Latin american housing policies: The case of brazil and mexico

Políticas de habitação americana latina: O caso do brasil e do méxico

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ABSTRACT
Important factors of the capitalist accumulation activities are related with the housing production, having as result conflicts of urban spaces appropriation. From these statements, the present article aims to present an investigation about social housing policies and production in Brazil and Mexico, considering three major historical periods. This paper involves the comprehension of the transformations that occurred in the economic and urban social spheres of these countries, such as the understanding of the influence of neoliberalism’s growth in the end of the XX century. In the article, the transformations are related with the modifications that occurred in the political and economic field of Brazil and Mexico. Therefore, the study sought to understand the historical periods and the alliance of public and private agents in the production of social housing.

Keywords: Social Housing, Housing Policy, Brazil, México.
RESUMO
Factores importantes das actividades de acumulação capitalista estão relacionados com a produção de habitação, tendo como resultado conflitos de apropriação de espaços urbanos. A partir destas afirmações, o presente artigo pretende apresentar uma investigação sobre políticas e produção de habitação social no Brasil e no México, considerando três grandes períodos históricos. Este artigo envolve a compreensão das transformações ocorridas nas esferas económica e social urbana destes países, tais como a compreensão da influência do crescimento do neoliberalismo no final do século XX. No artigo, as transformações estão relacionadas com as modificações que ocorreram no campo político e económico do Brasil e do México. Por conseguinte, o estudo procurou compreender os períodos históricos e a aliança de agentes públicos e privados na produção de habitação social.

Palavras-chave: Habitação Social, Política de Habitação, Brasil, México.

1 INTRODUCTION
This study presents an investigation about the origins and transformations of social housing policies in Brazil and Mexico, considering the specificities of each country. The critical review about the described issues is the result of discussions and questions carried out in a course at the Postgraduate Program in Architecture, Urbanism and Landscaping (PPGAUP) at the Federal University of Santa Maria (UFSM).

Initially, it is important to present the origins of urban inequalities and its relations to the urban expansion. The constant urban growth of the Latin-American cities is repeatedly illustrated by slums. These are characterized by social inequalities, lack of infrastructure and sanitation, making the housing problem an exponential scenario. Furthermore, cities development is directly related with the political, economic and social structures of their country, configuring a natural conflict environment in urban planning of the underdevelopment countries.

To continue, considering the social inequalities and housing scenario in Latin-American countries, it is necessary to highlight the economic policies.

The financials’ direction of the Latin-American countries founds contradictions based on reproduction patterns that are subordinated to unequal development, arising from the economical structural organizations of those countries.

Countries as Brazil and Mexico, despite their distinct colonial origins, presents several peculiarities in common, such as social housing programs developed for solving housing issues.
According to the last survey of the census of 2010, in Brazil 80% of the 206 million of habitants live in urban areas. This portion of the population represents 85% of the country’s housing deficit, of which 10% live in a precarious situation of housing (IPEA, 2013). These proportion it’s composed of families who cannot afford to purchase a house under the conventional financial market rules (DE CONTO, 2017).

Therefore, government create strategies, as housing programs, such as the Programa Minha Casa Minha Vida (PMCMV). It also facilitates the financing of properties, transforming the housing shortage into market demand to be met by builders’ companies.

Since the PMCMV creation in 2009, more than 4 million contracts were signed for housing construction units, of which 2.4 million have already been delivered (BRASIL, 2015).

Built by private construction companies, the house units were responsible for creating an underexplored market niche. This happened because before the participation of private companies in the construction of social housing, this was a state task.

With few regulations and the need to produce many housing units, the results in Brazil and Mexico had questionable urban and architectural quality. Thereby, is necessary to create housing policies that, in addition, provides a habitat, with access to basic citizenship rights – security, housing, free will, right to life and development (BRASIL, 2015).

Researches points out the similarities of the PMCMV with the Fondo Nacional de Vivienda para los Trabajadores (INFONAVIT), a housing program launched in Mexico (CARVALHO, 2016, MIOTO, 2015 and NASCIMENTO, 2016).

