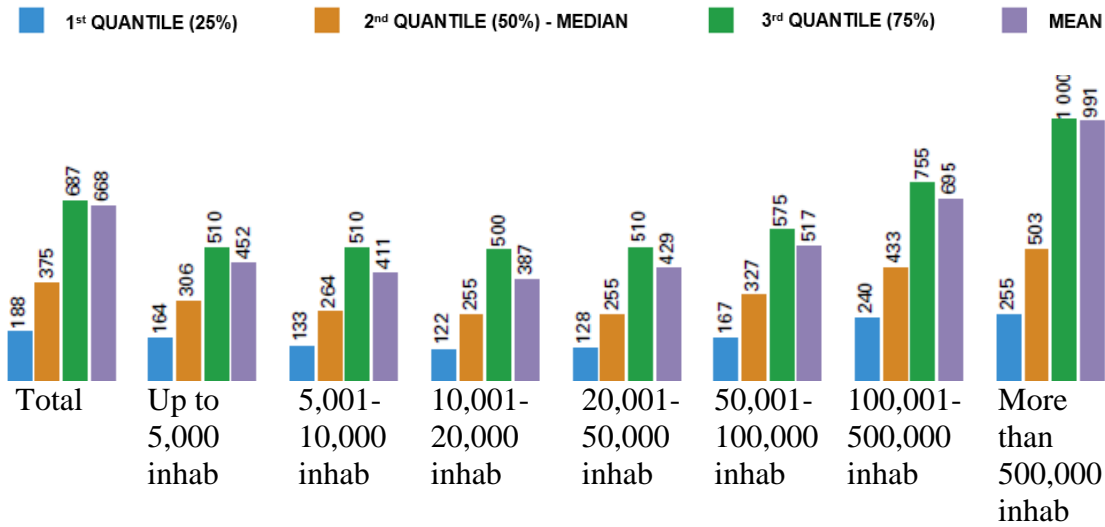
Source: by the author, based on Census 2010 data and IBGE Report (2011)

The Southeast region not only has a higher urbanization rate but also a higher socioeconomic level – characteristics that are undoubtedly related. This region’s economy is mostly based on industries, commerce, and service. GDP in Brazil is very concentrated: the Southeast region represents 55% of the country’s GDP. Moreover, the GDP of the state of São Paulo equals one-third of the country’s GDP, followed by the state of Rio de Janeiro and Minas Gerais, with 11% and 9% respectively. On the other hand, the contribution of the North region to the country’s GDP is not as expressive, totaling 5%. (IBGE, 2010)

The analysis of median income by quantile in Brazil demonstrates the level of poverty lived by the population, as well as the significant inequality present in the country: half of the population lived with R\$ 375.00 monthly. Moreover, the proximity of the third quantile and the mean value (687 and 668 reais, respectively) indicates that a low percentage of the population earns much more

than the majority. Moreover, cities with more than 500,000 inhabitants have a median income double what municipalities with 5,000 have.

Figure 1: Average monthly household nominal income per capita, by quartiles of the income distribution, according to size classes of the municipalities' population



Source: IBGE, 2011, with data from Census 2010

Another relevant difference between Brazilian regions is their population's race. Racial minorities (Black, Brown, and Indigenous communities) are mostly concentrated in the Northeast and North regions.

Table 6: Population by Race

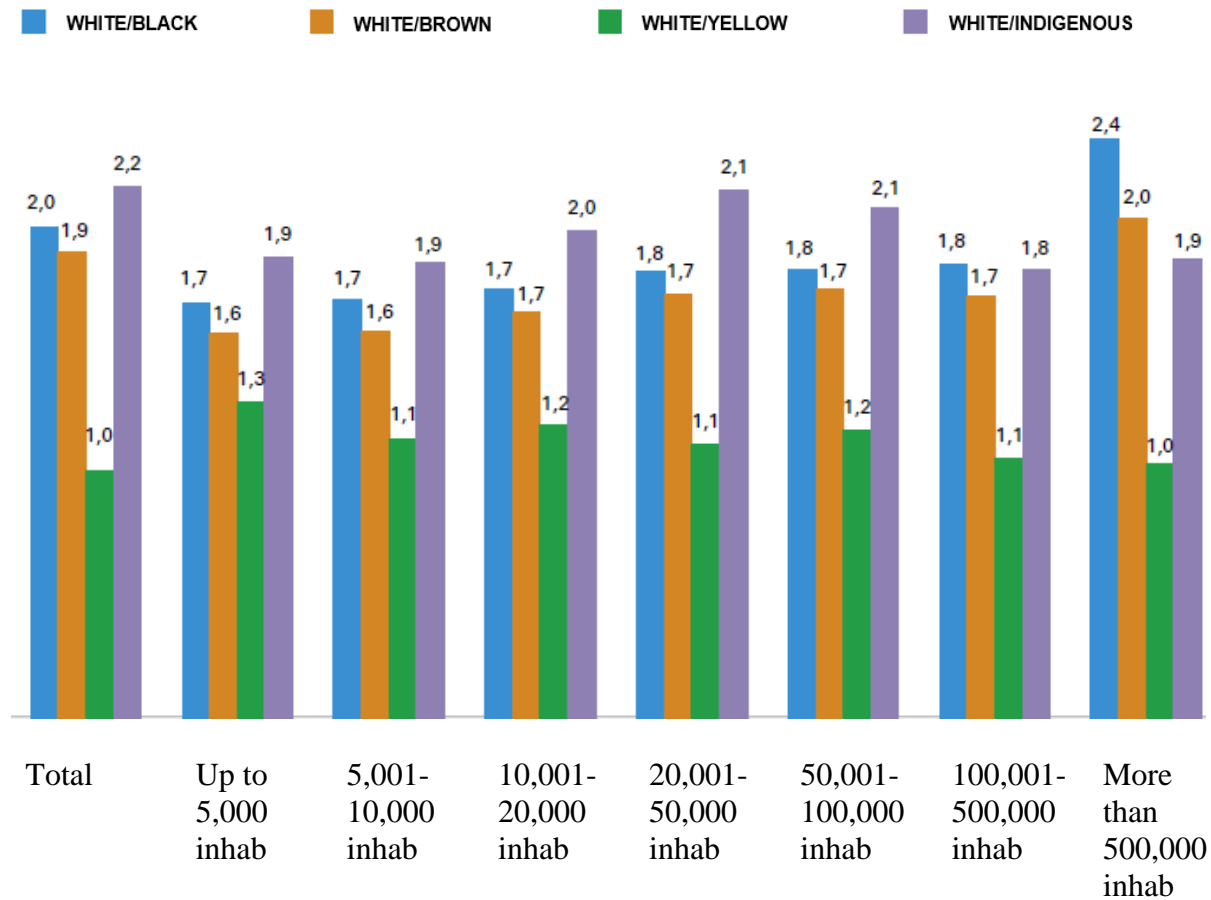
<u>Geographic Area</u>	<u>Total</u>	<u>White</u>	<u>Black</u>	<u>Yellow</u>	<u>Brown</u>	<u>Indigenous</u>
Brazil	190,755,799	91,051,646	14,517,961	2,084,288	82,277,333	817,963
North	15,864,454	3,720,168	1,053,053	173,509	10,611,342	305,873
Northeast	53,081,950	15,627,710	5,058,802	631,009	31,554,475	208,691
Southeast	80,364,410	44,330,981	6,356,320	890,267	28,684,715	97,960
South	27,386,891	21,490,997	1,109,810	184,904	4,525,979	74,945
Center-West	14,058,094	5,881,790	939,976	204,599	6,900,822	130,494

<u>Geographic Area</u>	<u>Total</u>	<u>White</u>	<u>Black</u>	<u>Yellow</u>	<u>Brown</u>	<u>Indigenous</u>
Brazil	100%	47.73%	7.61%	1.09%	43.13%	0.43%
North	100%	23.45%	6.64%	1.09%	66.89%	1.93%
Northeast	100%	29.44%	9.53%	1.19%	59.44%	0.39%
Southeast	100%	55.16%	7.91%	1.11%	35.69%	0.12%
South	100%	78.47%	4.05%	0.68%	16.53%	0.27%
Center-West	100%	41.84%	6.69%	1.46%	49.09%	0.93%

Source: by the author, with data from IBGE, 2010

In Brazil, racial groups have significantly different incomes. The higher incomes are received by the Yellow and White populations, which had an average monthly income of R\$ 1574 and R\$ 1538, respectively. This value represents almost two times what is received by Black (R\$ 834), Brown (R\$ 845), or Indigenous (R\$ 735) populations. Analyzing the ratio between the mean income of racial groups in municipalities with different sizes, one can note that in municipalities with more than 500,000 inhabitants, the difference between the White population and the Black and Brown populations is higher than in smaller municipalities; thus, racial inequalities are greater in large urban centers.

Figure 2: Ratio between means of the total nominal monthly income of persons aged 10 years and above living in permanent private households, by color or race, according to the population size classes of the municipalities

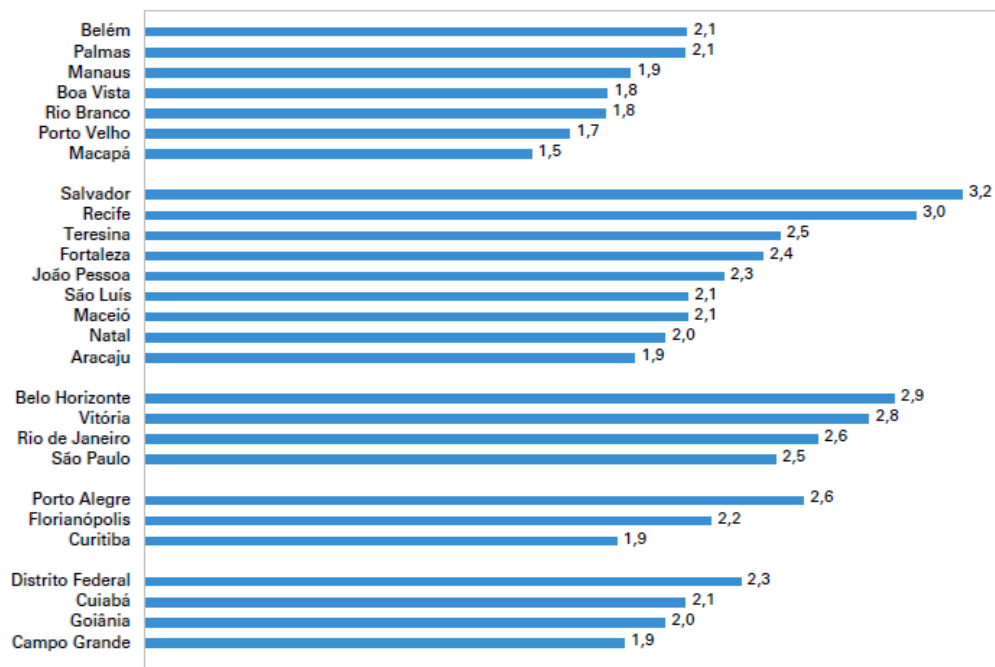


Source: IBGE, 2011 with data from Census 2010

The difference in the median income between the White and Black populations at the national level is 2.0, which means that the mean income of White people is double that of Black people. Similarly, the ratio between the median income of the White and Brown population is 1.9. The disparity between White-Black income is higher in most Brazilian capitals. The Northeast has the highest disparities in capitals, with Salvador (3.2) and Recife (3.0) being the highest in the nation. The Southeast also has capitals with high racial disparities, with Belo Horizonte (2.9) and Vitória

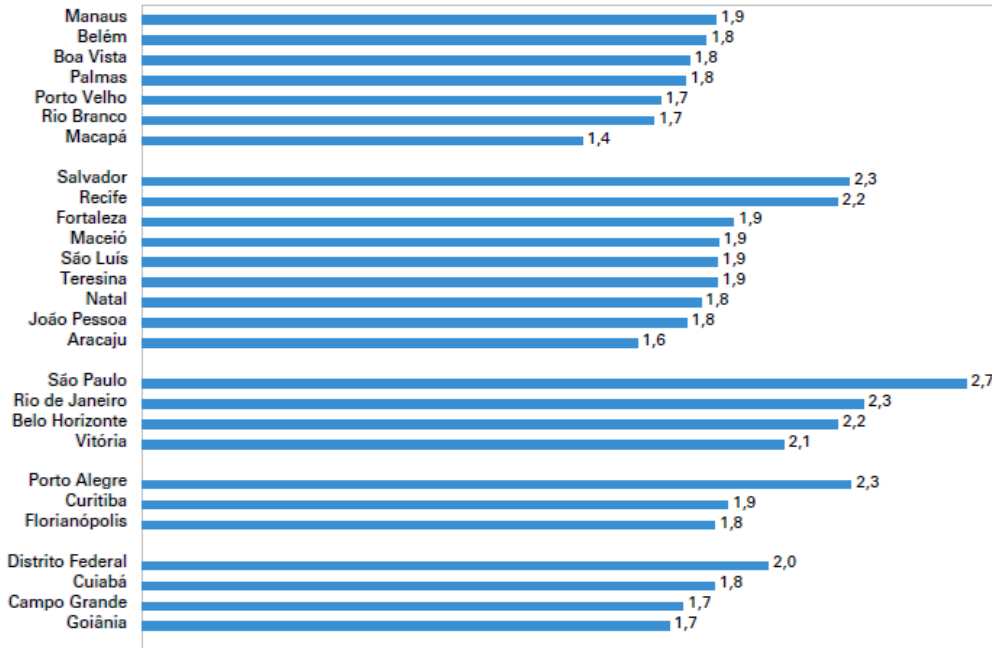
(2.8) being the highest. The income of Brown and White people is also significantly different. When analyzing the disparity of income between the White-Brown population, São Paulo stands out, with a ratio of 2.7.

Figure 3: Ratio between the averages of the total nominal monthly income of persons aged 10 years of age or older of White and Black color or race, residing in households permanent private individuals, according to the municipalities of the capitals



Source: IBGE, 2011 with data from Census 2010

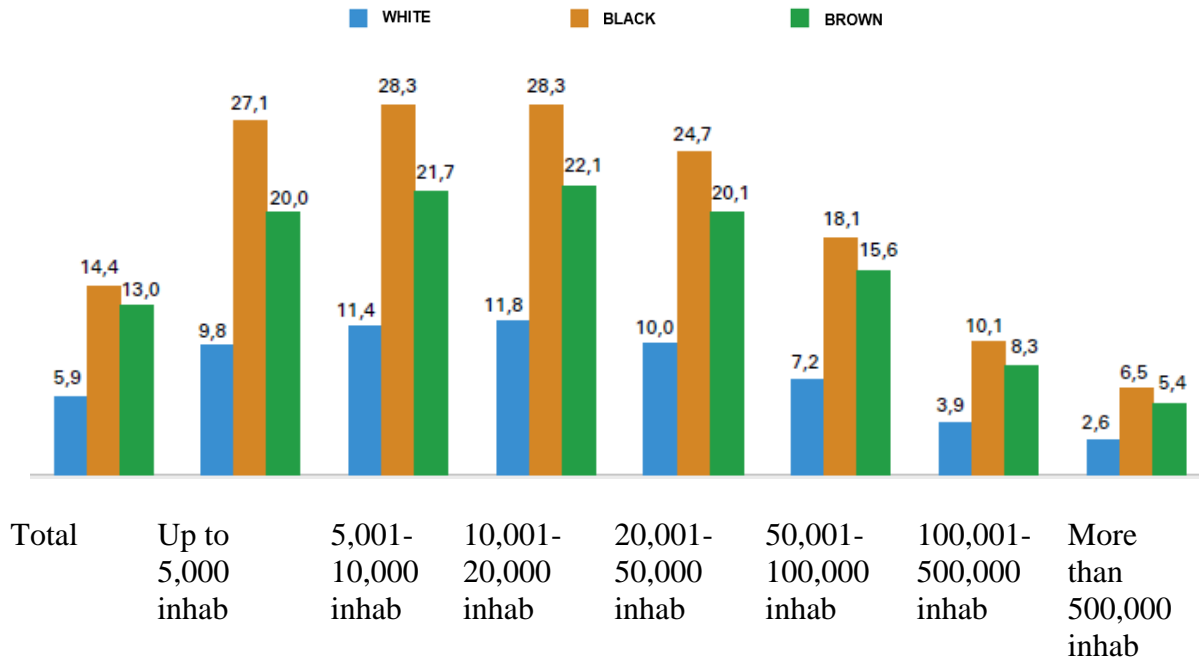
Figure 4: Ratio between the averages of the total nominal monthly income of persons aged 10 years of age or older of White and Brown color or race, residing in households permanent private individuals, according to the municipalities of the capitals



Source: IBGE, 2011 with data from Census 2010

In educational terms, the racial disparities in Brazil are also observed. The graphic below shows the illiteracy rates by racial groups per municipal size. The national rate is 9.6%, but the rate for the White population is 5.9%, less than half of the rate for Black (14.4%) and Brown (13.0%) population. Moreover, municipalities with up to 5,000 inhabitants have higher rates (9.8) than municipalities with more than 500,000 inhabitants (2.6%).

Figure 5: Illiteracy rate of persons aged 15 years and over, by color or race, according to population size classes of municipalities Brazil - 2010



Source: IBGE, 2011 with data from Census 2010

The regional inequalities in Brazil are also observed in the real estate market production, which varies significantly depending on the region of the country. The Southeast region is the most populated, and the developers deliver annually many more units than in the rest of the country. Comparing the markets across regions in 2022, one can note that in the Southeast there were 16x more units delivered than in the North region. This certainly affects the results of MCMV policy, which depends on the real estate market to deliver units. In terms of units per inhabitant, the South region is the one which stands out, 14x more units per inhabitant than in the North region. (SECOVI-SP, 2022)

Table 7: Units delivered by region in Brazil

Region	Population (2022)	Units delivered Real Estate Market (2022)	Units per Thousand Inhabitants
North	17,354,884.00	9,311	0.54
Northeast	54,658,515.00	46,605	0.85
Center-West	16,289,538.00	21,078	1.29
Southeast	107,167,458.00	160,970	1.50
South	7,610,361.00	57,483	7.55

Source: by the author with data from IBGE 2022 and SECOVI – SP (2022)

Another interesting comparison could be established between the units delivered by the real estate market and the units effectively commercialized – sold to a household - in 2022. SECOVI-SP's 2022 report reveals that the Northeast region has a housing market that is delivering units below the demand for housing, as more units are being commercialized than units delivered. Another report from the same year, in agreement, stated that the Northeast region has the highest demand for housing in the country. They verified that 40% of the population has the intention of buying a house, at the same time potential buyers report difficulties in finding their desired home. (Brazilian Association of Real Estate Developers, 2022).

