



**QUEEN'S
UNIVERSITY
BELFAST**

The State-led Housing Development in Brazil and India: A machinery for Enabling Strategy?

Sengupta, U. (2019). The State-led Housing Development in Brazil and India: A machinery for Enabling Strategy? *International Journal of Housing Policy*, 19(4), 509-535. Advance online publication. <https://doi.org/10.1080/19491247.2018.1510076>

Published in:
International Journal of Housing Policy

Document Version:
Peer reviewed version

Queen's University Belfast - Research Portal:
[Link to publication record in Queen's University Belfast Research Portal](#)

Publisher rights
© 2018 Informa UK Limited, trading as Taylor & Francis Group. This work is made available online in accordance with the publisher's policies. Please refer to any applicable terms of use of the publisher.

General rights
Copyright for the publications made accessible via the Queen's University Belfast Research Portal is retained by the author(s) and / or other copyright owners and it is a condition of accessing these publications that users recognise and abide by the legal requirements associated with these rights.

Take down policy
The Research Portal is Queen's institutional repository that provides access to Queen's research output. Every effort has been made to ensure that content in the Research Portal does not infringe any person's rights, or applicable UK laws. If you discover content in the Research Portal that you believe breaches copyright or violates any law, please contact openaccess@qub.ac.uk.

Open Access
This research has been made openly available by Queen's academics and its Open Research team. We would love to hear how access to this research benefits you. – Share your feedback with us: <http://go.qub.ac.uk/oa-feedback>

The state-led housing programme and policy shifts in Brazil and India: End of enabling strategy?

Abstract

Housing has been one of the defining issues of our times. Enabling strategies were implemented to address the housing challenges for the past decade with limited success. In recent years, there has been a resurgence of government-led large-scale programmes to provide low-income housing. New network of collaborations have created new rules and shifted boundaries to achieve the scale. In India, Pradhanmantri Awas Yojana (PMAY) aims to build 20 million new units by 2022. Likewise in Brazil, Minha Casa Minha Vida (MCMV) was launched to deliver millions of affordable homes. This paper argues that the emergence of the state-led housing means the value of enabling has not been supplanted but supplemented, as the shift does not herald the end of enabling strategy but a renewed commitment to the expansion of enabling principles where the state is an active agent. The state-led housing development and related assertions are creating and formalizing new areas of market engagement, and are far less radical and transformative than is assumed. State housing programmes such as MCMV and PMAY are inevitably highly profitable transactions, advantageous to the economy and housing markets and come at a point when the profiteering and resource-extracting neoliberalism is at its zenith.

Keywords

State-led housing; housing policy; enabling strategy; Brazil; India

Introduction

The housing crisis is one of the defining challenges of our generation. The need to scale up housing production by all possible means is accepted and acknowledged by all scholars and commentators in the field. One in eight people in the world live in slums today equating to over one billion population, and this figure is likely to double by the year 2030 (UN-Habitat, 2016). In spite of great progress in improving slums and preventing their formation – represented by a decrease in urban slum population from 39 percent in 2000 to 30 percent in 2014 – absolute numbers continue to grow and housing remains a critical factor and cause for the persistence of poverty. Brazil and India, two seemingly large countries in their respective regions, have 22 and 25% of their population classified as living in slums (UN-Habitat, 2014). Simultaneously, they have also been a testbed for wide-ranging housing policies and programmes where implementation of enabling paradigm stands out.

Enabling paradigm in housing, propagated by the United Nations Human Settlements Programme (UN-Habitat) and the World Bank has a strong emphasis on market mechanism and is an integral component of the neoliberal agenda. The underlined philosophy was that the government should withdraw from the direct production of housing or dispense subsidies for the production of low-income housing, and let private sector supply housing for all, including low-income households. The policy has been adopted formally in Global Housing Strategies 2000 and has been consistently reiterated in several UN and World Bank reports (UN-Habitat, 1988, 2001, 2003, 2006, 2016; World Bank, 1993) albeit the idea was officially adopted in the General Assembly of United Nations in 1988. Over time, countries such as Brazil and India adopted a variety of enabling strategies with a strong 'urban' (read formal) focus, to establish key market-based frameworks to attract private local and foreign capital in housing. The outcome, however, has been rather

underwhelming if not outright counterproductive. Enabling strategy may have worked well particularly in boosting housing market but concomitantly triggered sharp income and housing inequality (Yap, 2015). Most importantly, there has been a lower overall production of housing units for those living in slums or slum-like conditions, meant that Mike Davis's metaphorical expression 'planet of slums' became a global reality creating a 'moral crisis in our history'. According to Cities Alliance (2017) there are 44 million people living with inadequate urban housing or utilities in Brazil, and in India, twice as many people (93 million) live in slums and the figure is gaining a rapid ascent. High levels of housing inequality are likely to cause increased strain on public spending and economic growth of each country.