The housing production model of INFONAVIT was responsible for more than 4 million housing units built between 1992 and 2008. These constructions were made mostly by private companies, financed by public funds. The similarities of strategies to reduce the housing deficit and incentives to economic development through new constructions, are directly linked to political disputes that transcend their national borders.

2 METHODOLOGIC PROCEDURES

The study was developed by the phenomenological method proposed by Prodanov and De Freitas (2013, p. 35). This methodology it’s neither deductive nor empirical, and has a tendency to intrinsically analyze the object, seeking to understand the phenomenon using only collected data. Inspired by Cervo and Bervian’s (1996) methodology, a
bibliographical review was made, aiming to explain the factors that somehow contribute to understanding and analyzing the development and similarities of social housing in Brazil and México.

3 THE RELATIONSHIP BETWEEN CAPITAL AND THE FORMATION OF TWO SOUTH AMERICAN CITIES

Through the vision of capitalist production, cities and their spatial form are the result of concentration and centralization of capital to produce the corresponding processes of industrialization (MIOTO, 2015). Capital can exist as long as the worker and labor already exist - dealing with relations as a whole, and the creation of the capitalist city is based on the dissolution of these primitive forms, and which, consequently, disseminates the social and territorial division of labor (GRUNDISSE, 2011).

Specially in underdeveloped countries such as Brazil and Mexico, segregation, violence and the precariousness of basic infrastructure accompanied the growth of cities, although the issues also occur in developed countries. However, in the latter, the social consequences found opportunities less susceptible to their aggravation (MIOTO, 2015).

The measures taken by the United States, England and other first world countries, for example, were mostly in the field of rent control or in raising the indirect wage, expanding the possibility of consumption, since this is the main foundation for the model of capitalist accumulation.

It is possible to identify that the economies of first world countries, or central ones as Mioto (2015) calls it, developed in a process of capital accumulation in a higher structure. In Latin American countries, the fluidity of finance capital faces external dependence on aid from central countries, and on their own internal structural conditions.

External dependence is due to the monetary and financial control of central countries, dependence on imports and technological weakness, revealing that the consumption structures and internal organization of these countries directly depend on the consumption patterns of developed countries. In addition, the overexploitation of the workforce and the existing agrarian structure in these countries are also responsible for the strong sectoral and regional disparities of underdeveloped urbanization (MIOTO, 2015).

According to Carvalho (2016), from the 1980s onwards, with the oil crisis and the Washington Consensus, central countries formulated the policy of Neoliberalism almost
as an act of reorganization of capital accumulation and centralization of global hegemonic policies.

The rise in US interest rates to very high levels as an economy strategy, marked the transition from the industrialist to the bankers' power scenario. In this context, the phenomenology of the spatial formation of Latin American cities is analyzed, illustrated by social inequalities, divided between ultra-sophisticated neighborhoods of the wealthier classes and favelas with unworthy living conditions. As Ferreira (2012) explains, the origin and urban form of cities is the direct result of the economic, political and cultural relations of a society. Therefore, it is natural that the Latin American scenario is bursting with inequalities, conflicts and tensions.

4 HISTORY OF SOCIAL HOUSING IN BRAZIL

The history of social housing in Brazil can be divided into phases. The first, from 1964 to 1986, where the country received different incentives to promote its development and its first national housing policy. During this period, a housing production system was structured in the country with investments and rules for the entire national territory, creating mechanisms both for its planning and for its operation (DE CONTO, 2017).

The Brazilian Housing Finance System (SFH), as well as the National Housing Bank (BNH), created in 1964, was composed of two subsystems: (a) one operated by BNH, as a social bank with resources originating from the time guarantee fund service (FGTS), and; (b) another with resources originating from the Brazilian savings and loan system (SBPE). The social subsystem was completed with the execution of the works by the State and Municipal Housing Companies (COHABs) (CARDOSO; JAENISCH; ARAGÃO, 2017).