Table 8: Comparison Between Units delivered and Sold by region in Brazil

Region	Units Delivered (on sale and sold) (2022)	Units Commercialized (2022)	Commercialized/Delivered
North	18,622	15,438	0.83
Northeast	93,210	112,730	1.21
Center-West	42,156	41,848	0.99
Southeast	321,940	312,824	0.97
South	114,966	125,942	1.10

Source: by the author with data from IBGE 2022 and SECOVI – SP (2022)

Quantitative Analysis

Exploratory Spatial Data Analysis

The following section provides an analysis of the Brazilian socioeconomic characteristics using Sample Census Data, in relation to the policy design of MCMV. The variables are aggregated by the municipality to provide both a local and regional comparison of inequalities. The variables analyzed were defined in accordance with field work observations and the literature review conducted; they are income, GDP, racial composition, educational level (illiteracy rate of the population as a proxy), and job formality.

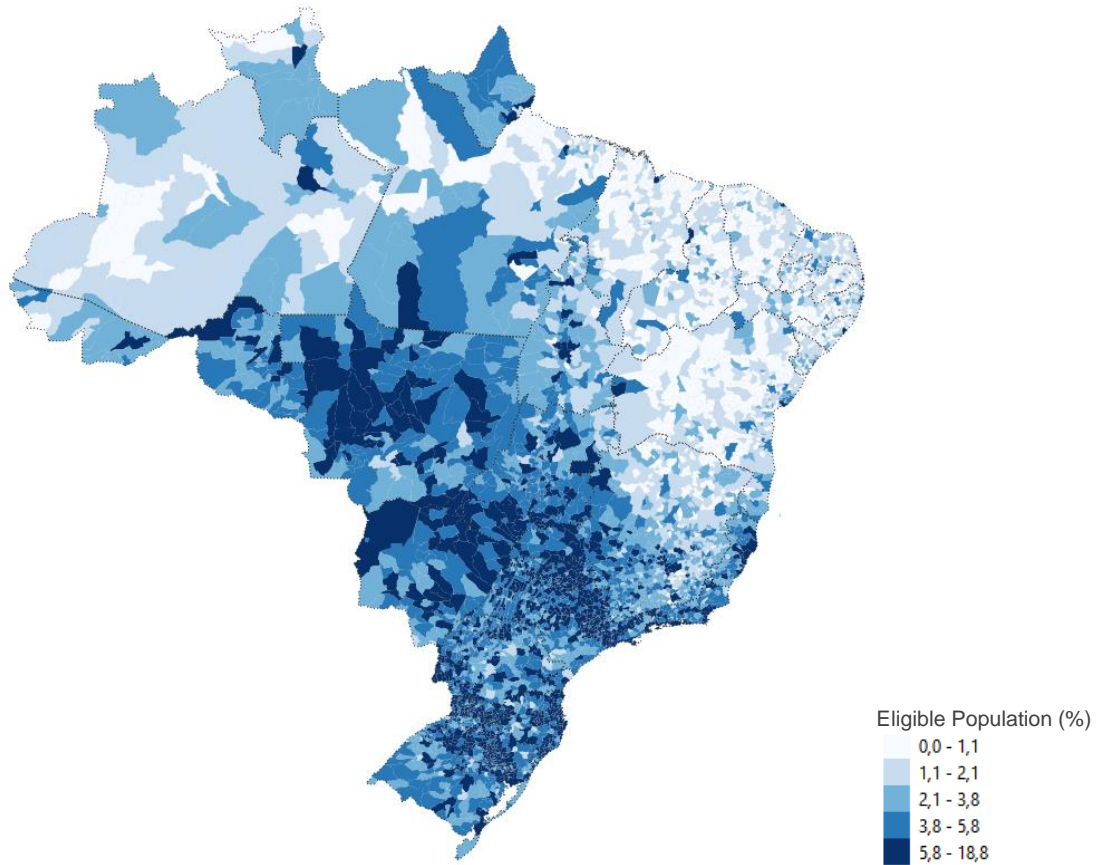
As previously mentioned, the eligibility of the MCMV subprograms analyzed – Faixa 2 and Faixa 3 - is determined by income. The ranges vary from 3-6 minimum wages, and 6-10 minimum wages respectively. In 2010, the year of the census survey, the minimum wage in Brazil was R\$ 510.00; thus, the eligible population for Faixa 2 and 3 are the ones with income varying from R\$1,530.00 to R\$5,100.00. Since the program determines eligibility based on income, this policy design also

determines the “demand” side of the classic economic binary supply vs demand. As a result, in the market logic of the policy, places with higher percentages of eligible population tend to receive more housing units.

Two important metrics of the eligible population were analyzed. Firstly, the percentage of the cities’ population that is eligible to participate in the program. Considering investment decisions, it is relevant to examine the composition of the population: cities with higher shares of the population being eligible indicate a promising area to receive private investment. Most of the municipalities have a low percentage of the population being eligible in this income bracket of the program, as shown in the histogram below: 80% of municipalities have less than 6% of their population being eligible. Even so, looking at this proportion in cities across the country, one can note that even lower percentages are found in municipalities in the Northeast region.

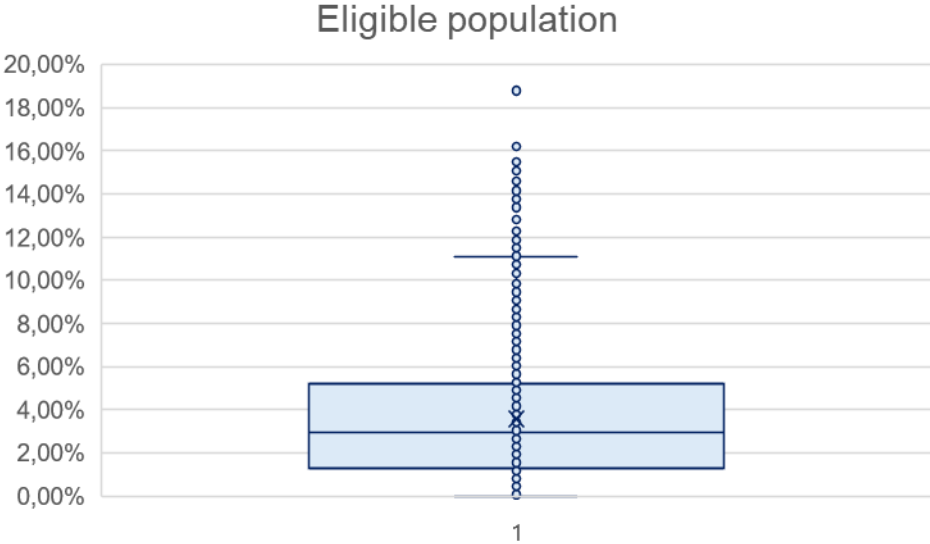
The second relevant matter is the absolute number of eligible people: larger municipalities, even with lower shares of the eligible population, could be promising places to receive investment. On the contrary, if a municipality is too small, even with a high proportion of eligible population, it may not be worth investing in. Therefore, a combined analysis of these two metrics helps draw the country's profile, to better understand regional differences in the quantity of units delivered by the program. In absolute numbers, there is a concentration of eligible population in three capitals: São Paulo, Rio de Janeiro, and Brasília, which also have high percentages of eligible population. On the contrary, the North and Northeast regions have lower absolute numbers of eligible populations, even in municipalities where the percentage of the eligible population is close to the country’s median.

Figure 6: Percentage of the population that is eligible for MCMV Faixa 2 and 3 per quantile at the municipal level



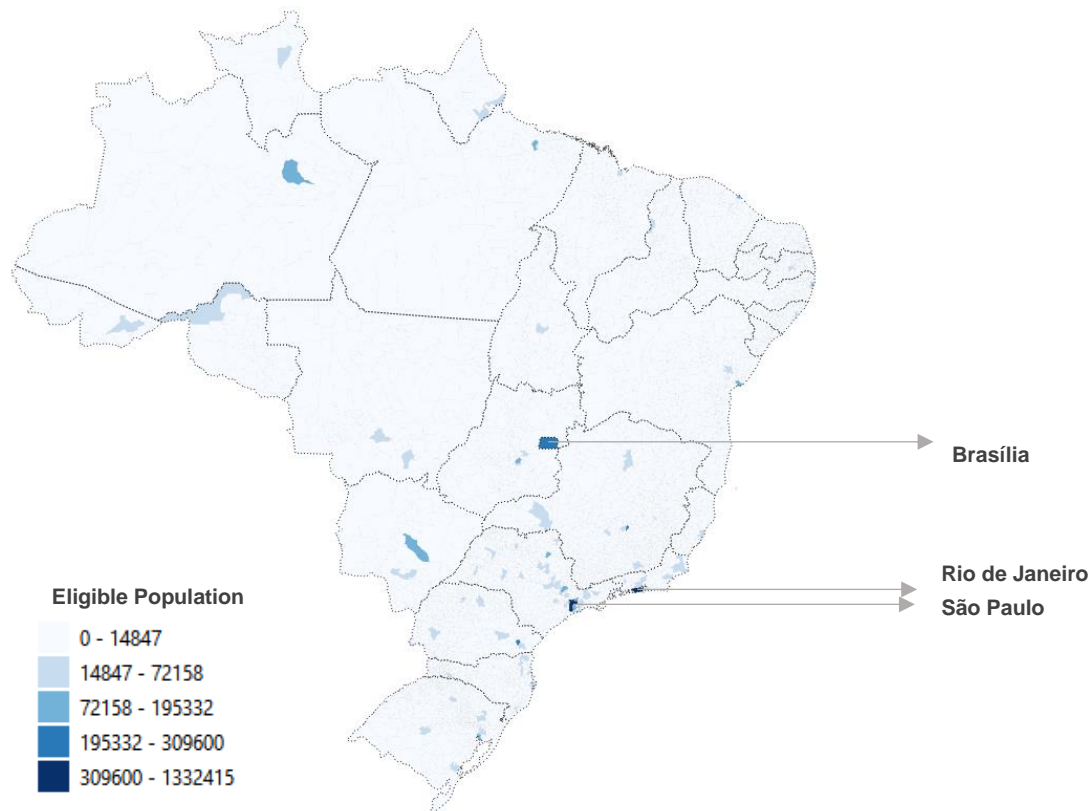
Source: by the author, based on Sample Census Data (2010)

Figure 7: Histogram of the percentage of the population that is eligible for MCMV Faixa 2 and 3 at the municipal level



Source: by the author, based on Sample Census Data (2010)

Figure 8: Population that is eligible for MCMV Faixa 2 and 3 in absolute numbers at the municipal level

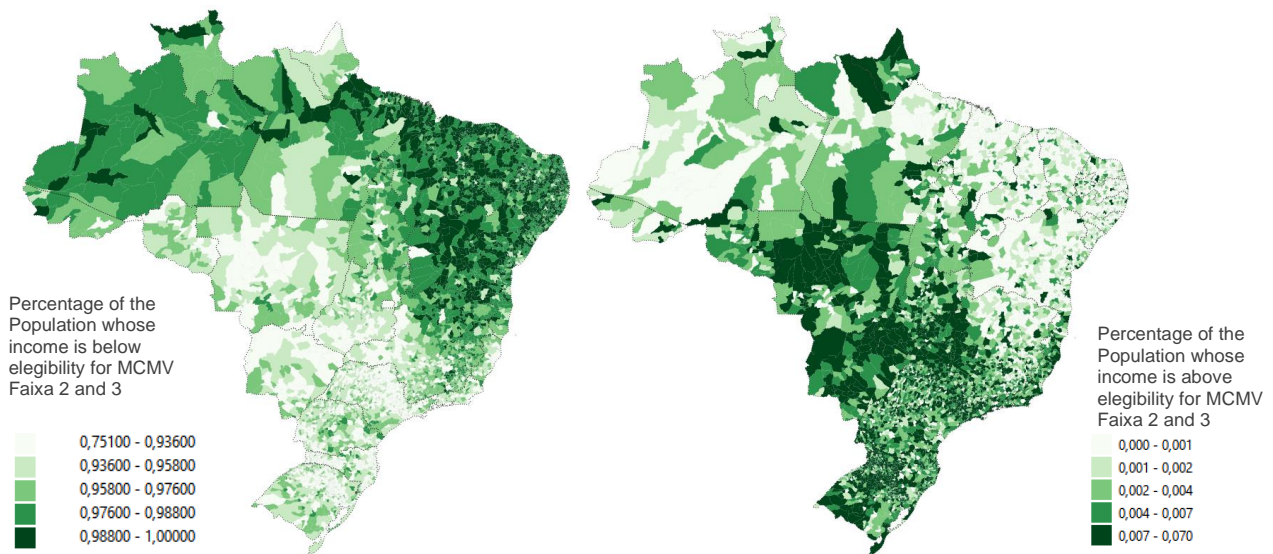


Source: by the author, based on Sample Census Data (2010)

As mentioned previously, the Northeast and North regions are much poorer than the other three regions in the country, in terms of GDP and population income. The maps below show the proportion of the population below and above the MCMV Faixa 2 and 3 and demonstrate that especially for the North and Northeast regions, three minimum wages are more than most of the population earns monthly. Moreover, the definition of one standardized income eligibility for the entire country creates regions that are more attractive for investors than others and can enhance the country's regional inequalities.

The maps demonstrate that the cut of 10 minimum wages in Brazil is high, and 80% of the municipalities have less than 1% earning more than MCMV income eligibility. Even in São Paulo, the richest state of the country, municipalities on the east side have more than 75% of the population earning less than MCMV Faixa 2 and 3 eligibility income, and on the west side, more than 93%.

Figure 9 and Figure 10: Percentage of the population earning less (left) and more (right) than the income eligibility for MCMV Faixa 2 and 3 at the municipal level

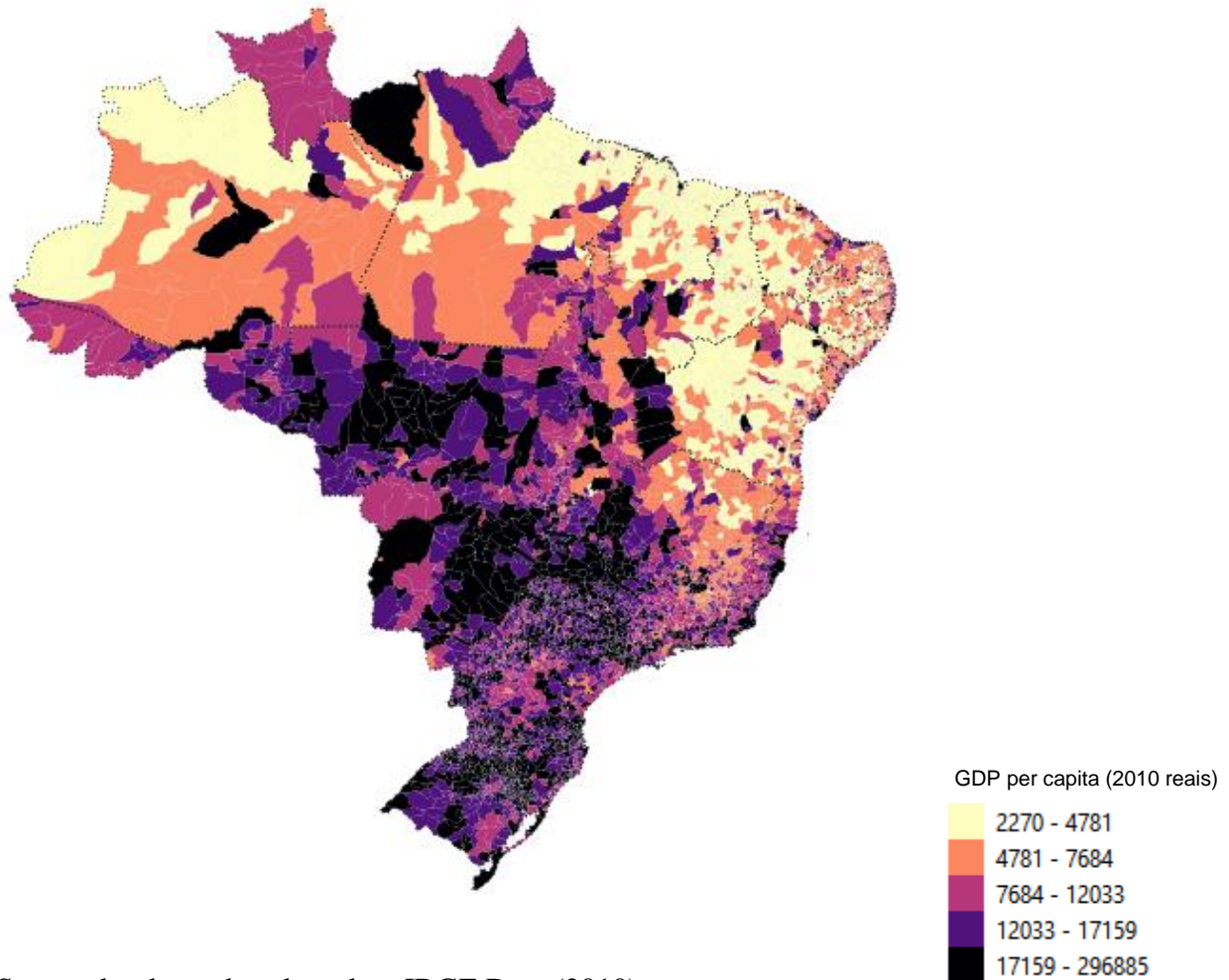


Source: by the author, based on Sample Census Data (2010)

Another relevant characteristic to consider in terms of civil construction is GDP. MCMV incentivizes the construction of new housing units, which is facilitated by stronger economies. The civil construction supply chain is large, and labor-demanding, from qualified technicians, such as engineers, geotechnicians, and architects, to less qualified labor force to construct the buildings. It is also highly demanded in terms of materials and financial investment. Therefore, it is reasonable to assume that regions with higher GDP tend to receive more investments in civil construction.

The map below presents the GDP per capita of each municipality in the country, providing additional information that confirms the regional disparities present in the country. The states with higher GDP, as previously described, also have municipalities with higher GDP per capita.