In recent years, there has been a resurgence of government engagement in the housing through large-scale state-led housing programmes to provide low-income housing (Buckley et al., 2016; Chen *et al.*, 2014; Huchzermeyer and Misselwitz, 2016; Klink and Denaldy, 2014; Sengupta *et al.* forthcoming). A new network of collaboration is taking place between government and private sector, setting new rules and shifting boundaries to achieve the scale through mass-housing production. In India, Prime Minister Narendra Modi's *Pradhanmantri Awas Yojana* (PMAY) aims to build 20 million new units by 2022. Likewise in Brazil, President Lula da Silva initiated *Minha Casa, Minha Vida* (MCMV) in 2009 to deliver millions of affordable homes echoing somewhat similar ambitions. Colombia has taken this further by introducing a radical housing policy to provide 100,000 free homes every year to respond to the country's endemic housing problems (Gilbert, 2016). Even the authoritarian Angolan government delivered housing of unprecedented scale allocating 3.2% of the annual state budget on housing between 2004 and 2014 (Croese and Pitcher, 2017). In China, the social housing programme has been expanding at a dazzling speed marked by a target of building 10 million social housing units every year (Wang and Shao, 2014; Chen et al., 2014). Under the state-designed and privately-delivered schemes such as Economic and Comfortable Housing Programme (*Jingji Shiyong Fang*), low-income households are provided housing units at 50 to 70 percent of the market value.

As a broad generalization, there is a shift in housing policy in the global south. Large-scale, centralised housing schemes have risen dramatically across Asia, Africa or Latin America. Whether the expansion of the state housing programmes is part of the governments' populist agenda (Gilbert 2016; Croese and Pitcher, 2017), or a 'corrective measure to overcome market failure' (Wang and Shao, 2014; Magalhães, 2018), or it simply reflects what Buckley *et al.* (2016, 2007) contend, a 'growing concern with housing affordability' with flashbacks of the earlier provider era is a moot point. This paper argues that the emergence of the state-led housing means the value of enabling has not been supplanted but supplemented, as the shift does not herald the end of enabling strategy but a renewed commitment to the expansion of enabling principles where the state is an active agent. The approach appears to have a predisposition towards earlier provider strategies of state-led large-scale housing programmes. The state-led housing development and related assertions are creating and formalizing new areas of market engagement, and are far less radical and transformative than is assumed. State housing programmes such as MCMV and PMAY are inevitably highly profitable transactions, advantageous to the economy and housing markets and come at a point when the profiteering and resource-extracting neoliberalism is at its zenith.

For analytical purpose, the paper focuses on the trajectory of national housing policies in Brazil and India by looking at their flagship programmes. Great differences exist between Brazil and India in terms of physical size, geographic context, social, economic and political history and level of

development and urbanization.¹ Whilst being distinctive, they face similar housing challenges making this south-south comparison useful to develop a better understanding of the emerging trends in international housing policy discourse. Next section presents a critical reflection on the origin and the spread of different phases of enabling housing paradigm coupled with emerging signs of state-led housing programmes as its new variant. This is followed by a brief overview of government housing programmes in Brazil and India in Section 3. Some key attributes are discussed in the concluding sections to articulate a more comprehensive, nuanced and persuasive understanding of the state-led housing trends in Southern cities.

Emergence and sustenance of enabling housing paradigm: Continuing legacy of neoliberal orthodoxies?

With the advent of neo-liberalism in the mid-1970s, housing was recognised as an economic vehicle in many western economies. Subsequently, international agencies such as UN-Habitat and World Bank became the expert purveyors of neoliberalism in the global south. The 'Enabling Housing Markets to Work (World Bank, 1993) was published outlining a wide range of operational focuses with emphasis on mortgage market expansion, deregulation of the construction sector and private housing development. Unlike the regulated capitalism by which it was preceded, the new approach centered on relocating the power from the state to the market and labour to the capital. The idea was compelling to countries struggling with debts and dwindling public finance amidst growing welfare burden. Hence, despite the big gulf between those countries with strong financial and political institutional base and those with not, adoption of enabling principles became widespread. The intrinsic link of enabling paradigm with the neoliberal orthodoxies ensured its expansion and survival through the next decades.