In the second phase, from 1986 to 2003, the country showed a substantial increase in urban poverty and also in the deficit linked to housing. Data on the growth in the number of residents in favelas justify this scenario.

In 1970, only 1% of the population of the city of São Paulo lived in favelas. In 2000, this population increased to 20%. In other capitals, the increase was also impressive: (a) 33% in Salvador-BA; (b) 40% in Recife-PE; (c) 40% in Rio de Janeiro-RJ and; (d) 50% in Belém-PA. Between 1991 and 2000, the population living in favelas grew 84% in the country, while the general population had an increase of only 15.7% (CARDOSO; JAENISCH; ARAGÃO, 2017).
The extinction of the BNH meant the end of a national structure that provided, albeit insufficient and with questionable quality, the largest housing production in the country's history.

In this context, along with the discontinuity and the absence of a national strategy to face the housing problem, Caixa Econômica Federal Bank becomes the financial agent of the SFH, absorbing some of the attributions of the former BNH and accumulating social housing functions to commercial banking activities.

The third phase, starting in 2003, is being marked by a political and social agenda (CARVALHO, 2016).

In this period the scenario was of profound transformation, starting from investments, for all income groups, from around R$ 7 billion in 2002 to more than R$ 62 billion in 2009. The social group is composed by families with income between zero and three minimum wages, which led 32% of investments in 2002, reached 77% in 2007, stabilizing at 64% in 2008 and 2009 (CARVALHO, 2016).

It is estimated that in Brazil 6 million Brazilians are comprised in the range of zero to five minimum wages.

In 2005, the National Social Interest Housing Fund (FNHIS) was created, as well as new programs: (a) Solidarity Credit in 2004; (b) PAC Urbanization of Favelas in 2007, and; (c) PMCMV in 2009, in addition to several complementary initiatives that allow us to affirm that there is, even though it is constantly being restructured, a National Housing Policy (BRASIL, 2015).

However, despite the improvements and efforts to reduce the housing deficit, the housing issue, especially for the lower-income population, is still a serious social, economic and urban problem.

This reality was intensified with the speed of the urbanization process in the second half of the 20th century: (a) in fifty years, cities received an increase of 120 million inhabitants. In turn, formal housing production, both market and public, was far from meeting the needs (VERAS, 2013).

The lack of housing has historically contributed to concentration, spatial segregation and reproduction of poverty. Thus, the lack of access to adequate housing, at the same time that it characterizes poverty, constitutes one of the factors that maintain and reproduce the situation of deprivation of this portion of the population.

However, the population has always created alternative forms of access to housing, mostly with the State's consent. The need to ensure survival is a striking reality
5 HISTORY OF SOCIAL HOUSING IN MEXICO

The first debates on social housing in Mexico started with the Mexican Revolution of 1910, which was responsible for bringing to light workers' strong demands for better housing conditions. These demands, however, waited until the 1940s to receive the first investments from the State.

In 1917 the first social housing was being developed, under the responsibility of the private sector, while the State had the task of legislating and organizing the use of land for the construction of private subdivisions. From 1930s onwards, functionalist architecture became a social and state product, initiating public and private agreements for the materialization of projects such as the “minimum workers' house” (NASCIMENTO, 2016).

In 1935, the president Lázaro Cárdenas was elected, beginning a period called “Cardenista”, characterized by a program of social reforms in a nationalist sense, which was accompanied by popular movements through mass organizations. In the 1940s, new social struggles occupy the government's agenda, and popular housing represented a strong role of the State.

According to Nascimento (2016), after World War II, the state sought to integrate the country's economy into the world context, and took advantage of large US investments to continue the massive industrialization and housing construction program initiated by Cárdenas. However, these new measures created new issues, such as finding the resources for the construction of houses and having the responsibility for these projects, since until that moment the State did not have any department responsible for this concern.