Figure 11: GDP per capita at the municipal level



Source: by the author, based on IBGE Data (2010)

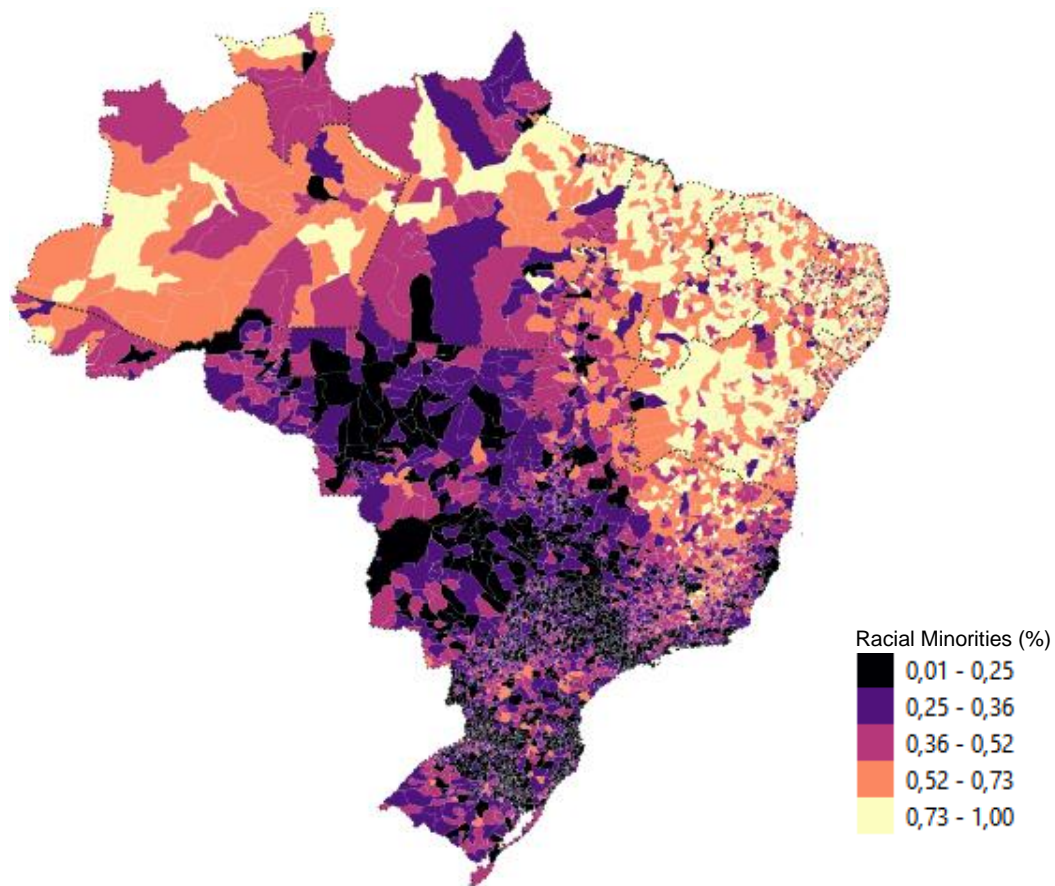
To analyze the racial composition of cities, I considered two groups: racial minorities and racial majorities. The concept of racial minorities does not relate to quantity, as in the case of Brazil, racial minorities represent most of the population. It indeed describes a relationship of power, following the “minoritized” concept explained in D’Ignazio et al. (2020, p. 26): “Minoritized

indicates that a social group is actively devalued and oppressed by a dominant group, one that holds more economic, social, and political power”. In Brazil, scholars consider racial minorities as Black, Brown, and Indigenous populations – which are also targets of affirmative policies such as quotas in public universities⁶⁵ across the country. Linchand et al. (2022, p.6) analyzed educational inequality in Brazil in terms of race and considered the same categories, noting that the Yellow population is more closely related to the White population than to Black, Brown and Indigenous: “Yellow and Whites educational and labor market outcomes are remarkably similar (Hirata & Soares, 2020⁶⁶), thanks to the nature of high-skilled migration from Asian countries in the early 20th century.”

⁶⁵ See Silva & Silvério (2003) and Daflon et. al (2013) for more details about this policy

⁶⁶ Hirata, G. & Soares, R. Competition and the racial wage gap: Evidence from Brazil. *Journal of Development Economics* 146 (2020).

Figure 12: Proportion of Racial minorities in Brazilian municipalities

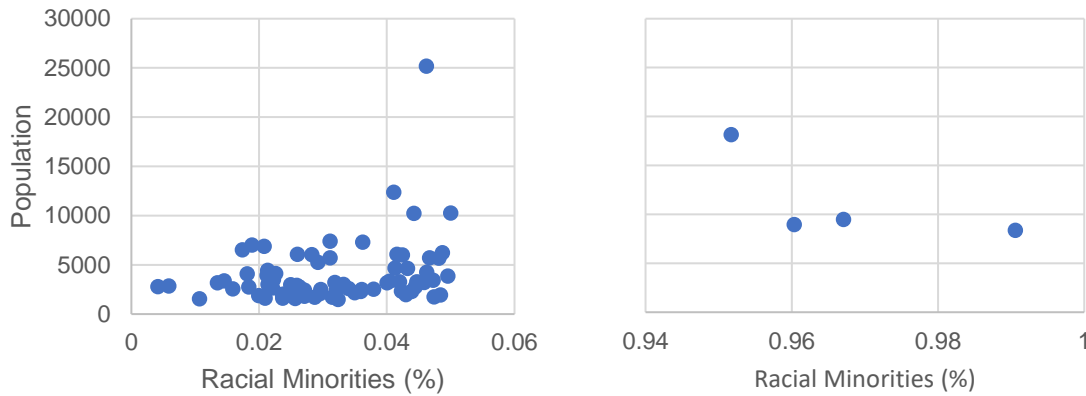


Source: by the author, based on Sample census data (2010)

Once again, the difference between North and South is verified. Northeast and North regions have higher rates of racial minorities. 20% of Brazilian municipalities, mainly in these two regions, have more than 73% of the population belonging to a racial minority. On the opposite side of the spectrum, 20% of Brazilian cities have less than 25% of racial minorities, mostly located in the Center-West, Southeast, and South. This demonstrates a high racial segregation amongst regions in Brazil. Few cities have a high proportion of racial minorities (above 95%) or low proportions

(below 5%), and those are small municipalities, mostly with less than 10,000 inhabitants, as shown in the histograms below.

Figure 13: Comparison between proportion of racial minorities (%) and population size in municipalities with the lowest (left) and highest (right) proportions of racial minorities

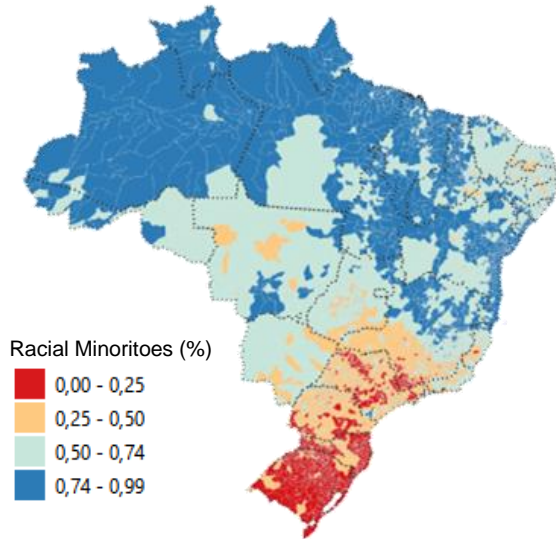


Source: by the author, based on Sample census data (2010)

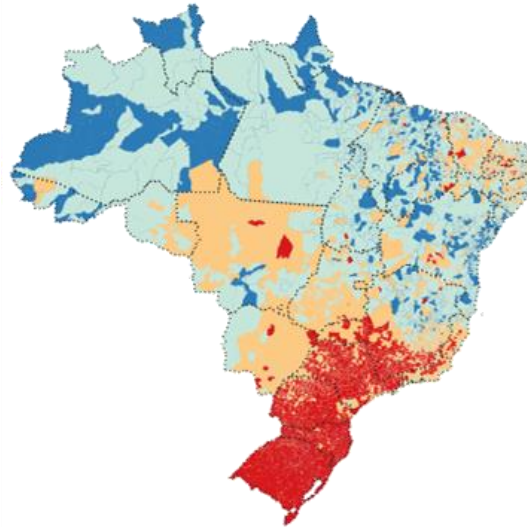
Analyzing the racial composition of the population who is eligible to participate in the MCMV program Faixa 2 and 3, one can note that in most municipalities, lower percentages of racial minorities are registered within the eligible population. The maps below show the result of this analysis across the country: in all regions, the proportion of racial minorities diminishes within the income-eligible population when compared to the population at large. In this sense, the definition of income brackets also benefits the racial majority residents in the cities, as the racial minorities are falling out of this income bracket.

Figure 14 and Figure 15: Comparison between the proportion of racial minorities (%) within the income-eligible population (left) and the proportion of racial minorities in the population at large (right) at the municipal level

Population at Large



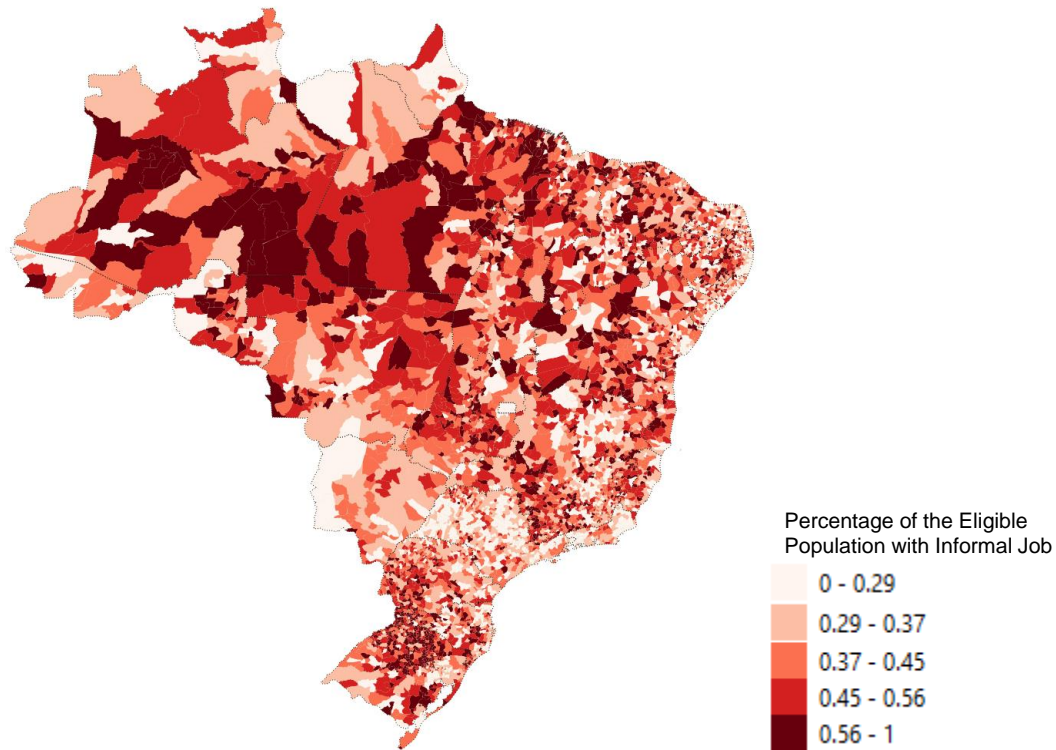
Eligible Population



Source: by the author, based on Sample census data (2010)

Job formality, as informed by the fieldwork analysis, is an important determinant in acquiring a loan in Brazil, especially in the income ranges of MCMV. Workers with lower incomes tend to have more informal jobs than higher positions, and income declaration can be a barrier to accessing the program. Analyzing the proportion of the population who is eligible for MCMV Faixa 2 and 3 but have informal jobs, one can note that there is no clear regional path, different from the other variables analyzed. 40% of municipalities in the country have less than 37% of their population with informal jobs – São Paulo state has most of its population in this category. Nevertheless, 20% of Brazilian municipalities have more than 56% of their population with informal jobs, an outstanding proportion that indicates not only a possible barrier to participating in MCMV but also a vulnerability in employment relations.

Figure 16: Percentage of the Eligible Population with Informal Jobs (%) at the municipal level



Source: by the author, based on Sample census data (2010)

The proportion of eligible individuals with informal jobs amongst racial minorities and majorities did not present significant numerical differences⁶⁷: 30.56% of eligible racial minorities have informal jobs, and 32.29% within racial majorities. In terms of education, the differences are notable. 3 in every 1000 eligible people who self-identified as racial majority is illiterate, while 7 in 1000 eligible people self-identified as racial minorities – the presence of illiterate people in racial minorities is more than double that of racial majorities in the eligible population⁶⁸. Illiteracy

⁶⁷ Even though not numerically significant, this difference is statistically significant, with a p-value of 0.000.

⁶⁸ This difference is statistically significant, with a p-value equal to 0.000.

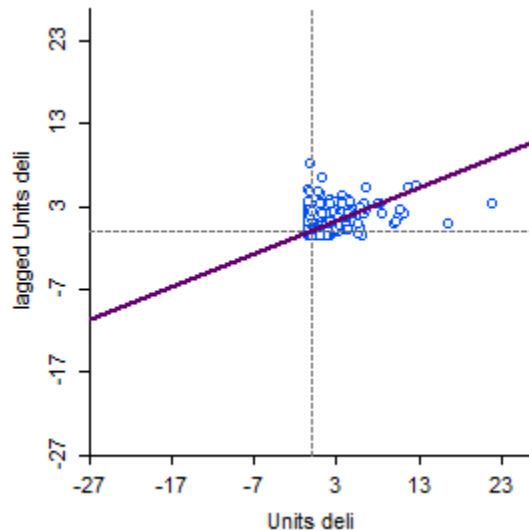
rates are higher in municipalities in the North and Northeast of Brazil amongst the eligible population.

Cluster Analysis

Spatial Distribution of Units

The literature review reveals the significance of evaluating the distribution of MCMV units delivered at the federal scale using municipalities as the geographic unit. The Global Moran's I indicator was calculated for the units delivered per hundred inhabitants in Faixa 2 and 3 of MCMV, resulting in 0.398, with a p-value equal to 0.001. Thus, there is significant spatial autocorrelation in the distribution of units per hundred inhabitants. The graphic below shows the Moran I statistic.

Figure 17: Global Moran's I for Spatial Distribution of Units



Source: by the author

The spatial clustering of units suggests the assessment of the data using a spatial model, as in this case, linear models would present biased results. Cluster Analysis was chosen for this research to

identify patterns in the data, as well as explain MCMV housing units' distribution in relation to the population's socioeconomic characteristics.

Assessment of the Variables

The Cluster Analysis was conducted with four variables: firstly, units delivered by MCMV; secondly, two socioeconomic characteristics of the population: income and race, which are the focus of this research; and finally, GDP per capita, which represents a characteristic of the city. The variables inputted in the clustering analysis are shown in the table below.

Table 9: Variables of Clustering Analysis

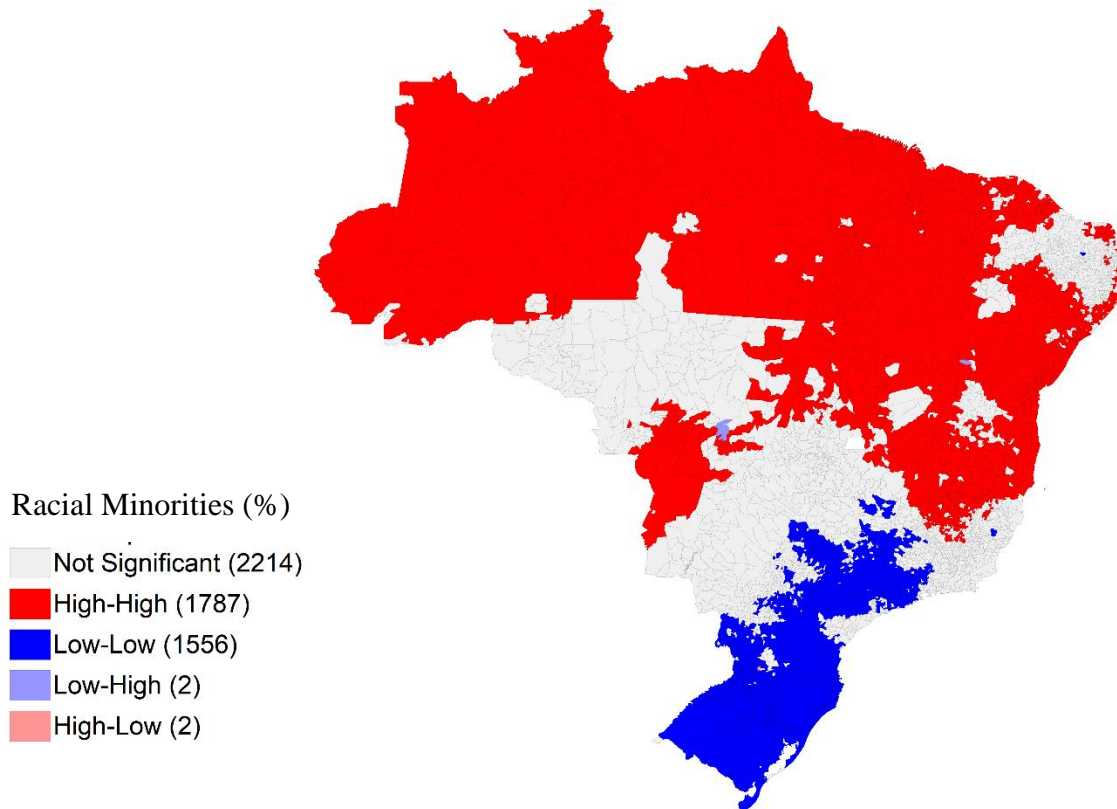
Variable	Geographical Unit	Data type
Racial minority (2010)	Municipality	Percentage
Population Eligible for MCMV (2010)	Municipality	Percentage
GDP in current price per capita (2010)	Municipality	Numeric
MCMV Units delivered per Hundred Inhabitants (2009-2022)	Municipality	Numeric

Source: by the author

A prior assessment of each variable was conducted, to describe spatial distribution and clustering using Local Moran's I (LISA) indicator. The results show that all variables inputted in the model present high local spatial clustering and help describe the existing North vs South dichotomy present in the country. This outcome was expected, considering Brazil's strong regional differences.

Analyzing the LISA for the percentage of racial minorities in the municipality, one can note that 60% of the municipalities present significant local clustering – with a p-value below 5%. The North and Northeast regions present a High-High correlation, which means that municipalities with high percentages of racial minorities are close to municipalities with high percentages of racial minorities. The South region and a significant part of the Southeast – including most of São Paulo and Rio de Janeiro states, present a Low-Low correlation. It should be noted that only 4 municipalities present High-Low or Low-High indexes, which is strong evidence of the mentioned North vs South dichotomy.