Looking back at the last three decades of growth and global expansion of economic activity there has been a rising chorus of opposition on the performance of enabling housing. By unleashing unprecedented opportunities for capital accumulation, enabling housing placed inordinate emphasis on the market model leading to the expansion of the mortgage markets, speculative housing prices and schizophrenic housing markets (Bradlow *et al.*, 2011; Gunter, 2013; Huchzermeyer, 2003; Rolnik, 2013a; Sengupta *et al.* forthcoming; Yap 2015). The contrasting effects of enabling paradigm on different segments of the population are quite clearly the most problematic outcomes of its implementation and its neoliberal thrust. Indisputably the approach considers the production of middle-class housing as a means for capital accumulation (Gunter, 2013; Huchzermeyer, 2003; Yap 2015), bolstered by growth in real incomes. These initiatives made profits possible for private developers and parastatal agencies. Government subsidies to private agencies became central to the systemic political/economic arrangement for neoliberal interest to thrive. Mortgage market expansion became the key driver for housing, which in turn, influenced urban development leaving out the poor in the process. It should be less surprising that the whole approach failed to balance the development hyperbole with pro-poor policies (Rolnik, 2013a). In India, housing development and the behaviour of house prices not only determined the development of the private real estate market but also had the strongest possible influences on the growing inequality. The metaphorical expression that India is 'shining' holds true for few but does not for all Indians. While incomes of the bottom 50 percent of the adult population (above 20 years) over the period of 1980-2014 grew at 89 percent, that of the middle 40 percent (individuals above the median income and below the top 10 percent earners) grew by 93 percent and those of the top 10 percent grew from 394 percent to 2,726 percent (EPW, 2017). Clearly, enabling housing market did not put everyone on the housing

¹ For instance, Brazil is more urbanised with over 86 percent population living in urban areas whereas only 32 percent of Indian population is 'urban'. Moreover, India has approximately twice the number of urban dwellers (377m) to that of Brazil (168m).

ladder and in UN-Habitat's own words resulted in 'enabling for some and disabling for many' (UN-Habitat, 2016).

The question remains why enabling strategies had limited success and what about its conceptual relevance and applicability in the global south? To explore the answer it is pertinent perhaps to unravel the history of enabling housing strategy, which could be categorized into three conceptual phases (Table 1) spanning a period of 40 years. Each phase is riddled with constraints and institutional context specific to that period. With the advent of neo-liberalism in the mid-1970s, housing was recognised as an economic vehicle in many western economies. The concept was quickly endorsed at the Habitat 1 Conference in 1976, which encouraged states to intervene in improving informal settlements leading to upgrading becoming a key plank of new housing provision in the global south. This phase witnessed the state intervention in upgrading informal settlements as a key plank of housing provision. The Enabling Phase 1 thus lasted approximately a decade subject to the underperformance of public finance, prior to entering a period of rapid restructuring of state machinery that consolidated the influence of neoliberalism. The Enabling Phase 2, which effectively dominated the 1990s, saw states actively seeking withdrawal of direct provision of housing to embrace fully market-oriented approaches such as public-private partnerships, mortgage market expansion and creation of satellite townships, boosted by 'Enabling Housing Markets to Work (World Bank, 1993) with a wide range of operational focuses in which housing finance stands out. The efforts concentrated on middle- and high-income households as a target market commodifying both production and consumption of housing by linking them to a wider economic circuit of profit. However, these efforts failed to reach out to the urban poor. The Enabling Phase 3 is marked by state-led large-scale housing accompanied by state-oriented mortgage promotion through private sector inducements (with subsidies). Countries such as Brazil, Mexico, Chile, and India saw the rise in microfinance and World Bank entering this growing sector. World Bank's efforts are seen rolling back to target low-income people through microfinance as it saw a huge potential there both as an investment and as a means of welfare provision. One aspect of such deliberation involves recognition of the huge market for housing microfinance, for instance, in countries such as India with nearly a quarter of the world's poor. Notwithstanding varying nuances of meanings, each of these phases reflects broadly similar developments consequent on broader patterns of enablement development.