Thus, the construction of multifamily housing complexes was structured with financing from the National Urban Mortgage and Public Works Bank (BNHUOP), which in 1949 acted as conductor and administrator of federal funds for public services and constructions. Concomitantly, several laws were created to facilitate loan and construction of social housing, as well as the creation of the Housing Development Bank in 1946, and the transformation of the Pensions Department into the Instituto de Seguridad y Servicios Sociales de los Trabajadores del Estado (ISSSTE) (NASCIMENTO, 2016).
It was at the mid-twentieth century that the structuring of Mexican housing programs began to show significant impacts, being direct results of the change in the State's attitude towards the housing problem.

In this period, the ideology of home ownership was established as an almost unique “solution” of the State (CARVALHO, 2016). In that period, the construction of social housing in Mexico City reduced labor costs and benefited infrastructure and construction industries (NASCIMENTO, 2016).

At this period, the Mexican State launched the Financiero de Vivienda program (PFV), directing 30% of the unused resources from savings accounts to finance the main public operations, including the production of social housing (PUEBLA CADENA, 2002, p. 38 apud CARVALHO, 2016, p. 75).

ISSSTE, BNHUOP, the Mexican Social Security Institute and the National Housing Institute were the four main State instruments to intervene in housing solutions. Thus, in subsequent decades, there was a decrease in private investment in rental housing – which were the most common resources before the new political posture of the State. ISSSTE, until 1964, built more than 45,000 houses; BNHUOP, more than 33,000 houses until the 1970s (NASCIMENTO, 2016).

Two more institutions were created through the PFV: the Fondo de Operación y Descuento Bancario a la Vivienda (FOVI) and the Fondo de Garantia y Apoyo a los Creditos para la Vivienda (FOGA). Together with the Inter-American Development Bank (IDB) and the International Development Agency (IDA), the PFV financed up to 80% of the price of housing for mostly middle-class families (CARVALHO, 2016).

However, even with the record of housing production, the urban expansion was very strong and intense, and the demand for housing continued to increase.

Thus, under the order of President Luis Echeverría, a commission was created with the aim of formulating new alternatives for economic development, including “popular housing” to serve the low-income population, involving representatives of the State, capital and the working class (CARVALHO, 2016).

Later, INFONAVIT was created, changing a few times until reaching the structure that occurs to the present day, with the prerogative of collecting 5% of the equivalent of the salary of formal workers in the private sector as credit to be applied in financing their own house. This initiative soon extended to the public sector as well, creating the Fondo de la Vivienda, within the structure of the Instituto de Seguridad y Servicios Sociales de los Trabajadores del Estado (FOVISSSTE) along the lines of Infonavit.
After the creation of INFONAVIT and FOVISSSTE, the production numbers of social housing immediately surpassed all the production carried out in previous periods. According to Gortari and Zicardi (1996), between 1977 and 1982, 650,547 houses of social interest were built, with INFONAVIT being responsible for 39% of this amount.

Although Mexican housing production soared and managed to serve a large portion of its population, the programs created to solve the housing problem provided only for the working class linked to a formal labor market. In other words, the lower class, which represents the largest portion of the population, remained unattended.

For Carvalho (2016), perhaps the most important feature of Mexican housing policy was the fact that the State assumed the role of coordinator of construction processes. This took place after identifying the inexistence of a productive structure both for the offer of credits for the purchase of a home, as well as for the financing of the housing construction. And it was through the Organismos Nacionales de Vivienda (ONAVIs), that the state managed to assume the position of main coordinator of the construction processes.

6 DISCUSSIONS ABOUT BRAZIL AND MEXICO

The origin of capitalist cities in Latin America was founded in a very different way, but the influence of colonial domination and the mercantile capital of the central countries are common points in all of them. Generally speaking, the urbanization of Spanish America was much more complex than that of Portuguese America.

However, even though they have many different aspects, the similarity due to dependence and the lack of their own solutions is visible – characteristics arising from the historical context of formation of these countries.

According to Mioto (2015), the beginning of urbanization in these regions was indicated by the denial of the existence of a different scenario comparing to the central countries. That resulted in a vision by the colony and not by the colonizers, which resulted in the continuous rise of conflicts between the ruling classes and the population.