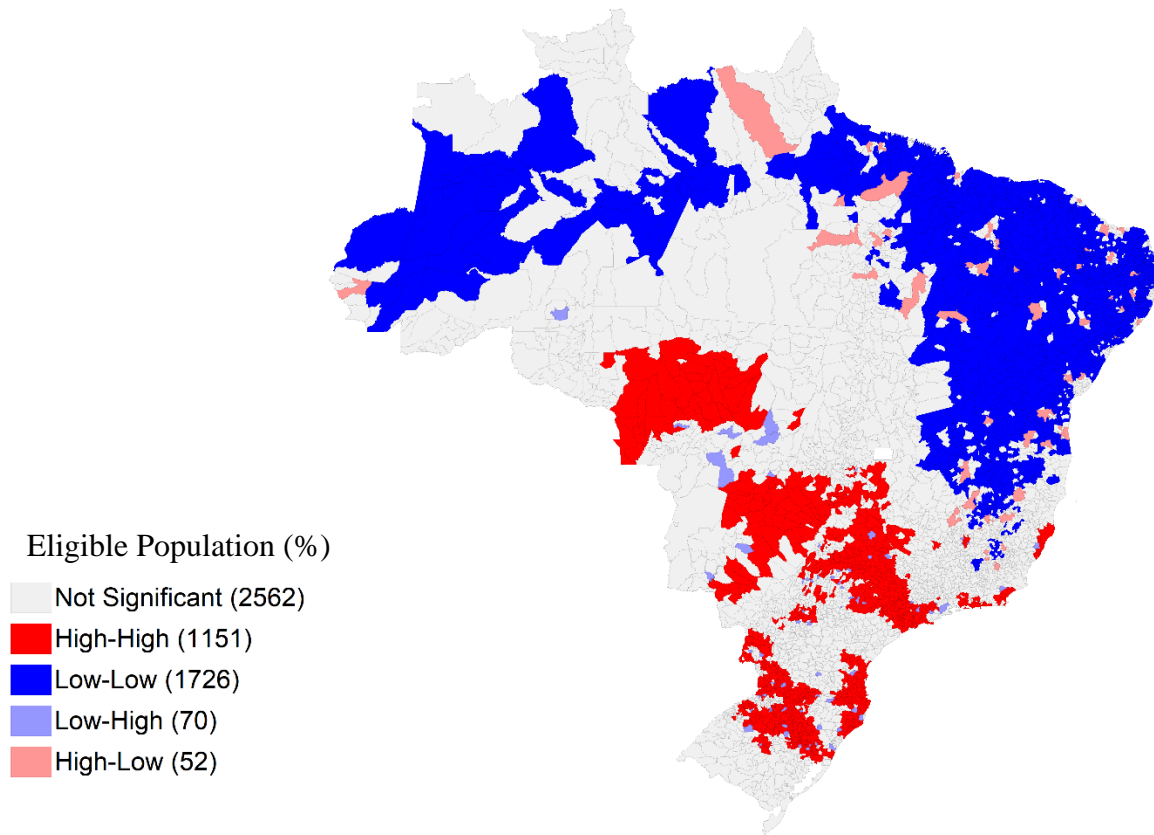
Figure 18: LISA for Racial Minorities (%) per municipality



Source: by the author

LISA for the percentage of the eligible population in each municipality also describes regional differences across the country. The Northeast region is mainly composed of municipalities classified as Low-Low, with some cities, including state capitals, classified as High-Low – higher percentages of eligible population close to low percentages of eligible population. Differently from LISA of racial minorities, in this case, more cities in the Center-West present significant LISA indicators, which are mostly High-High. The South and Southeast present less significant LISA indicators for the eligible population than for racial minorities, but the significant municipalities were classified as High-High. Across the country, 54% of the municipalities present significant LISA indicators for the eligible population (%).

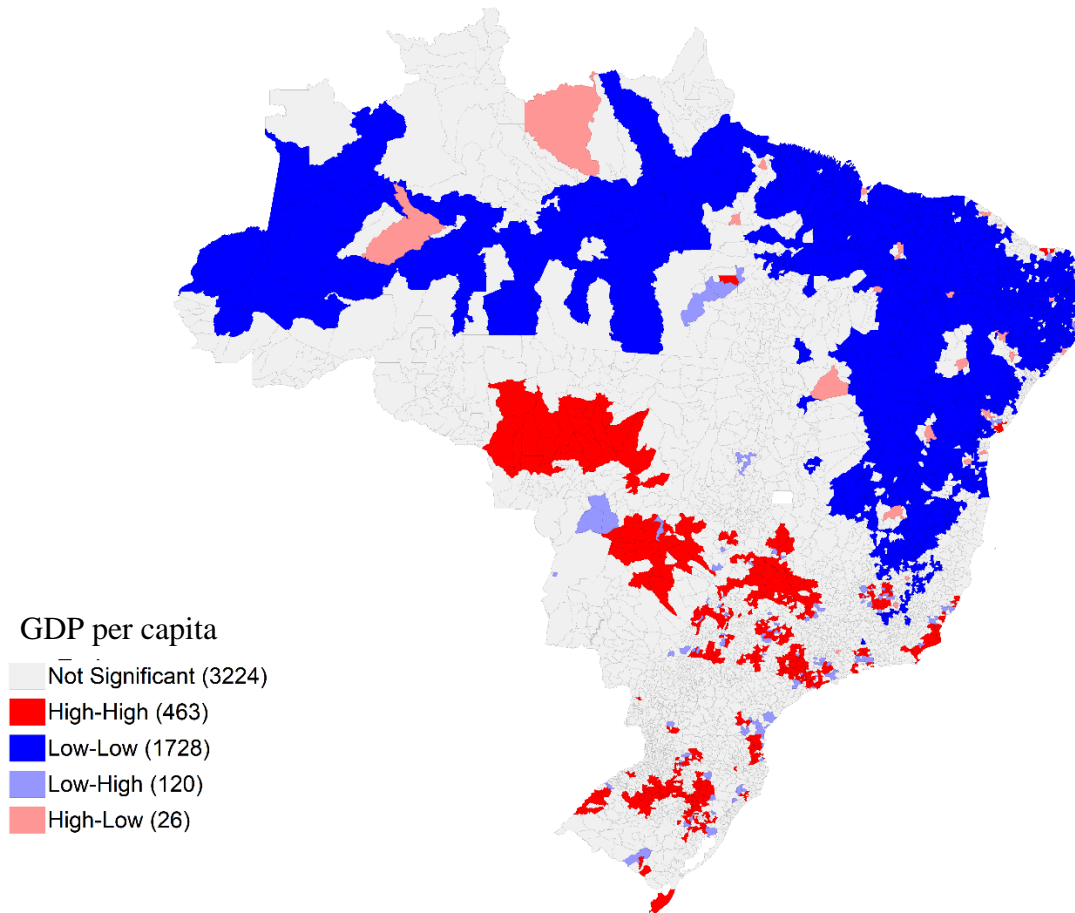
Figure 19: LISA for the Eligible Population for MCMV Faixa 2 and 3 (%) per municipality



Source: by the author

GDP per capita presents less statistically significant LISA than the previous variables, but still an expressive percentage of the country's municipalities: 42%. Most municipalities were classified as Low-Low – 31% of the country's, which reflects the predominance of low GDP per capita values amongst the municipalities. Few municipalities were classified as High-High (8%), and those are mainly in the Southeast and Center-West or around Northeast capitals. GDP also explains the North vs South differences.

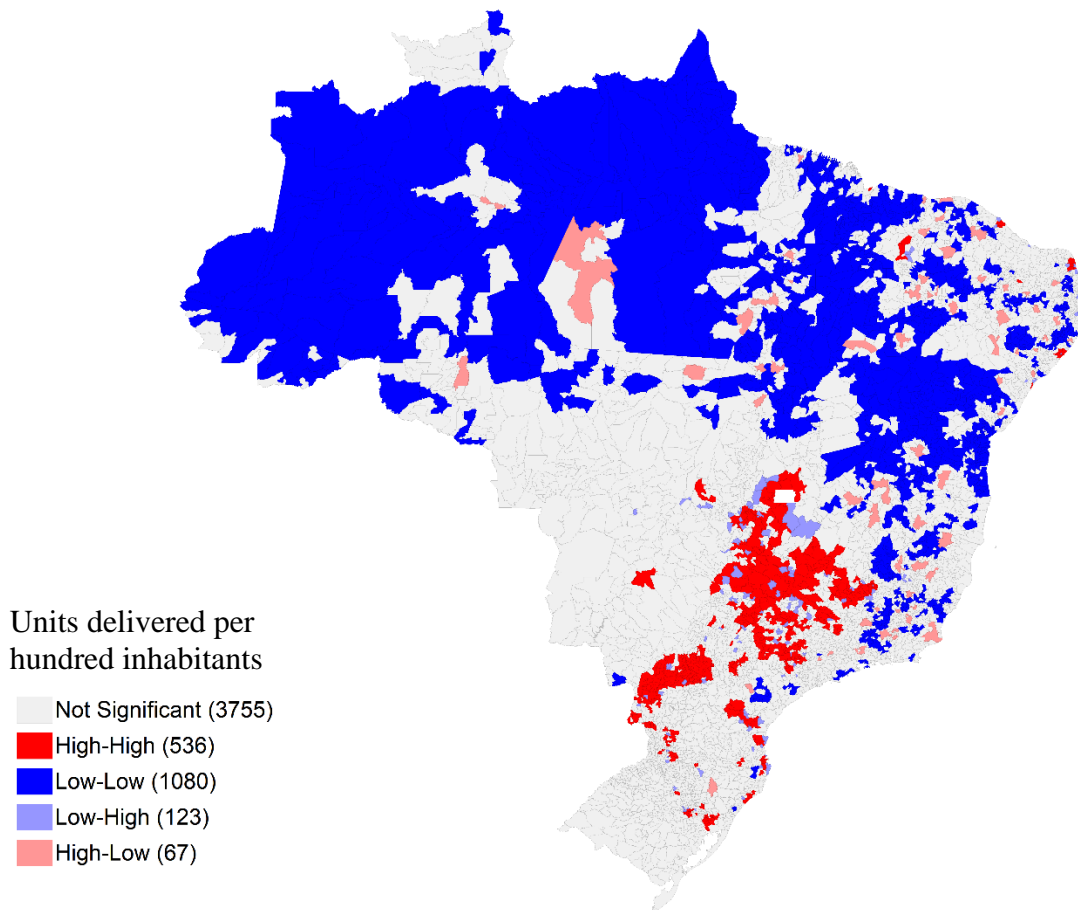
Figure 20: LISA for GDP per capita per municipality



Source: by the author

Finally, the LISA indicator for units delivered per hundred inhabitants in MCMV Faixa 2 and 3 shows local tendencies. Most municipalities present a non-significant index (68%) or Low-Low (almost 20%). Less than 10% of municipalities were classified as High-High, and they are mainly located in the Southeast and South regions.

Figure 21: LISA for Units Delivered in Faixa 2 and 3 per hundred inhabitants per municipality



Source: by the author

The collinearity matrix of the variables is shown below. Two important aspects should be highlighted. Firstly, all variables present high correlations, especially Eligible Population (%) vs Racial Minorities (%), which indicates that PCA is an appropriate methodology to treat the database before clustering analysis. Another relevant characteristic indicated in the correlation matrix is that Racial Minorities (%) are negatively correlated to all variables, while the rest have a positive correlation between themselves.

As discussed previously, for most municipalities the income eligibility of MCMV Faixa 2 and 3 is high in comparison to the income of its inhabitants. In this sense, the percentage of the eligible population is also an indication of the population's income - the higher the eligible population percentage, the higher the median income tends to be. Thus, the eligible population is negatively correlated to the percentage of racial minorities and positively correlated to the GDP per capita.

Units delivered per hundred inhabitants are more correlated to the percentage of eligible population in the municipality than to other variables, as expected; however, the correlation matrix shows that units delivered per hundred inhabitants are more correlated to racial minorities (negative correlation) than to GDP per capita. This is an indication that the population's socioeconomic characteristics are more determinant in the location of units delivered per hundred inhabitants than the economic dynamics of the city – which could be further evaluated in other econometrics assessments. All p-values are below 5%, which means that the correlations are all statistically significant.

Table 10: Multicollinearity Table

Correlation Matrix (p-value)	Racial Minorities (%)	Eligible Population (%)	Units delivered per Hundreds of Inhabitants	GDP per capita
Racial Minorities (%)	1.000 (0.000)			
Eligible Population (%)	-0.662 (0.000)	1.000		
Units delivered per Hundreds of Inhabitants	-0.258 (0.000)	0.381 (0.000)	1.000	
GDP per capita	-0.316 (0.000)	0.503 (0.000)	0.168 (0.000)	1.000

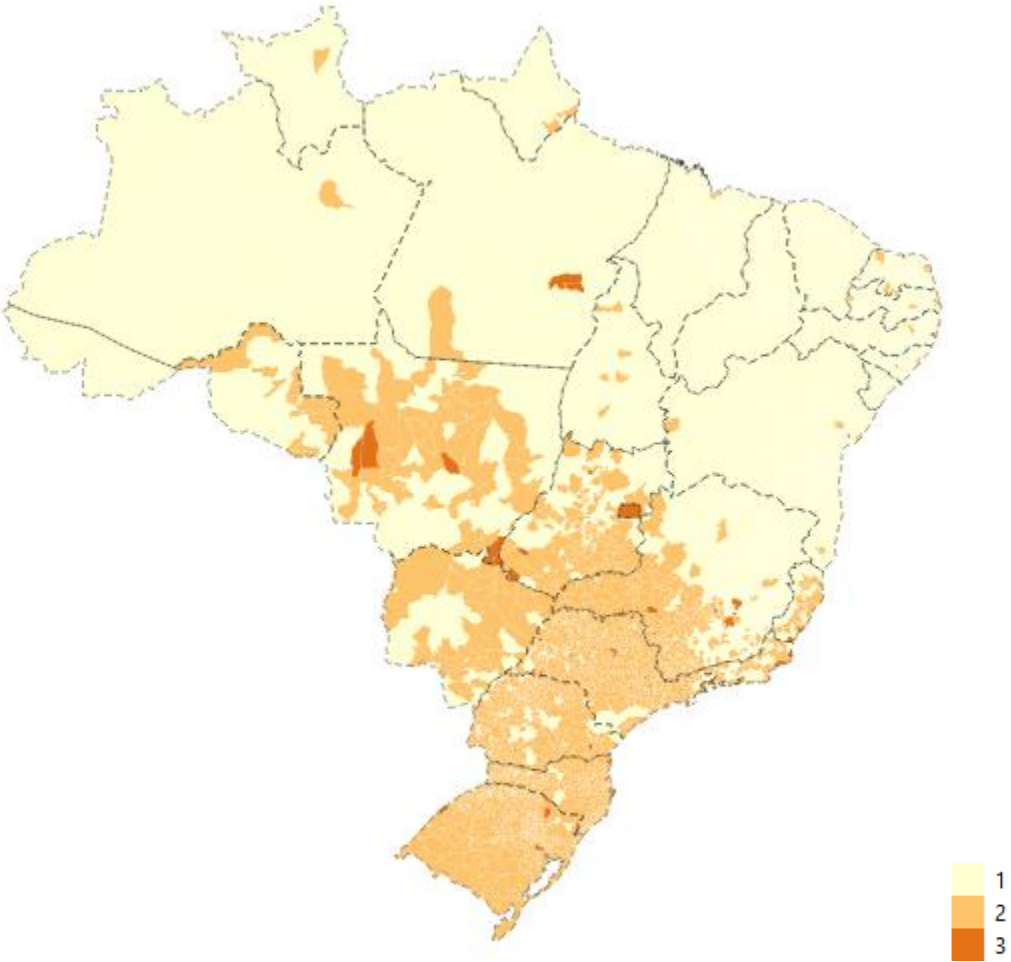
Source: by the author

Before the Clustering Analysis, the Principal Component Analysis was conducted to reduce the dimension of the four variables previously mentioned. In Appendix C, more details of PCA are provided. I describe the contribution of each variable for the new dimensions, in tables and graphics.

Clustering Analysis

The Clustering Analysis resulted in three clusters, as shown below. The country is mainly divided into clusters 1 and 2. Cluster 1 is defined by a *high* percentage of racial minorities, *low* percentage of eligible population, *low* GDP per capita, and *low* percentage of units delivered per hundred inhabitants. Cluster 2 presents the *highest* average of units delivered per hundred inhabitants, and is characterized by *low* proportion of racial minorities, *high* percentage of the eligible population, and *high* GDP per capita. Comparing the two clusters, the mean value of each variable is significantly different: the average units delivered per hundred inhabitants is five times higher in Cluster 2 than in Cluster 1, but the average of racial minorities (%) in Cluster 2 is less than half of Cluster 1's.