Table1: Different Phases of enabling housing policy implementation

| Phases | Period | Theme | Defining characteristics | Countries |
|------------------|----------------------------------|---|--|--|
| Enabling phase 1 | Habitat 1, 1976 – mid-late 1980s | Public Housing | Slum upgrading; site and services; (state intervention to upgrade informal settlements); Public Housing; public finance | Nigeria, Bangladesh, Indonesia, Philippines, Thailand, Kenya, Malaysia, Iraq, Jordan, India, Pakistan, Brazil, and Egypt |
| Enabling phase 2 | Mid-nineties - 2000 | Enabling Housing | Deregulation; Private finance; Private housing; Land and housing reform; Government as facilitator; Decentralization | Chile; Thailand; Sri Lanka; Costa Rica, Pakistan; Namibia; India |
| Enabling phase 3 | 2000-2010 | Comprehensive slum upgrading & Rise of national Housing Programs | Combine a variety of infrastructure and social components (Community-driven; National housing programs; Slum prevention: preventive planning and availability of new sites; Private finance; Land reforms) | Brazil; Argentina; Nicaragua; Colombia; El Salvador; |
| | 2010 onwards | Return to large subsidized low-income housing construction at scale | Mass social housing; mortgage promotion; Peripheral, subsidized; home ownership; Political sloganism | Angola, Argentina, Brazil, Colombia, Ethiopia, India, and Mexico |

Source: Author

Firstly, enabling paradigm is context-neutral, as it assumes there is a single domain of socio-economic and political order. The fundamental characteristics of global south (with a large number of low-income population, large inequalities in living standards, life expectancy, and access to resources) and its distinctive housing need are largely ignored in this equation. This is an important point to consider given the enabling policy (read privatization) is successfully implemented in global north with contrasting baseline conditions and institutional regimes. In global north, 'social housing' fostered for a sustained period, which provided the building blocks for its eventual transition to the market mechanism. For instance, the local government in the UK has been in contemporary form for over half a century, and infrastructural and institutions were already in place, even though more investments were needed to improve the quality of housing for the poor. In Asia, China had a robust system of welfare housing delivered by a network of work-units (Chen *et al.* 2014). However, in many parts of the global south, such institutional bases are either missing or are inadequate when marketization was introduced. In India, the system of poor finance and banking stands out along with the complete absence of any welfare provision for housing services. According to the 2011 Census, 557 million individuals are not part of the banking network– the largest unbanked population in the world. It lacks any institutional, banking or financial infrastructure that would have been critical when liberalization was introduced in 1991. Likewise in Brazil, an institutional vacuum existed between 1986 and 2003 (Valenca and Bonates, 2009). The BNH (later Siestema Financeiro da Habitaco), which was set up by the military government in 1966 and produced over 5 million housing, was closed in 1986. Until the establishment of Ministry of

Cities in 2003, there was practically no such institution to replace the BNH. As a result, many countries in Latin America have suffered from longstanding housing shortages and low rates of construction resulting in higher rate of informal housing formation (Murray and Clapham, 2015). In one of its most candid statements, UN-Habitat (2016) admits that the widespread failure to promote adequate and affordable housing marked the enabling era and raises a question on ‘whether the speed of the reform and its sequencing, and whether liberalization, and especially privatization, should have waited until adequate legal and institutional frameworks were in place’(47) .

Secondly, enabling housing promoted home ownership regardless of citizens’ needs, completely ignoring other housing tenures such as cooperative housing and rental housing. In India, ‘housing for all’ became the main mantra of the National Urban Housing and Habitat Policy (2007) between 2007 and 2015 under the ‘affordability’ banner. The lure of affordability was so pervasive that even many higher-end schemes costing over a *crore* (INR10 million) were advertised as being of an affordable category. This thrust has now received a renewed commitment from PMAY with a new slogan ‘Housing for all by 2022’. In Latin America, a similar emphasis has been noted. Brazil, Mexico, and Colombia have recently launched ambitious social housing programmes to promote the private production of affordable housing (Gilbert, 2016; Monkkonen, 2012; Murray & Clapham, 2015) with the specific focus on ownership. Cheap credit growth and increase in the volume of mortgage finance yielded financial benefits to the providers. In Brazil, the share of mortgage finance grew from 2% in 2002 to 9.14% in 2015. In India, mortgage finance has been consistent at 7.1% since 2008 but is set to rise. Taken together the focus on ownership has been criticised as a short-term economic stimulus rather than frame for a holistic housing policy (Ferguson *et al.*, 2014, 44). As part of the wider package of measures home ownership accelerated the financialisation of housing. Enabling paradigm at its core, can therefore be articulated as a form a soft-neoliberalism that allows key housing agencies (from national to municipal level) to come together to create an ‘institutional arrangement’ committed to enabling the private sector, encouraging housing-for-profit approach no matter how deeply the state is committed to the urban poor and how much funding goes to the housing subsidy programme’ (Bradlow *et al*, 2011; Yap 2015).