It is notable that the rise of neoliberalism, with the change in the financial and political scenario, was responsible for the aggravation of the Latin American financial crisis from the 1980s to the early 2000s. and the structuring of private agents in housing production both in Mexico and in Brazil (DUMENIL, LÉVY, 2005).
Thus, it was necessary to reformulate the housing finance systems and structure private agents in housing production both in Mexico and Brazil (DUMENIL, LÉVY, 2005).

The State can act in housing production through administrative policies in two ways: through the direct fund, which provides for the sanction of financing funds for public productions; and the indirect fund, which primarily operates in the real estate industry through laws and legal aspects, such as wage policies and income distribution, interacting with financial capital through private production financing funds (Maricato, 1984, p.19 apud Carvalho, 2016, p. 71).

In this context, in 2008, the world faced a major economic crisis that began in the US mortgage sector, that affected the global economy.

In Brazil, as a strategy to avoid the impacts of the external crisis, the federal government launched in 2009 an anti-cyclical measure, with a package of incentives for social and economic housing, stimulating the economy through civil construction, generation of jobs and contributing to the reduction of the housing deficit. That strategy was the Program “Minha Casa Minha Vida” (MCMV), and the “Growth Acceleration Program” (PAC) (CARVALHO, 2016).

As Bonduki (2014) stated, even though relatively little time has passed to carry out a more factual analysis of public housing policies in Brazil, with the approval of the Statute of Cities (2001), the formulation of the National Housing Policy (2004), the National Housing Plan (2009) and the implementation of the MCMV in the following years, they were all important actions for public housing policy in the country, representing a more consistent position of the Brazilian State regarding housing issues.

7 FINAL CONSIDERATIONS

This article highlighted the base models of the two countries' housing policies.

From the analysis of the aforementioned data, it is possible to see similarities of the transformations that took place in Brazil and Mexico, considering the financial policy and production of social housing, which occurred according to the specifics history of urbanization and the structuring of the agents responsible for the process – the State and the private sector.

About their disparities, as stated by Carvalho (2016), they started around land issues – in which in Mexico it was structured after the 1917 revolution – and on the structural and institutional complexities.
The origin and development of social housing constructions in both studied countries began in the mid-1940s, caused by the rise of new national and social policies, in the international post-war period scenario.

That period was also marked by precarious industry processes, that fomented the beginning of the urban issues present until the current period. This first period of housing policy formulations in both countries lasted until the mid-1970s.

The last decades of the 20th century were marked by the growing of neoliberalism actions in many countries, which impacted directly in social housing policies, announcing, in both Brazil and Mexico, a very important moment of structural reforms (MIOTO, 2015).

Brazil, despite suffering a severe economic crisis between 1980 and 1990, did not applied neoliberal policies for social housing production until 2009. Mexico, on the other hand, has drastically orientated its financial systems towards the real estate expansion market on that period, as a strategy to increase economic power.

In consideration to that, in the Mexican case a plurality of funds was developed to endow social housing, although this did not mean greater diversity. In the Brazilian case it was observed that the political model MCMV was much more expressive than the Mexican ONAVIs.

The consequences of the current production models also exposed certain disparities. The Mexican model has high abandonment rates of the units created, this due to the peripheral locations and lack of infrastructure. With the secondary mortgage market and private financial agents, the poorest population in Mexico was able to carry out credit transactions. In Brazil, however, the abandonment rates are still not so discussed, and there is a different funding logic, with the General Budget of the Union being responsible for administering subsidies for the realization of loans and production of social housing (CARVALHO, 2016).

The analyzed periods in both countries, from the beginning of social housing until the first decade of the 2000s, demonstrated States limited actions in view of the housing needs of the poorest populations. Nonetheless, they structured the housing productions market.

The Mexican neoliberal housing model, placed before the Brazilian one, is more closely aligned with instruments from central countries. In Brazil, despite the difficulties, the model has a higher level of the program coordination, due to the financial logic adopted, reaching the low-income population.
In both countries, the participation of private companies in social housing production is a capitalist format that emerged from public policies to finance housing units.
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