Figure 22: Clustering Analysis – Map of Results



Source: by the author

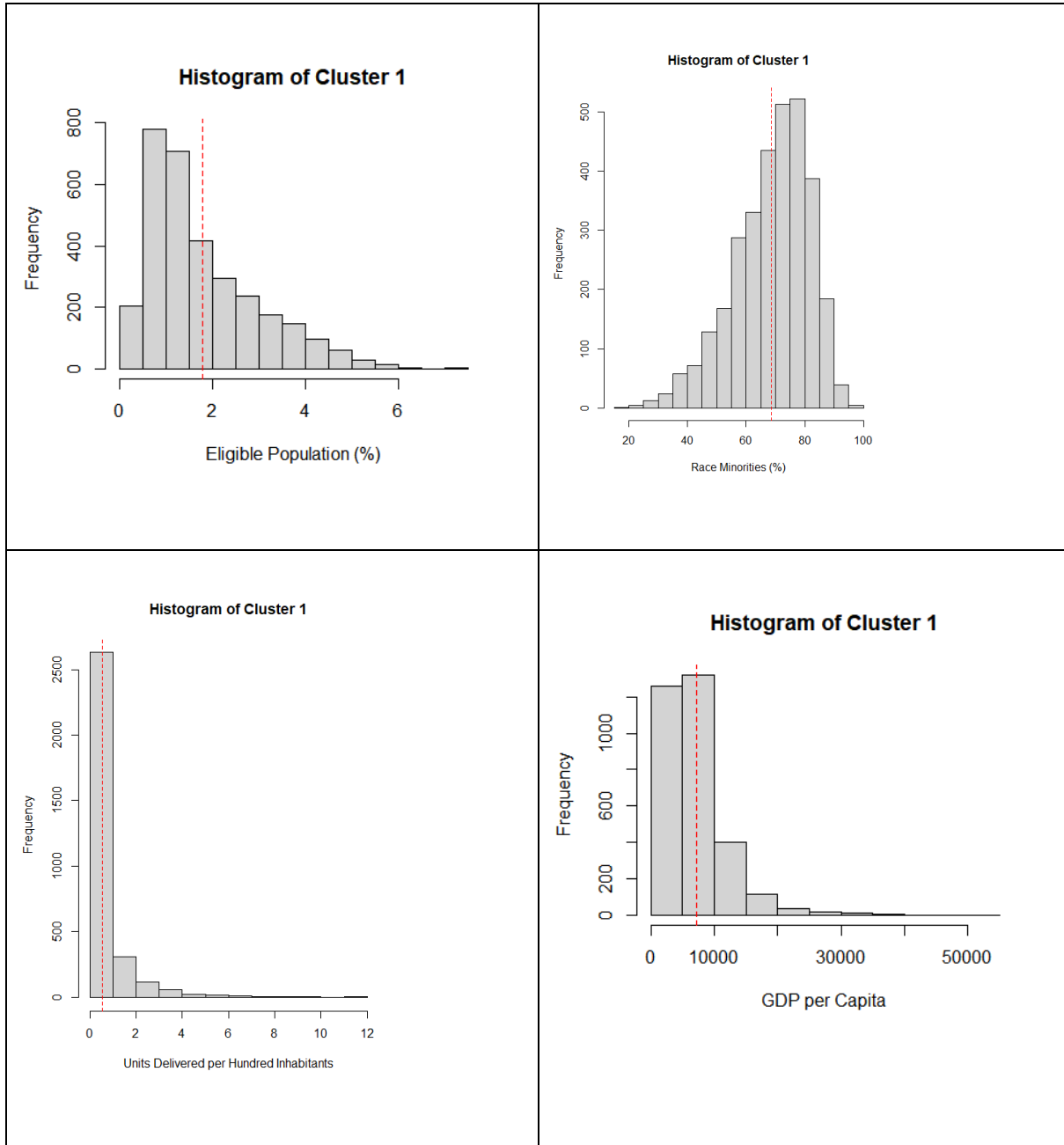
Table 11: Clustering Analysis – Table of Results

Cluster	Units delivered per hundred inhabitants	Racial minorities	Eligible population	GDP per capita	Municipalities	
1	0.53	68.67%	1.79%	R\$ 7,248	3,169	57.0%
2	2.77	30.25%	5.87%	R\$ 17,713	2,328	41.8%
3	1.91	46.26%	7.47%	R\$ 102,094	68	1.2%

Source: by the author

To further investigate the differences between clusters and better characterize each one, I present the histogram of each variable inputted in the clustering analysis. Cluster 1 has the lowest average of Eligible Population (%), and half municipalities in this cluster have less than 1.4% of their population being eligible for the program. The histogram of Racial Minorities (%) informs that most municipalities in this cluster have high percentages of Racial Minorities, half of them have more than 70.9%. Regarding units delivered, three-quarters of the municipalities in this cluster have less than 0.57 units delivered per hundred inhabitants. The GDP per capita of the municipalities in Cluster 1 is low, being less than R\$ 5,596 for half municipalities.

Figure 23: Histograms of Variables – Cluster 1

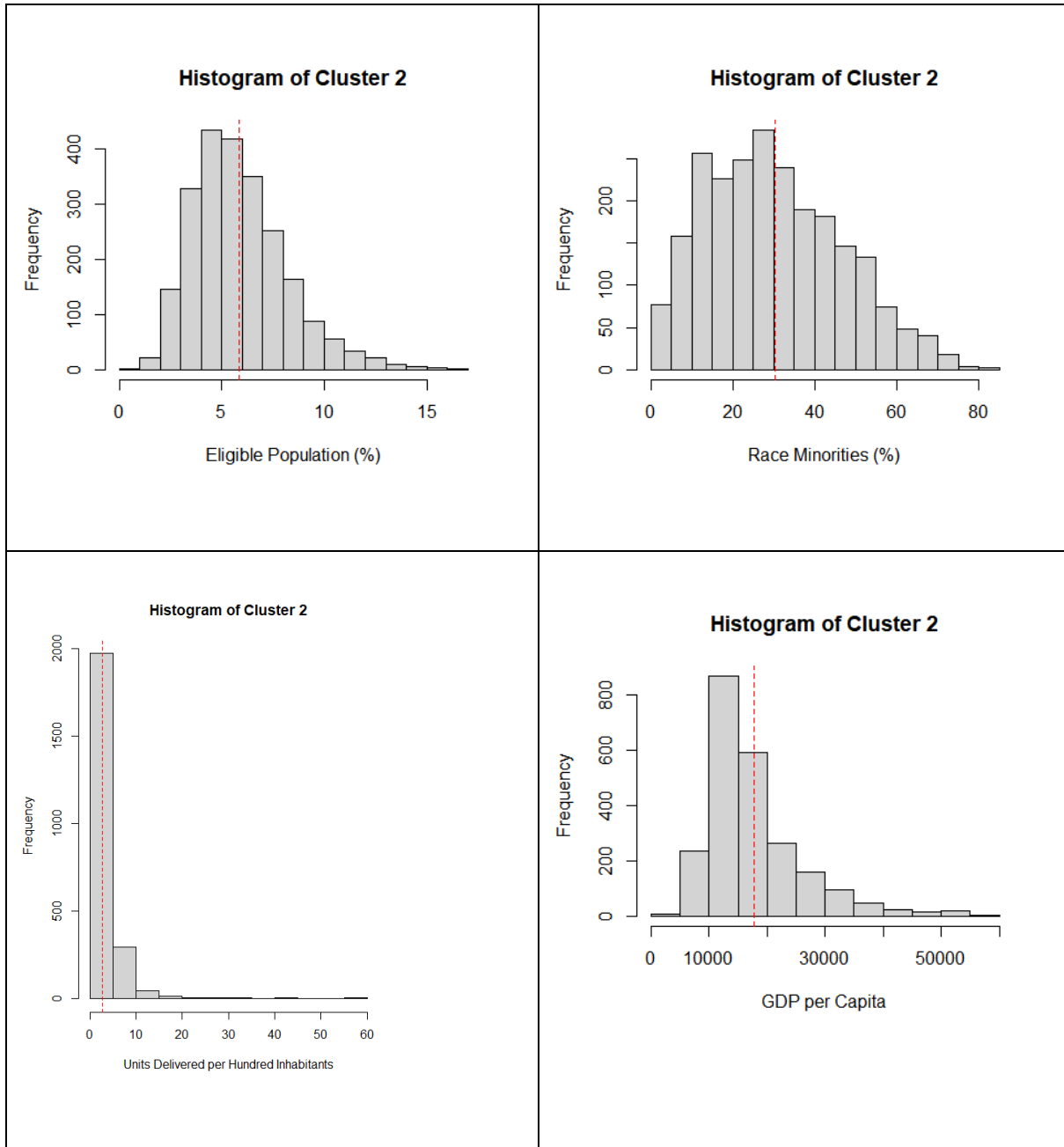


Source: by the author

Cluster 2 differs significantly from Cluster 1. Half of the municipalities have more than 7% of the eligible population, which helps explain the higher units delivered per hundred inhabitants – mostly around 2 units per hundred inhabitants. The GDP of these municipalities is mainly between

R\$10,000 and 20,000. There is a high variance in the proportion of racial minorities in this group of municipalities: the first and third quartiles of this distribution are 17.1% and 41.6% respectively.

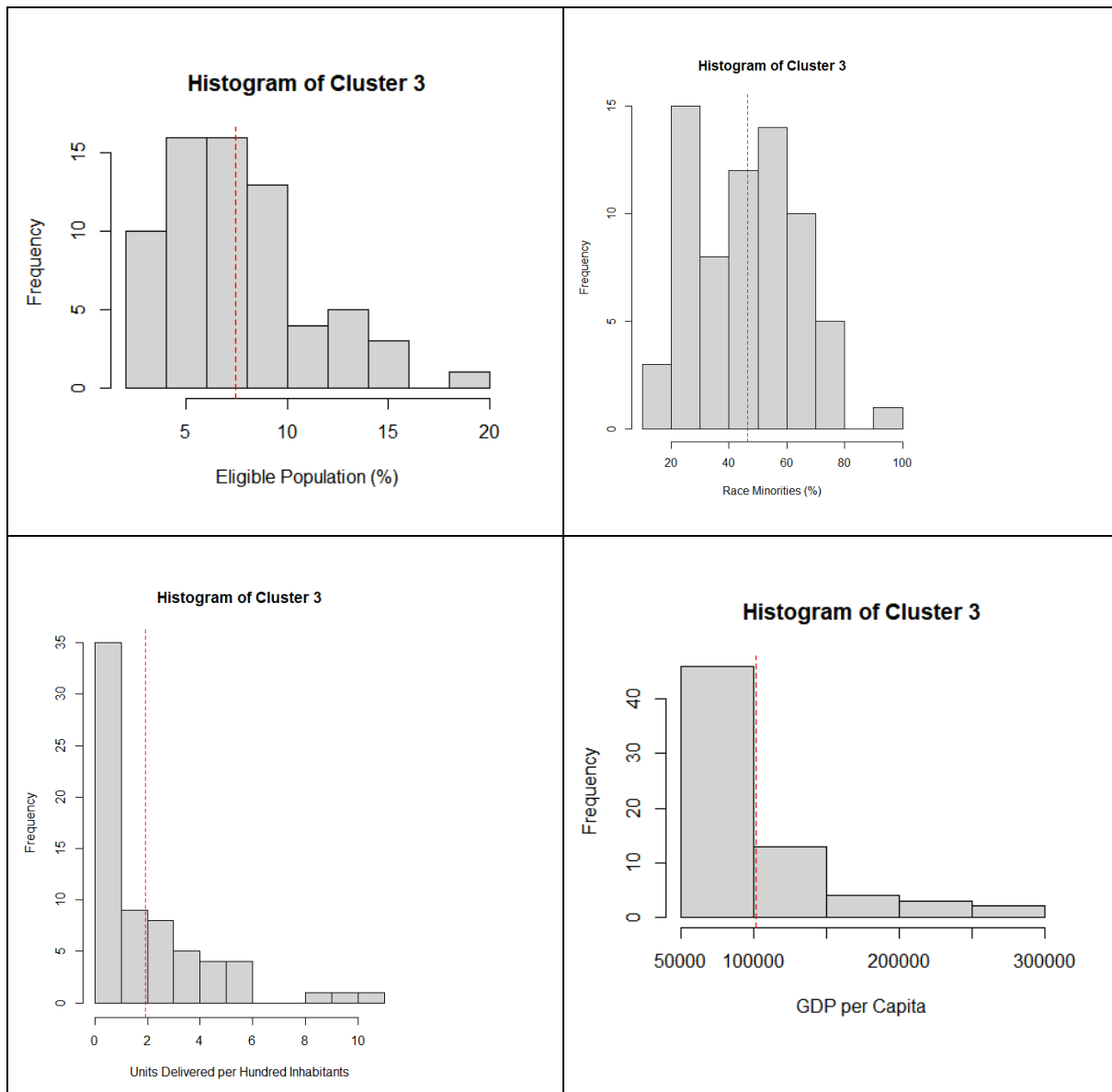
Figure 24: Histograms of Variables – Cluster 2



Source: by the author

Cluster 3 presents high variance in its variables, except for GDP per capita. Moreover, only 1% of the municipalities in the country were classified in this cluster. Thus, it does not represent an ensemble that shows important outcomes of the program. The comparative analysis of Cluster 1 and 2 provides more interesting insights regarding the program’s outcomes and its relations to the socioeconomic characteristics of the population.

Figure 25: Histograms of Variables – Cluster 3



Source: by the author

Qualitative Analysis

The operation of the program was observed during the fieldwork and with the support of semi-structured interviews, informal conversations, and visits to MCMV developments. The fieldwork was conducted in Recife, one of the state capitals with most of its population belonging to racial minorities. Moreover, Recife is the Brazilian capital with the greatest income inequality⁶⁹ (IBGE, 2020) and the third biggest city in the Northeast region, with 1.5 million people. The city was founded by the Portuguese colonizers in 1537 to be a port due to its strategic geographical location, and it is the oldest city between the state capitals in Brazil. The colonial heritage of the city not only marks its architecture and urban landscape, but also the social relations between groups; see Leitão (2014), who discusses the urbanization process from Gilberto Freyre's concepts, and Barbosa & Teixeira (2022), who analyzed real estate propaganda from 1970s in Recife metropolitan region and its relations to the colonial heritage.

The characteristics of Recife, including its history and the socioeconomic characteristics of its population, served as context to interpret the interviews. However, the main result of this analysis speaks to the policy design and the market-oriented logic of the program. As will be further described, this analysis demonstrated two apparently contradicting aspects of the program: its design stimulates the gain in large-scale production, but also requires personalized customer service. The combination of these two aspects can lead to racial discrimination and reinforcement of the existing inequalities.

Developers reported that the tight profit margin of the program – resulting from restrictions in the unit price and the client's income eligibility – incentivizes the production of large developments

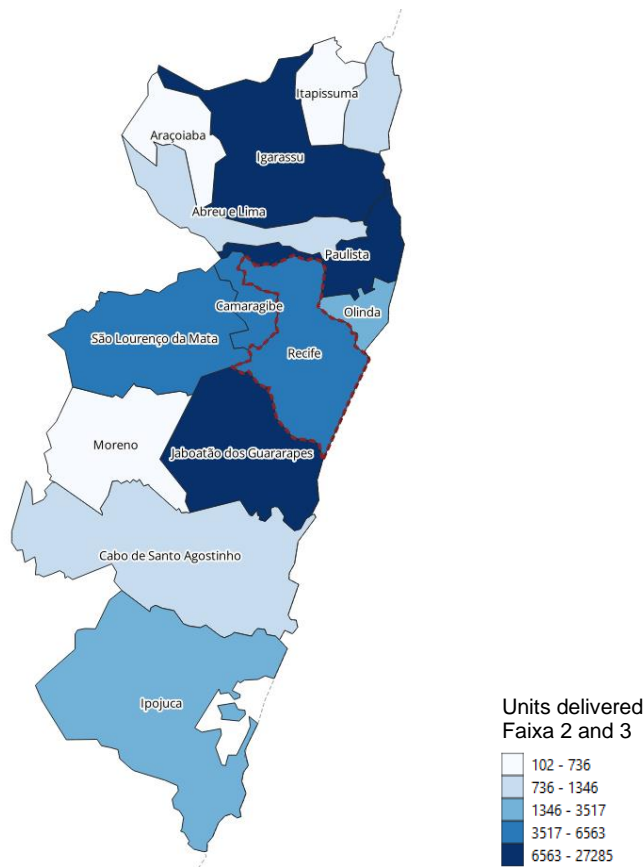
⁶⁹ Comparing Gini Index (Síntese de Indicadores Sociais 2020 (SIS)).

to gain in scale. They also said that standardized typologies are stimulated by the tide profit of the MCMV developments, and developers tend to not spend much on architectural design or geotechnical work and foundation. Moreover, a municipality representative interviewed (MR1) had a similar understanding of the program, and when explicitly asked about the possibility of constructing smaller developments to better fit the landscape of Recife, she said “But that is how the numbers don’t add up (“*não fecha a conta*”)", expression used to refer to financial stability from the real estate’s perspective (Semi-structured interview, MR1, 2023).

Both the developer (RED1) and MR1 reported that, in other cities of the metropolitan region of Recife, large terrains could be found, where the land has lower prices than the capital. As Recife is a small city with a lack of developable land⁷⁰, more units were constructed in the surrounding cities than in the state capital. When asked about Recife’s inhabitants’ willingness to move to other cities in the metropolitan region, RED1 said people do not want to go, but end up going, and mentions the case of the city Paulista, which sells a significant part of its units for Recife’s inhabitants. The map below presents the units of MCMV Faixa 2 and 3 delivered in the metropolitan region of Recife.

⁷⁰ They mention, as main restrictions, historical heritage (colonial buildings that should remain preserved), restrictive zoning (including environmental protection), as well as the of bad quality. Recife is settled in a mangrove and had a radial growth around rivers; therefore, has weak soil and high-groundwater level. Moreover, Recife has steep hills and two large river bodies.

Figure 26: Units Delivered in MCMV Faixa 2 and 3



Source: by the author with data from CAIXA (2023)

Many authors have already identified this issue in other cities of the country, criticizing the MCMV program for producing housing in urban peripheries that are underserved by public transport, creating inadequate housing conditions, accelerating the hidden cost of providing municipal services to the sprawling housing market, and increasing spatial socio-economic segregation. (Arantes & Fix, 2009; Cardoso, 2013; Amore et al., 2015; Nascimento & Tostes; 2011; Krause et al., 2013). In the case of the Recife Metropolitan region, the urban sprawl occurred outside the capital, in the direction of other cities. As described in the literature, other state capitals experienced urban sprawl within the limits of the city. In both cases, this is strong evidence that

the autonomy given to the real estate market in operationalizing the program resulted in a standardization process, in which the same typology is replicated from one large terrain to another to allow for a gain in scale production. “MCMV expresses itself as a Fordist enterprise in the production of large scale”, even if not the unique typology, mainly composed of numerous identical units. (Krause et al., 2013, p. 46)

In this equation of productivity, the speed of sales becomes crucial. The interest rates for civil construction in Brazil are high, see the National Index of the Construction Cost (INCC⁷¹), both for the construction and the purchase of houses. In this sense, for the financial stability of a development, the sales’ speed influences greatly the rates of return. A realtor interviewed, R1, said that larger companies as the one he works for, not only gain in the scale of the construction process but also in the scale of the selling process – expediting it with trained realtors and a facilitated path to approve clients in CAIXA.

The most common process of sales is through a realtor, who will explain more details about the development and MCMV program to the client. The realtor collects the client’s documents and further forwards them to what is called a “CAIXA intermediary”, a person or enterprise responsible for verifying the documentation to speed up the approval process in CAIXA. One of the MCMV dwellers interviewed (D1) mentioned that she never contacted CAIXA, and just went to the bank when all documents were ready to be signed. She said the realtor was very critical of the documentation she presented.

R1 stated that “big construction companies that have volume have an easy path”, referring to getting clients approved in CAIXA. He explained, in direct and clear words: “One can do it alone?”

⁷¹ Índice Nacional de Custo da Construção. Available at <https://portalibre.fgv.br/incc>. Retrieved on 03/08/2024.

They even can, but “ours” is easier” - their path of approving clients. Large companies in Brazil have their realtors, trained by them. R1, who works for one of those, explained that the company he works for “manufactures realtors”, and continued describing how the company is a school, in which one gains more and more knowledge as they participate in training (Semi-structured interview, R1, 2023). In this sense, these workers are a product of the companies’ sale’s desire, goals, and agenda. R2, from the same enterprise, said the trainings are weekly, and their topics are mainly credit, sales, and changes in the program.

Even in this Fordist production and sales mechanism, the realtors reported that in the trainings they are advised to get to know the client and understand their needs in a personalized way. R2 said he “directs the client to the housing unit they will qualify”. Within the same construction company, there are different products – the families with lower incomes will most likely purchase the cheaper units. In this personalized conversation, the realtor explains the program to the client and guides them through the approval process.

However, talking to both realtors and clients, it was noticeable a disproportion of knowledge: while the realtors understand vastly the functionalities of MCMV, the clients – even the ones who purchased a unit – cannot well describe the program. For instance, R1 proved to be very knowledgeable about the program functioning: he explained to me in detail how to get clients approved, and how to navigate amongst the bureaucracies of the system. On the contrary, the population interviewed – dwellers, eligible people who did not manage to purchase a house, and community members in general (in exploratory conversations) – did not understand how the program functioned.

When I asked about the program, people immediately identified that it is the biggest housing policy in the country, implemented as part of the so-called “social policies”⁷² in Lula’s government. Some people were aware of the existing criticism regarding construction quality and the location of units. However, I noted a lack of concrete knowledge of the program’s operation – low income (How low? Who is eligible?), how to proceed if interested? Which documents are needed? Can the entire unit price be financed? Moreover, some people even described the program wrongly, for example, not accounting for the different income brackets, or the influence of private developers, which directly impact their possibility of acquiring a unit.

Two formal interviews were conducted with people who had purchased an MCMV unit in Faixa 2 and 3 (D1 and D2). Neither of them could well explain the process of acquiring the loan. Specially D2 had problems with her lack of knowledge about the program: she reported being surprised by an installment when the construction ended: “I didn’t know I had to pay that amount” (Semi-structured interview, D2, 2023). She had to acquire a loan from another bank to be able to pay for that parcel.

The lack of knowledge amongst the population about the program makes the realtor a key element in the approval process of the clients: they become gatekeepers not only connecting the developer and the client but also explaining to the client the functionalities of the program. In this sense, the conversation between the two parts starts with disproportionate power: one in knowledge of the full process, and the other trying to understand what the program is about.

⁷² The best known of these policies is the Family Grant (Bolsa Família): a monthly stipend for families with very low or no income, implemented in 2004, which currently benefits 21.2 million people). More information available at: <https://www.gov.br/mds/pt-br/acoes-e-programas/bolsa-familia>. Retrieved on 01/27/2024.

R1 said: “Most clients arrive here confused” (Semi-structured interview, R1, 2023). R3 said most questions are about the amount of direct subsidy one will receive and if the entire unit will be financed by CAIXA – in Faixa 2 and 3, the loan is limited to 80% of the unit, and the families should pay to the developer the other 20% with personal savings or the ones with formal jobs can use their FGTS’ saving account (CAIXA’s website⁷³ provides more details of this practice in Brazil). R2 confirmed, saying people ask a lot of questions about CAIXA’s loan, and added: “Even us (realtors) have questions” (Semi-structured interview, R1, 2023). R2 complemented, “Sometimes the client does not purchase because of the information lacking” (Semi-structured interview, R2, 2023).

Thus, the way the program is designed, and how clients should navigate in the housing financing system still confuses most. It also raises the question of, is the eligible population aware that they are eligible? In this sense, the prospective clients arrive unprepared for the conversation and rely on the realtor’s explanation, and consequently, their desire to explain, to qualify for MCMV. Moreover, the potential clients need to convince the realtor they are a good client and worth spending time with, and also negotiate the payment of the 20% value of the unit.

All realtors interviewed explained that they receive in the “sales’ stand”⁷⁴ a significant number of prospective clients. R1 mentioned that after each appearance of the MCMV program in the media, which is not infrequent, an even higher number of people show up looking for a house. “A lot of people come and ‘hit their face on the door’” (Brazilian popular expression that means their hopes are frustrated) (Semi-structured interview, R1, 2023). In this sense, the media has not been able to

⁷³ <https://www.caixa.gov.br/voce/habitacao/Paginas/utilizacao-fgts.aspx> Retrieved on 02/09/2024.

⁷⁴ A common marketing strategy used by the real estate market in Brazil, not only for MCMV units, is to create a type of store, called “sales’ stand” in free translation, in which the realtors receive clients, show the model of the development, videos, and other marketing materials provided by the developer and/or construction company.

provide enough information about the program, to bridge the knowledge gap. And what would the realtor do, facing so many potential buyers? As realtors work with a sales commission, in other words, they will only have a salary at the end of the month unless they make a sale, the system propels them to invest in clients that have a higher chance of effectively purchasing the house. R1 was aware of this system, and spontaneously assumed that he wanted to “solve my problem, which is to sell” (Semi-structured interview, R1, 2023).

Thus, the first contact of the client with the realtor is also a type of interview, in which the client, who most of the time arrives with questions, should prove themselves worthy of spending time with, explaining the program, and gathering the needed documentation to qualify for CAIXA’s financial assistance; otherwise, the realtor may look for another client to make the sell. R2 mentions each realtor has 30-40 clients they collected in person, plus additional people they collect only. Moreover, R2 explained the importance of insisting with the client, even if they no longer manifest interest, to gain sales. This suggests that realtors chase the clients they find more likely to be approved, as no one has infinite time to equally look for 30-40 people simultaneously.

When asked about the differential treatment of customers, R1 said yes, "absolutely" (Semi-structured interview, R1, 2023). When questioned about what defines a family who is worth investing time to gain the sale, R1 said “I do not look that much at clothes”, but to the language and expressions used in the conversation – which is an indicator of the level of education. R1 mentioned that families with a higher level of education are more likely to end up purchasing the house. “I even use this as a sales argument” and explained that he convinces the client to purchase the house saying they are likely to receive a promotion and, thus, their salary is likely to grow, which will make it easier to pay the loan parcels. R1 mentions that families with higher levels of

education also have better financial literacy, with higher chances of paying the 20% parcel that is not financed by CAIXA.

This suggests not only discriminatory practices in terms of educational level but also in terms of occupation. R1 mentioned he looks for clients with a more stabilized life, who potentially will receive a job promotion – there is an indication here that some professions are more likely to grow than others, and he targets this type of profession. It is reasonable to assume that companies tend to sell to clients who are more likely to commit to their debt. D2 mentioned in her interview that the realtor asked her to provide a guarantor for her 20% debt, which is not a requirement of the MCMV program, but is another evidence of companies seeking financial stability.

R1 explained most people who purchase a house are between 25-35 years old, as younger people tend to not have the financial conditions to purchase it, and older people tend to look for a better housing unit. R2, along the same lines, said most people who purchase are recently married couples. R3 in agreement said most clients are young couples, from 23-40 years old, with one or two kids. R2 said it is better to have a couple earning R\$1,500 each than one person earning R\$3,000, but when asked for further reasons, he did not explain. Moreover, R1 said he looks for more “organized families”, which he attributed to family composition but did not specify attributes of this type of family (Semi-structured interview, R1, 2023). With no clear rationale as to why a couple would be a “better client”, the realtors manifested their preference for this type of client, which is evidence that family composition influences the realtor’s perception of the client and potential discriminatory practice towards single parents.

R3 said that many of his clients come through referrals from clients who have already bought a unit. The realtor mentioned campaigns to refer friends and family members to buy a house in a

newly constructed MCMV: for example, one would have a discount on their unit's payment installments (the 20% to be paid to the developer) if they refer someone to purchase another unit. R3 mentioned that discounts in the company he works for ranged from R\$1000-2500. This suggests a biased filtering mechanism: people tend to recommend the ones that are similar to them, either belonging to the same family or of the same social circle. Here is another suggestion that certain socioeconomic characteristics of the population are being selected as “favorable” in the housing acquisition process. The creation of this discount suggests that people could bring prospective buyers who indeed will qualify for the housing loan, as they will have similar socioeconomic characteristics to the ones who qualified.

Another important characteristic of the prospective client is their job being formal or informal – with a register in the national Employment and Social Security Card (CTPS⁷⁵). Not only it guarantees an FGTS savings account to pay the 20% parcel of the unit that is not financed by CAIXA, as mentioned, but it also allows the client to prove their income. The process to acquire a housing unit in the MCMV program depends on the prospective client proving their income is eligible to participate in the program (within the limits of the bracket), and a formal job certainly facilitates this process.

R1 explained the difficulties that workers with informal jobs face when trying to qualify for a loan. They are technically eligible for the program, but many of them cannot prove it. R1 learned throughout his working years that the best way of being approved is by declaring their income and using the income declaration document as income proof⁷⁶. R1 even said that he could suggest an accountant to help the prospective client through the process. “I *wanna* solve the client’s problem,

⁷⁵ Carteira de Trabalho e Previdência Social

⁷⁶ In Brazil, not all citizens declare income, even though being mandatory.

and mine, which is to sell.” Once again R1 mentioned the urgent need to sell, and special help given to certain clients.

An informal conversation with an Uber driver provided additional evidence of the importance of a formal job declaration to qualify for an MCMV loan. He mentioned that his ex-wife purchased an MCMV unit, and his understanding was that she had had an easy process because she had a formal income. By contrast, his income did not qualify as such, and therefore he decided not to purchase a house.

R1 said that most people do not purchase the units not because they do not like the house, but because they have difficulties in being accepted in the program. For example, many clients cannot have a bank loan due to what is called in Brazil a “dirty name” - someone who purchased a product or service and did not pay, having their name in lists of credit protection agencies. These lists can be further purchased by interested parties. R1 explained that the company he works for has an internal system to evaluate the clients’ probability of being accepted by CAIXA, based on their personal information. R1 could not explain how the system made such scores, if based on purchased information about “dirty names”, or internal data about previous approved clients. R1 mentioned an increase in people with unpaid debts in the last few years.

A prospective client⁷⁷ (PC1) who did not get approved for an MCMV loan highlighted a very relevant aspect of domestic life: for lower-income populations, it is extremely hard not to purchase relatively smaller items such as a refrigerator or television without taking loans. She was told that a loan she had was limiting her ability to get an MCMV loan. PC1 also mentioned suffering racial discrimination in banks in Brazil, which influences her confidence in securing a loan until the

⁷⁷ Due to restrictions in the field work, two interviews were conducted in Sao Paulo, as is the case of this one.

present day. This suggests that, in a conversation with a realtor, unprivileged groups are less likely to convince the realtor of their chances of acquiring a loan. PC1 mentions: “We need a high self-esteem to keep trying”, referring to potential discriminatory contexts, including consecutive intents of purchasing a house (Semi-structured interview, PC1, 2023).

In sum, the interviews showed that the realtors, with their income based on commission, are trained to sell the most but encounter potential clients many times unprepared to participate in the program. The often-observed disparity in knowledge creates a relationship of power, in which the realtor, with the domain of the information – who qualifies, how to qualify, and what steps are necessary to acquire the housing unit, can better navigate the conversation and further select potential clients to better prepare to program access. The realtor, with limited time, will certainly focus on the ones who are more likely to qualify for the loan and purchase the house, which can lead to discriminatory practices even without such intention.

As a conclusion, The Fordist structure of construction is also seen in the process of sales in MCMV: it needs velocity and tends to select a certain type of client that is more likely to qualify. Personalized customer service is required in a scenario of prospective clients without clear information about the program and enables fast sales through a biased filtering process. The mentioned characteristics of a good client – job formality, a married couple, and a higher level of education and financial literacy – are strong evidence of this discrimination. Such discriminations go beyond income and strongly relate to race, as will be further discussed. Thus, this practice tends to reproduce existing racial inequalities and represents barriers to access to the policy.

CHAPTER 5: DISCUSSION

When putting “the housing problem definitely in the terms proposed by the real estate sector” (Klintowitz, 2016, p. 167), the government designed a policy to incentivize civil construction and promote “market social housing”. In this sense, the policy design was based on the financial feasibility from the developer’s perspective, with few considerations regarding the other side of the equation: the consumer, and the target of the housing policy. As a result, many design choices end up producing questionable results and enhancing racial inequality, which derives the policy from its social purpose.

When analyzing if the model of affordable housing provision proposed by MCMV was capable of overcoming structural racial inequalities in the country, I identified strong evidence that it was not. The uneven spatial distribution of units follows the existing regional disparities and reinforces racial inequalities: cities with higher percentages of racial minorities received fewer units per inhabitant. Moreover, this research analyzed barriers and constraints that racial minorities face in accessing the program. First, the definition of eligibility, when disregarding racial inequalities and their relations to income, prioritizes White residents. Secondly, the market-oriented logic of MCMV incentivizes the construction and sales of units in a Fordist manner. The prospective clients, lacking knowledge about the program, rely on realtors to qualify for the program. The realtors then become gatekeepers in the process of acquiring an MCMV unit, and the logic of operation shows strong evidence of discrimination.

Uneven distribution of units

In the literature, much has been debated regarding the spatial distribution of units, mainly analyzing the consequent urban sprawl of the unit’s production in cities’ and metropolitans’

peripheries (see Amore et al., 2015; Cardoso, 2013). Others discussed municipal capacities needed to conduct the program, which also influences the spatial distribution of units delivered. Barbon (2018) explains that, since the 1988 Constitution, the execution of public policies in Brazil demanded a structure that most municipalities did not have, “hindering them from entirely assuming the execution of housing policies” (p.88). Moreover, Cardoso (2013) explains that “it is possible that some local administrations, with greater experience in housing policy, can act as “facilitators” of private initiatives, as seems to have happened in some cases, but even this specific “competence” brings as a consequence an accentuation of inequality. That is, those municipalities or states that already have resources (financial or administrative) will attract more resources.” (p.60) Arantes and Fix (2009) describe that the model proposed by MCMV incentivizes the competition between municipalities, as the federal government convenes the local governments to donate public land to private developers, to incentivize the production of units.

Moreover, in relying on the real estate market to implement the policy, MCMV becomes more effective in municipalities where the real estate market is more consolidated and has the capacity to conduct developments within the parameters of the program. The outcomes of MCMV in most cities and towns are low increments in housing production, as the market could not rapidly respond to the federal subsidies and constant changes in the program’s rules. Cardoso (2013, p.60) explains that the construction of units “depends on the existence of companies that meet the basic requirements of the program, and who are in good standing with the CAIXA. At this juncture, it occurs that many municipalities are unable to attract companies (...).” Another relevant aspect is the availability of land. Krause et al. (2013, p.47) argue that “since land is one of the main inputs of the program, it is verified that in cities where there is less real estate market dynamics and in

metropolitan peripheries, where the supply of land is greater, the execution of the program tends to be more effective, therefore, with greater responsiveness to the development of the economy.”

The results of Global Moran’s I and LISA indicators calculated for the units delivered per hundred inhabitants in all municipalities of the country are in accordance with the discussion in the literature. The indicators show spatial autocorrelation of the units delivered in Faixa 2 and 3, as well as local clustering: almost 20% of the municipalities have low units delivered per hundred inhabitants and are close to municipalities with low units per hundred inhabitants (Low-Low), while 10% were classified as high-high.

Moreover, authors had already debated that units of MCMV were produced in municipalities where higher rates of return could be achieved (Arantes & Fix 2009; Krause et al., 2013; Cardoso, 2013). Krause et al. (2013, p.43) discuss the correlation between housing demand in the income brackets of Faixa 2 and 3 and the production of MCMV in representative areas of Brazil, and conclude that "higher correlations are observed between housing demand and MCMV/FGTS production (Faixa 2 and 3 than Faixa 1), suggesting greater adherence of this modality of the program to demand, that is, to the market that governs these contracts." My research provides additional information to this debate when demonstrating, in an analysis of all municipalities of the country, the existing correlation between units delivered per hundred inhabitants in Faixa 2 and 3 and both eligible population percentage and GDP per capita. As an inevitable consequence of the logic in which the program was built, it becomes more feasible and profitable to build properties where there are families eligible to buy them, as well as a stronger economy.

As a result, the existing inequalities between North and South in the country, which are also expressed in racial terms, are reinforced by the program. The exposed descriptive statistics showed

that richer states are in the southern regions of the country, with higher GDP, income per capita, and levels of education. The majority of the population in these regions is racial majorities. Receiving more investments in civil construction and delivering more units, southern regions will continue to be richer and enlarge the wealth of racial majorities in the country.

Moreover, the results of this research show a high negative correlation between units delivered per hundred inhabitants in Faixa 2 and 3 and the proportion of racial minorities in the municipality. In other words, fewer units were produced where the proportion of racial minorities is higher. The study does not demonstrate cause and effect between these two variables, further research needs to be done to evaluate if the racial composition of inhabitants is influencing the production of units. However, the existence of this correlation is already a negative result of the policy and a lack of social justice commitment, as all inhabitants in the country should have equal opportunities to acquire a housing unit in MCMV despite their race.

Eligibility definition

The analysis of the MCMV policy design showed two important aspects regarding the eligibility definition. First, the eligibility is based on income and disregards the heterogeneity of the population, including its racial composition. Racial minorities in a discriminatory society have unfavorable characteristics to acquire a loan and are negatively perceived in evaluation processes. Second, MCMV Faixa 2 and 3 have a unique value for income eligibility for the entire country, which is above the salary of most inhabitants and disregards regional differences.

The data analysis conducted has shown that the value for income eligibility in Faixa 2 and 3, in comparison with the population's income at large, is high, and consequently, few families are eligible for Faixa 2 and 3 across the country. The states with higher median income have also

higher percentages of the population being eligible; the Northeast region, which concentrates most of the racial minorities in the country, has fewer eligible inhabitants. Thus, there is a high spatial concentration of eligible families in the territory, which reinforces the concentration of investments and construction of units in richer areas of the country. As the most vulnerable territories are occupied by racial minorities, the income eligibility definition is another evidence that the program is perpetuating this inequality.

Moreover, the analysis of the socioeconomic characteristics of the population suggests that the policy design of MCMV did not consider the heterogeneity within the income-eligible group beyond family composition⁷⁸, but mostly considered the economic viability of this group in purchasing a house. Firstly, the analysis of the racial composition of the eligible population showed that the proportion of racial minorities within the eligible population is significantly lower than in the population at large – and this tendency is observed in most cities across the country, both in regions with high and low percentages of racial minorities.

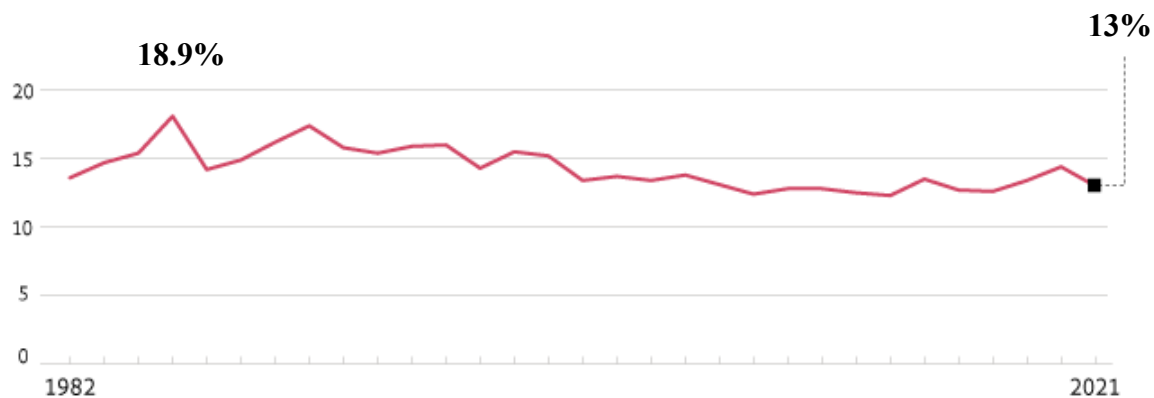
Secondly, the interviews with realtors demonstrated that other socioeconomic characteristics of the family, such as educational level, financial literacy, and job formality, can strongly influence their chances of acquiring a home, leaving certain groups at a disadvantage. Even though the realtors did not mention race as one of these characteristics, it is known that the mentioned socioeconomic inequalities in Brazil manifest in terms of race.

The data analysis conducted for the Faixa 2 and 3 eligible population showed no significant difference between the proportion of people with formal jobs amongst racial minorities and majorities. However, the literature demonstrates racial discrimination in the job environment,

⁷⁸ As mentioned, MCMV program provides additional subsidies for women head of family, families with dependents, PCD, elderly, families settled in areas of risk; race is not mentioned in the criteria of additional subsidies.

which could ultimately result in salary differences. França and Portella (2023) showed that with equivalent levels of education and experience, Black and Brown people earn 13% less than White people. The graphic below shows that this disparity was verified in the last four decades.

Figure 27: Income difference between White and Black-Brown people with the same level of education and experience.



Source: França and Portella (2023)

The data analysis showed a significant difference between the level of education of racial minorities and majorities within the eligible population: the illiteracy rate of racial minorities is 2.3 times higher. This result is in accordance with the literature that has largely described racial inequalities in education. Osorio and Soares (2005) assess the educational differences between Blacks and Browns vs Whites born in the 1980s in Brazil and conclude that "once inside the education system, Black and Brown people have greater difficulties to maintain themselves in it and to complete its stages, resulting in differences in literacy persist even at the end of the process". (p. 26) As a conclusion, the authors point out that "Black and Brown people are harmed within the education system, which is incapable of maintaining them and compensating for any inequalities that prevent their good educational progression." (p.34)

Barbosa (2005) provides a relevant contribution when evaluating the literature produced on racial discrimination in the field of education and concludes that due to discriminatory practices, "Black students do worse not just because they are poor, but also, and independently because they are Black." (p.7) Telles (2003) describe discriminatory practices in schools based on ethnographic observation. He noted that White students receive better treatment during basic education, kinder and more welcoming, reproducing since childhood the negative image racial minorities have in society. Hasenbalg (2005) points out that the subtle discriminatory practices are translated into lower educational achievements, as well as lower occupational and income gains for racial minorities.

Through the analysis of the interviews, evidence of discriminatory practices in the sales process was identified. Even though the realtors interviewed did not explicitly mention race when asked about favorable attributes in potential clients, the characteristics they mentioned manifest in the population differently depending on their race, as previously described. Racial minorities suffer discrimination in the educational system and tend to have lower levels of education. The literature also identified discrimination in employment and evidence of lower salaries. Therefore, racial minorities are at a disadvantage when trying to acquire a loan in MCMV.

The qualitative analysis provided strong evidence of biased filtering of clients in the company's practice, even unintendedly. Firstly, they pay the realtors in commission, to incentivize fast sales. Secondly, they give discounts to dwellers who recommend new clients. As someone will tend to recommend friends and family members similar to them, this practice incentivizes the maintenance of similar socioeconomic characteristics amongst dwellers. The literature has already demonstrated that the selection of candidates is racially biased. Thus, the results of this thesis are aligned with the literature that discusses racial discriminatory practices of realtors and landlords.

Realtors' discriminatory practices have been more largely described internationally than in Brazil. Rosen et al. (2021) analyzed interviews and observations with 157 landlords in four cities and found that landlords perceive tenants' behaviors in relation to cultural narratives of race, gender, and class. The authors conclude that this practice burdens racial minorities in their search for a house, limiting their options. Korver-Glenn (2018) conducted 100 interviews in ethnographic fieldwork in Houston and demonstrated that hierarchical stereotypes about race contribute to discriminatory practices in various stages of housing exchange.

Both studies conducted in the U.S. discuss the way individuals are perceived and how race defines status. This idea is similar to the Brazilian literature that interprets the Brazilian racialized society using the Weberian concept of "status class". These authors discuss the socio and cultural characteristics of individuals, beyond income, that define how they are perceived in society. Some of them say that race is a category of status, defining the social position of an individual; then, racial minorities receive a negative attribute in this evaluation of people.

In sum, racial minorities are at a disadvantage from the policy design to its implementation. The eligibility definition, even unintentionally, results in a prioritization of racial majorities – both within cities and across regions. Moreover, the disregard of racial inequalities in the eligibility definition creates uneven competition between potential clients, as racial minorities are perceived negatively and, due to discriminatory process, have unfavorable characteristics to acquire an MCMV unit.

Market social housing in a racialized society

The description of MCMV and the recap of Brazilian housing policy showed that MCMV was designed to meet the agenda of the real estate market, which resulted in the consolidation of the

“market social housing” as the solution for housing issues in the country. However, the literature also discusses that in Brazilian society, social class coexists with “status class”: income is not the only attribute that defines how an individual is perceived and valued in society. The existence of “status class” hinders groups that are negatively perceived in society, such as racial minorities, from fully exercising their rights to consume and ascend socially. Then I argue that this is another evidence that racial minorities cannot fully participate in MCMV, a policy that reinforces the free-market practices and is based on home ownership.

MCMV program provides subsidies to the purchase of housing units aiming to reduce social inequalities; in other words, the program would generate social mobility for lower-income communities with wealth transfer and home ownership. The interviews, however, bring evidence that there may be a need to already be in a favorable social position to be able to be selected in the biased filtering process and purchase a house.

The acknowledgment of the existence of “status” groups in Brazilian society is evidence that individuals with the same income cannot compete equally. “Status class” hinders the well-functioning of the real free market and fair market competition between parts. There is a mismatch between MCMV policy design, which delegates most of the program’s implementation and management to the real estate market, and the social structure of Brazilian society. The promise of an autoregulated market cannot be fulfilled if society does not well function in classes.

Important evidence that Brazilian society does not function as a perfect society of classes is the barriers faced by racial minorities in ascending socially. Hasenbalg (2005 [1979]) identified the maintenance of racial prejudice not understood by the author as slavery heritage, but as a “mechanism of reproducing racial inequalities within the society of classes itself”, as interpreted

by França (2010, p.28). As a conclusion, Black and Brown people, even though living in a society of income classes, were excluded from the possibility of fully experiencing it, with reduced social mobility.

Nogueira (1998[1955]) studied social relations in Itapetininga, a city in the countryside of Sao Paulo state. He identified the existence of “social neglect”, determined by color. Nogueira explains that Black and Brown people are less likely to gain social mobility as they are perceived negatively in society. “The White color facilitates social mobility but does not guarantee it in itself; on the other hand, the dark color implies social exclusion rather than the unconditional exclusion of its bearer.”(Nogueira 1998 [1955], p. 167). In the same social class, individuals at the time called “of color” would experience harder barriers and would have to prove themselves as having superior knowledge, occupation, heritage, or other characteristics in comparison to most White people. França (2010) says that Nogueira describes the prestige of groups as similar to the Weberian concept of status. Moreover, França (2010, p.28) says, about Nogueira’s analysis, that in Brazilian society “it wasn't enough to have a prestigious occupation or a high level of education if you didn't acquire the manners and behavior of the higher status group.”

Scholarship in Brazil and internationally well documented that racial minorities in Brazil are at a disadvantage in all stages of the social mobility process. Munanga (1996) brings an additional point to the discussion: racism in Brazil not only hinders social mobility but also hinders access to “knowledge and consumerism, to which all other members of society have rights” (p.223). In other words, social mobility does not solve the matter of racial discrimination; even when gaining economic status, racial minorities will still have higher difficulties in accessing services and properties. Therefore, as MCMV is designed, racial minority communities are subject to a double barrier in access – to gain sufficient income (social mobility) to be eligible, but also to

consumerism. Thus, the evidence showed in the literature that racial minorities have more difficulty not only ascending socially but also purchasing services and goods are additional indicators that they may not fully participate in a policy based on consumption.

CONCLUSION

This research applied a compound mix method to assess the outcomes of MCMV policy from a racialized perspective. From the description of the program and its policy design, the thesis described the mismatch between a policy with social intent and the outcomes that derived from it. The literature review demonstrated that Brazil has been applying policies based on home ownership, and since the last decades of the 20th century, the “market social housing” typology proved to be lucrative in the real estate market. Following the interests of the market, MCMV consolidated this product as a policy choice, providing significant subsidies for the construction and acquisition of such units.

For almost a century, Brazil was seen nationally and internationally as a racial paradise. The ideology of “racial democracy” hindered the acknowledgment of existing racial barriers in society and the possibility to propose policies to overcome them. In this process of still recognizing the existence of racism, most Brazilian public policies are not framed from a racialized perspective. Most policies are still focused on income – with this variable defining vulnerability and constituting the target group for State assistantship – which is the case of MCMV. Thus, I argue that this approach to policies discredits the concrete barriers that racial minorities face, in a similar way that “racial democracy” ideology has been contributing to the denial of existing racism in the country.

This thesis shows that income cannot fully describe society, and its use as policy eligibility criteria should be questioned. To better understand the need for a racialized approach to housing policies in Brazil, I discuss that the competitive disadvantages faced by racial minorities are based on “social status”. Perceived in a “lower” status, racial minorities have more difficulties in gaining

income status and consuming products and services in society; both consequences that directly relate to MCMV, a program based on home ownership.

The interviews provided complementary results showing that realtors are gatekeepers in the process of acquiring a house. The realtors, incentivized to sell fast with salaries based on commission, tend to select the clients that demonstrate a higher chance of being approved, in a filtering process that can be discriminatory. Moreover, the quantitative results demonstrated that the income eligibility criteria for MCMV Faixa 2 and 3 is high in comparison to the population's income. As a result, there are lower percentages of racial minorities amongst the eligible population than in the population at large. The quantitative analysis also showed that MCMV policy is enhancing existing regional inequalities, as higher rates of units per inhabitant are produced in municipalities that have higher GDP and lower percentages of racial minorities.

The use of income as eligibility criteria for MCMV Faixa 2 and 3 presents a mismatch with the racial inequalities present in the country. The combined analysis of quantitative and qualitative data showed various disadvantages that racial minorities face in accessing the policy. Therefore, by failing to ensure affordable housing for low-income communities despite their race, the program is incapable of overcoming structural racial inequalities present in the country, considering the policy design and its implementation.

The limitations of this research should be considered. Firstly, I indicated evidence of racial discrimination in the programs' outcomes, but the lack of systematized socioeconomic data of the program's beneficiaries precludes a comprehensive description of the phenomena. It should be noted that the absence of this data demonstrates that evaluating the program is not a priority in this policy, especially considering racial justice. If this data is disclosed, further research could be done

to state with certainty if racial minorities are underserved and evaluate with econometric methods the causes and consequences of this discrimination. Additionally, it is worth mentioning that the qualitative sample of participants was limited to one Brazilian capital. For further research, this analysis can be expanded by employing a stratified sample according to regional variations in terms of program implementation.

This research contributes to the literature that describes housing in Brazil from a racialized perspective. Advances in the field can help elaborate policies that incorporate the heterogeneity characteristics of the society to better serve all. Additional research on MCMV is needed to find policy propositions that can effectively overcome the racial inequalities present in the country.

As a conclusion, policies should be framed from a racialized perspective to avoid the reinforcement of existing racial inequalities. As MCMV eligibility is defined by income, and the program was neither designed nor evaluated through a racialized framework⁷⁹, it will perpetuate the existing disparities, within cities and across the country in the duality North vs South. A market-oriented logic is incapable of solving these issues, which requires State intervention to guarantee equal opportunities to all citizens, despite their race. Outcomes that divert from this purpose, as shown for MCMV, indicate a policy that is not fulfilling its social intent.

⁷⁹ To my knowledge, no systematic evaluation of MCMV policy has been done to understand if the program includes racial minorities in the same proportion as their representation in the population at large. Access to this data was denied when I requested it.

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APPENDIX A: LIST OF ACRONYMS

Acronyms	Portuguese	English
	Banco Nacional de Desenvolvimento	National Bank of Social and
BNDES	Econômico e Social	Economic Development
BNH	Banco Nacional de Habitação	National Housing Bank
CAIXA	Caixa Econômica Federal	(name of a federally owned bank)
		Certificates of Real Estate
CRI	Certificados de Recebíveis Imobiliários	Receivables
		Employment and Social Security
CTPS	Carteira de Trabalho e Previdência Social	Card
FAR	Fundo de Arrendamento Residencial	Residential Lease Fund
FCP	Fundação da Casa Popular	Popular Housing Foundation
FDS	Fundo de Desenvolvimento Social	Social Development Fund
FGTS	Fundo de Garantia do Tempo de Serviço.	Guarantee Fund by Time of Service
FII	Fundos de Investimento Imobiliário	Real Estate Investment Fund
	Instituto Brasileiro de Geografia e	Brazilian Institute of Geography and
IBGE	Estatística	Statistics
		National Index of the Construction
INCC	Índice Nacional de Custo da Construção	Cost
MAS	Ministério da Ação Social	Ministry of Social Action
MBS	Ministério do Bem-Estar Social	Ministry of Social Welfare
MC	Ministério das Cidades	Ministry of Cities
MC	Ministério das Cidades	Ministry of Cities
MC	Ministério das Cidades	Ministry of Cities
MCMV	Minha Casa Minha Vida Program	My House My Life
MDR	Ministério do Desenvolvimento Regional	Ministry of Regional Development
	Ministério da Habitação e do Bem-Estar	Ministry of Housing and Social
MHBS	Social	Welfare
	Ministério da Habitação, Urbanismo e	Ministry of Housing Urbanism and
MHU	Meio Ambiente	Environment
MI	Ministério do Interior	Ministry of Interior
PAC	Plano de Aceleração do Crescimento	Growth Acceleration Plan
PAIH	Plano de Ação Imediata para Habitação	Immediate Action for Housing
PAR	Programa de Arrendamento Residencial	Residential Leasing Program
PNH	Plano Nacional de Habitação	National Housing Policy
PNHR	Programa Nacional de Habitação Rural	National Program of Rural Housing
PNHU	Programa Nacional de Habitação Urbana	National Program of Urban Housing
PT	Partido dos Trabalhadores	Worker's Party
	Sistema Brasileiro de Poupança e	Financing Brazilian Savings and
SBPE	Empréstimo	Loan System
SEPURB	Secretaria de Política Urbana	Secretary of Urban Policy
SFH	Sistema Financeiro de Habitação	System Housing Finance
SFI	Sistema de Financiamento Imobiliário	Real Estate Finance System

APPENDIX B: SEMI-STRUCTURED INTERVIEW QUESTIONS

Personal background:

1. To start, could you tell me a little bit about yourself - who you are, where you come from, and where you have or are working?

Write down the socioeconomic characteristics of the interviewee as they are comfortable to disclose.

For the City staff or public sector employees:

1. What are your thoughts on the *Minha Casa Minha Vida* in your city?
2. What are the main developers/real estate companies that participate in the program? Are they only developing MCMV buildings or market-rate units as well?
3. Do you have municipal data about the program?
4. Do you have municipal data about the population demographics besides census data?
5. How is the interaction of the city with Caixa Econômica Federal?
6. Generally speaking, what are your thoughts about MCMV? Do you see it as a successful program in your city?
7. If you could give advice to a family who was considering participating in the MCMV program, what would it be?
8. If you could give advice or feedback to the policymakers, what would it be? Would you suggest changing any parameters of the program?

For dwellers or prospective clients

1. Who do you live with? What is your family composition: marital status, children?
2. Can you share with me what you knew about the MCMV program before participating?
3. Did you know anyone who had purchased a house through the program before you participated in the program?
4. Where did you live before moving to this house? Did you live with anyone else? Can you share how much you spent on your housing?
5. Please, identify why you chose this house: price, proximity to jobs, characteristics of the property (number of rooms, lighting, furnished, etc.), proximity to your family, characteristics of the neighborhood (identify one), builder/developer
6. Next, can you walk me through the process of applying for the MCMV program and purchasing your house?
 - a. How did you learn about the property (social media (which?), sales booth, suggestion of family/friends, real estate site (which?))?
 - b. Have you searched other MCMV properties before purchasing this one? What about other properties that weren't MCMV?
 - c. How long have you searched for a house before purchasing this one?
 - d. Please describe the procedure for acquiring funding for the MCMV program. Did you find the process easy or time-consuming?
 - e. How many people did you have to talk to before qualifying as a buyer? How long did each conversation/contact last?
 - f. How long did it take between the first contact with CAIXA and the actual purchase of the property?

g. Did you have to present a document that is not on the official list? And ask someone to speak on your behalf?

h. How did you prove your income? Work and Social Security Card (Brazilian equivalent), Income tax, bank transaction?

i. How was the contact with CAIXA employees during the purchase of the property?

7. Next, let's talk about your experience after you purchased your house.

a. How do you evaluate the relationship with CAIXA Econômica Federal currently after purchase?

b. For whom is the MCMV program intended?

c. Have you referred the program to other family members and friends? Did they end up buying a house too? Why is that?

8. Generally speaking, how do you describe your experience with the program?

9. If you could give advice to another family who was considering participating in the MCMV program, what would it be?

10. If you could give advice or feedback to the program administrators and government, what would it be?

For economic developers/ NGOs

1. What are your thoughts on the *Minha Casa Minha Vida*?

2. Generally speaking, how was your experience with the program?

3. What are your thoughts about MCMV? Do you see it as a successful program in your city?

4. What is the nature of MCMV developments? What makes them feasible financially?

5. What are the main developers (real estate companies) that participate in the program? Are they only developing MCMV buildings or market-rate as well?
6. Are there efforts to attract customers? Could you describe the most effective?
7. Is there a focus on particular groups when releasing a development?
8. If you could give advice to a family who was considering participating in the MCMV program, what would it be?
9. If you could give advice or feedback to policymakers, what would it be?
10. What are the main strengths you see in the program? And main weaknesses?

APPENDIX C: PRINCIPAL COMPONENT ANALYSIS

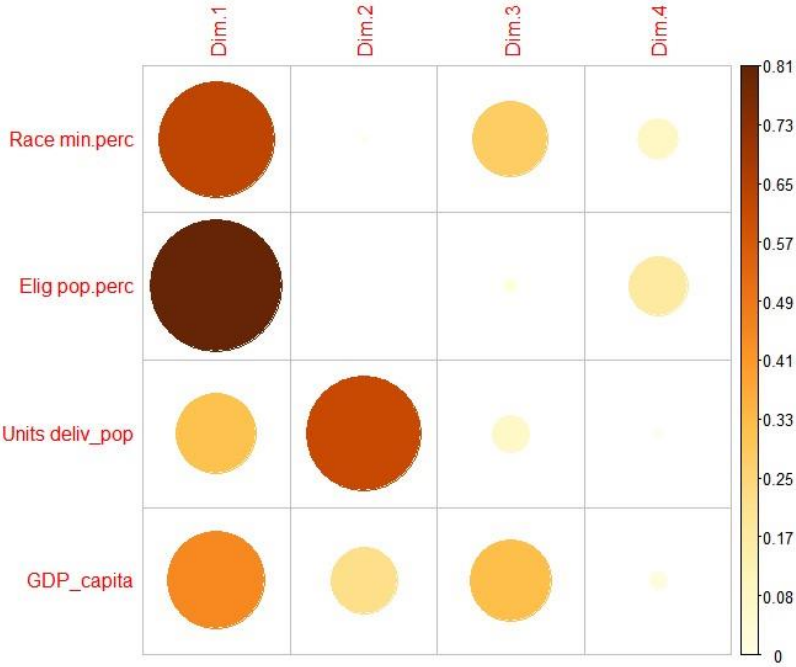
The Principal Component Analysis was conducted to reduce the dimension of the four variables previously mentioned. Firstly, I present the contribution of each variable for the four new dimensions, both in a graphic and in a table. Dimension 1 is composed of all variables in similar proportions, Dimension 2 is mostly composed of Units Delivered per Hundred Inhabitants, Dimension 3 is mostly composed of Racial Minorities (%) and GDP per capita, and Dimension 4 is mostly composed of Eligible Population (%).

Table 12:Contribution Table – Principle Components

Contribution Matrix	Dimension 1	Dimension 2	Dimension 3	Dimension 4
Racial Minorities (%)	28.856	0.824	40.500	29.820
Eligible Population (%)	36.881	0.479	2.106	60.534
Units delivered per Hundreds of Inhabitants	13.951	73.020	10.636	2.393
GDP per capita	20.312	25.677	46.758	7.253

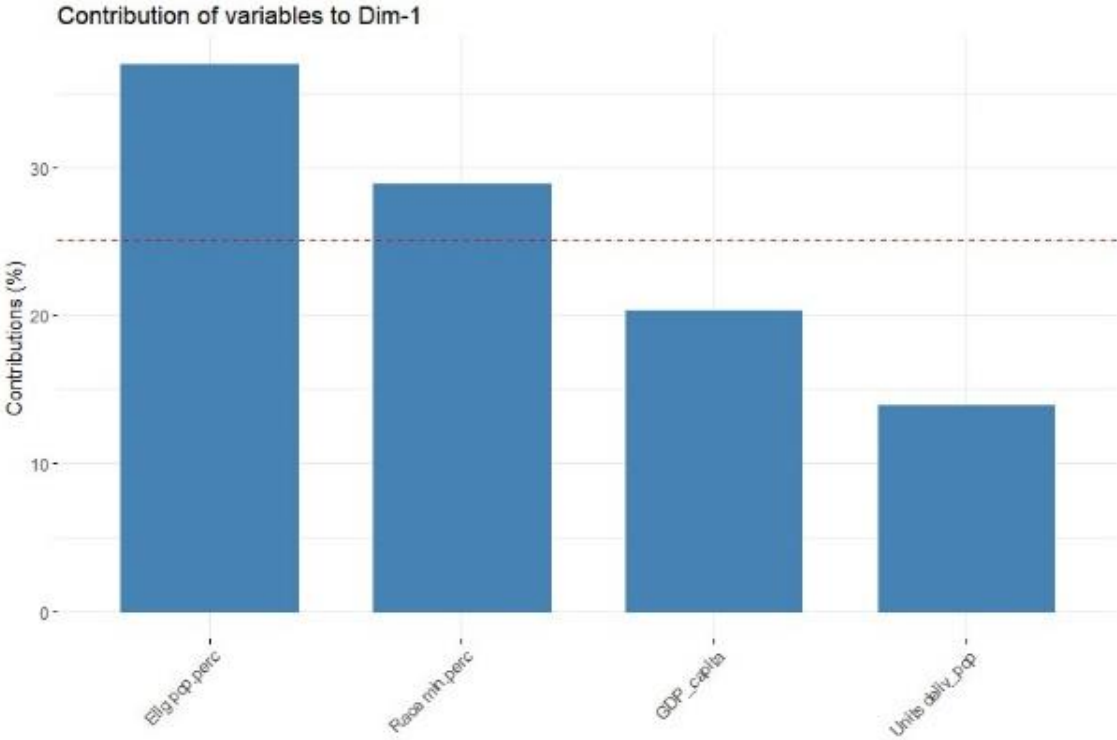
Source: by the author

Figure 28: Contribution of Each Component



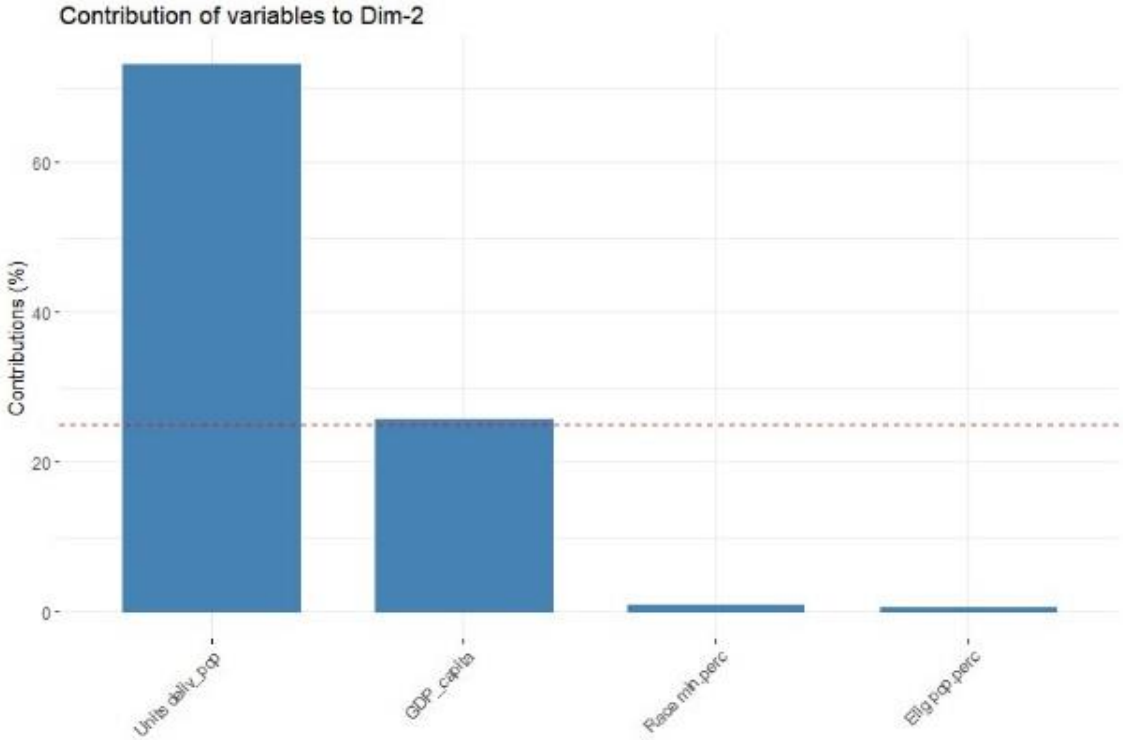
Source: by the author

Figure 29: Contribution of Each Variable to Dim-1 in Percentage



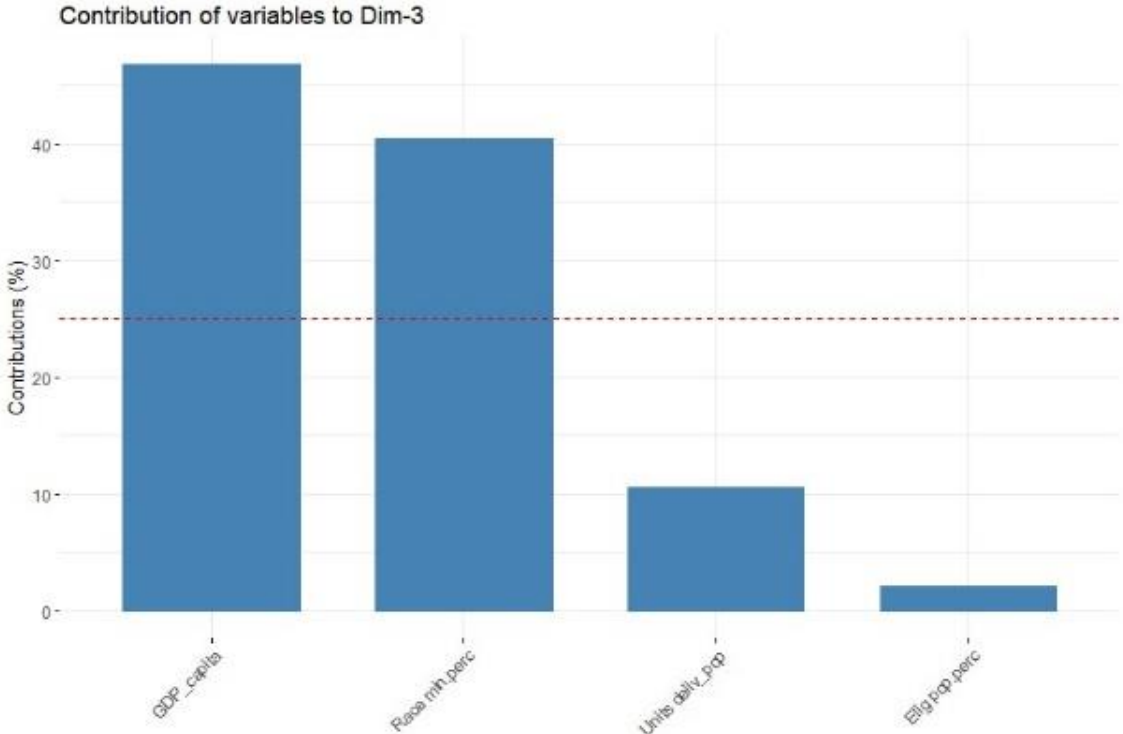
Source: by the author

Figure 30: Contribution of Each Variable to Dim-2 in Percentage



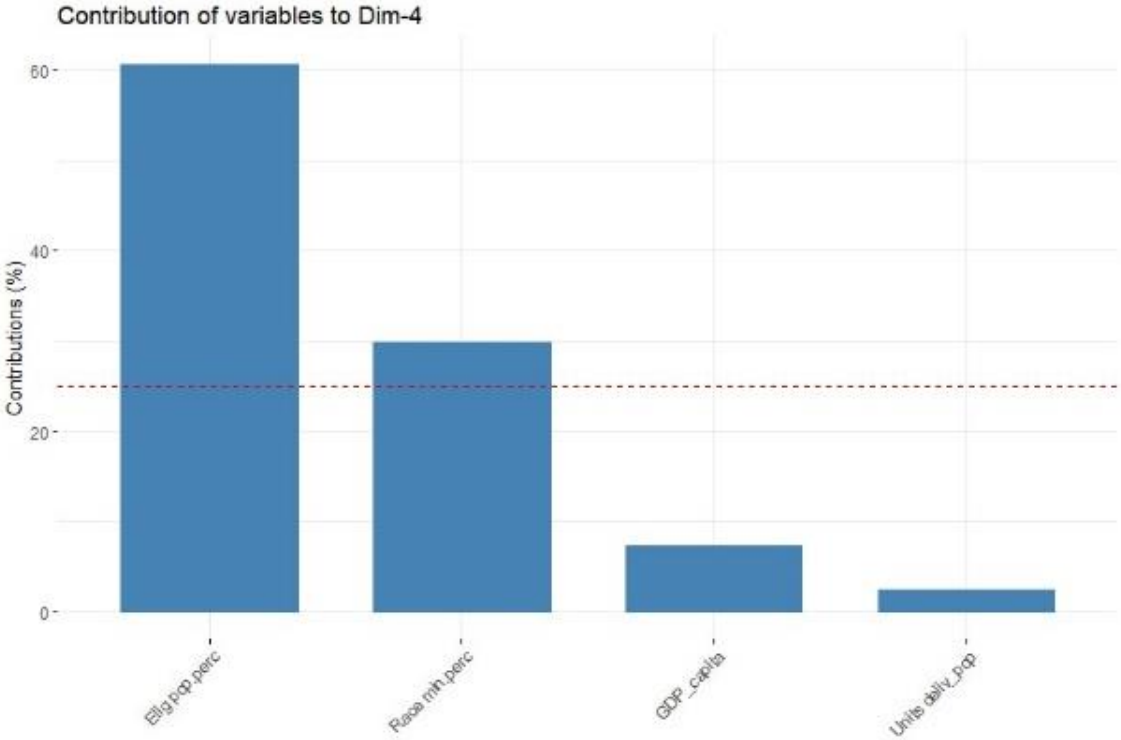
Source: by the author

Figure 31: Contribution of Each Variable to Dim-3 in Percentage



Source: by the author

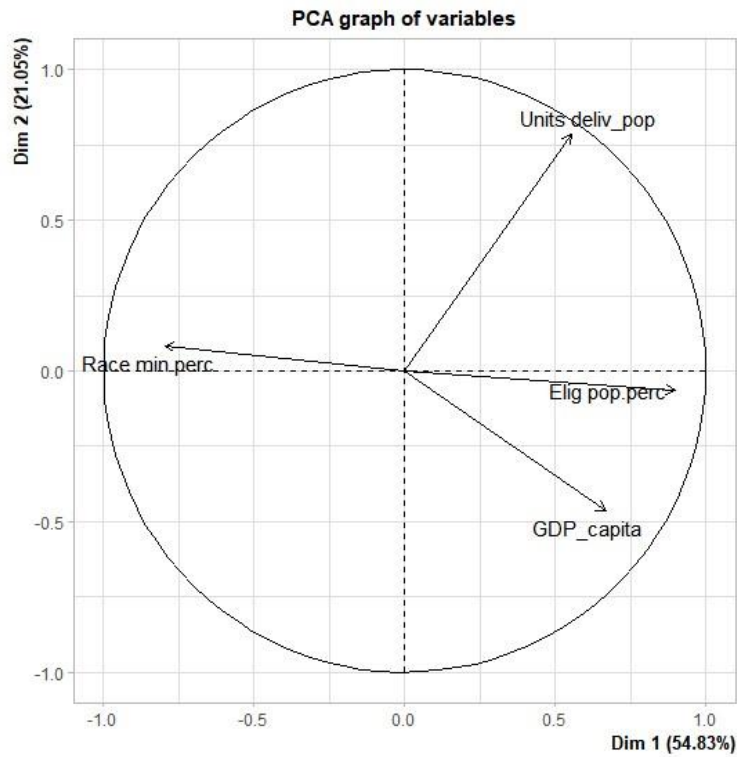
Figure 32: Contribution of Each Variable to Dim-1 in Percentage



Source: by the author

The graphic below represents the contribution of each variable for the first two dimensions. Dimension 1 is represented horizontally, and Dimension 2, vertically.

Figure 33: PCA Graph of Variables



Source: by the author

The table below presents the eigenvalues of the principal components and their respective variance. Dimension 1 has the higher eigenvalue and, thus, represents a larger portion of the variance present in the data. As previously mentioned, Dimension 1 is composed of all variables in similar proportions; thus, there is no indication of a higher contribution of any variable to the final clustering.

Table 13: Eigen Values of the Principal Components

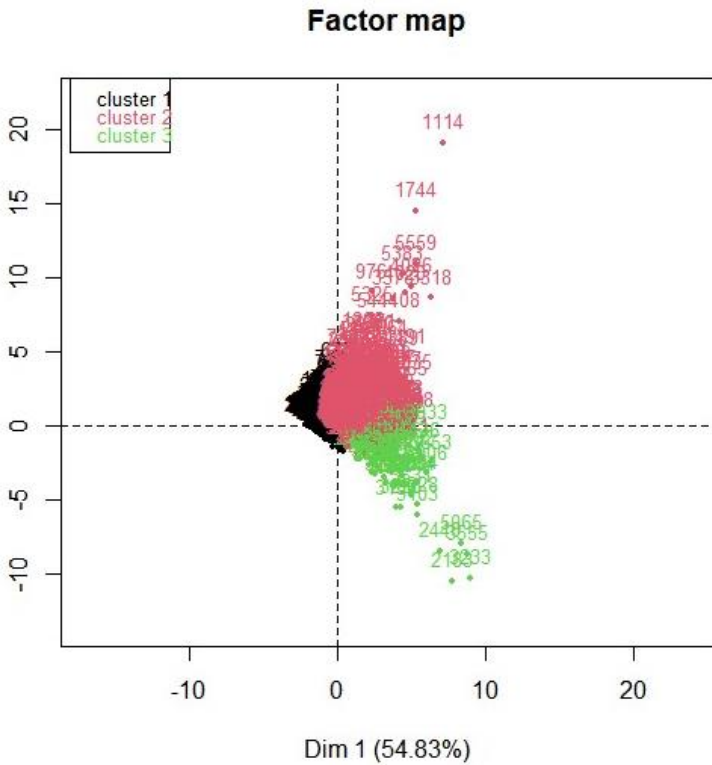
	Eigen Value	Variance (%)	Cumulative Variance (%)
Dim 1	2.19326	54.8315	54.832
Dim 2	0.84218	21.0545	75.886
Dim 3	0.67916	16.9790	92.865
Dim 4	0.28540	7.1349	100.000

Source: by the author

APPENDIX D: CLUSTER ANALYSIS – FACTOR MAP

The Factor Map provides more information regarding the dispersion between and amongst clusters. One can note that Cluster 1 seems more homogenous than the others. There is some overlap between Cluster 1 and Cluster 2, which could be a result of the high number of observations in the dataset. Cluster 3 seems to be the most heterogeneous and presents some overlap with Cluster 2.

Figure 34: Clustering Analysis – Factor Map



Source: by the author