In the last decade which can be defined as Enabling Phase 3, there has been a surge of state-administered large-scale housing programme in countries of global south including Brazil and India, disbursing sophisticated subsidy packages (Sengupta *et al.*, forthcoming; Wang and Shao, 2010; UN-Habitat, 2016; Rolnik, 2013, Buckley *et al*, 2016). The scale of this surge has been unprecedented as between 2007 and 2013 over 200 billion worth of housing investments were announced in across the BRICS countries (Buckley *et al.*, 2016). These programmes are underpinned by their own distinctive forms of partnerships, housing typologies, new brands of housing governance and new populist slogans. In tandem with the large demographic and economic shifts stemming from globalisation (such as middle-class expansion), these initiatives have blurred the boundaries of finance and micro-finance, welfare, and profit, local and federal. The conventional demarcation between the market and sovereign state has altered to become far more entangled, with multi-level interactions between enterprising local governments, developers, and civic communities. Interestingly, the Enabling Phase 3, replete with signs of apparent reversal to provider approach to housing, did not directly originate from the key international agencies, albeit recognisethese agencies that rectification of past policy and planning interventions may be required to address past and current housing affordability concerns (Buckley *et al.*, 2016). The World Bank’s (2010) Urban Strategy lends support to ‘inclusive growth’ agenda for which more ‘targeted’ interventions through measures such as land adjustment, a return to sites and services including greater subsidies to the poor are recommended. Likewise, the ‘New Urban Agenda’ from Habitat 3, shows a shift of concern from poverty alone to “poverty and inequality” and emphasises on

inclusionary development (Watson, 2016). The specific emergence of SDG 11 recognises the value of a stronger state, however, has less emphasis on deregulation and enabling environment that dominated the enabling phase 2 (Table 1).

The resurgence of state programmes links back to the specific ways states are transiting to and from enabling strategies. Looking back, neoliberalism (read enablement) did not just produce a lasting vision for the nations but also re-kindled the production of localised responses to economic opportunities. The growing entrenchment of neoliberalism into local and national government has resulted in the mutated adaptation of enabling principles and methodologies in local policies and practices. New forms of collaborations across government, private developers and societies and new coalitions across the network of government levels – federal, regional and local have produced unique spatial representations. These representations have so far remained ambiguous and fractured, often unable or unwilling to disrupt the enabling institutional bases carefully created and choreographed over the past few decades. The pervasive nature of private delivery of state housing programmes (through state-oriented mortgage promotion and a large share of public subsidy diverting to the private sector) across Africa, Asia, and Latin America demonstrates the Phase 3 of enabling market continuing the legacy of Enabling Phase 2. To put this perspective, public dollars have historically always subsidised some profit-making providers. Even in mature economies, the primacy of enabling principles features strongly in state housing programmes. Houghton and Alamingeder (2013) claim that one of the important dimensions of the proliferation of state-led housing development has been to treat low-income housing market as tools for enforcing enabling traditions. Our view thus contrasts with Buckley *et al.* (2016), who see state housing as being predominantly public-finance driven and hence deeply flawed. However, we argue state-led housing is a way of trying to adapt social welfare programmes to the needs of the private sector and low-income households. Despite that challenges (as discussed in the next two sections) in areas of balanced delivery and redistribution, the approach holds transformative powers.

Brazil

Favelas in Brazil have a long history of existence, expansion and unbridled growth amidst variegated policy interventions. Early interventions (up until the 1990s), especially in the cities such as Rio and São Paulo, were marked by highly centralised clearance policy², relocating squatters to the housing centres at the outskirts of the city. Programmes such as PRÓ-LUZ, PROFAVELA, and PROMORAR were initiated to improve urban infrastructure and to construct new houses through direct government subsidy. The 1990s saw the rapid withdrawal of the national government from housing in tandem with the transfer of social housing obligation to the local government. Two broad aspects of the government plans and policies stand out: return to the squatter upgrading and back to the city movement. The former intended to build self-managed and community-built homes as a way to reduce costs and reinforce citizenship³. The latter was an ideological response to vacant buildings in the city center mainly from the social democratic and left-leaning parties. The argument was that even poor people have the rights to the city. In 2000, the country had nearly a million empty homes, half of which were in Sao Paulo alone (See Sengupta *et al.*, forthcoming). Empty buildings provided a viable opportunity to house the urban poor supported by amendments to legislation and constitution to ensure all properties have some social purpose. This way the government created new social welfare programmes, housing opportunity for the poor and

² See Pasternak and D'Ottaviano (2014) for details.

³ For instance, in Osasco, COPROMO (Cooperativa Pró Moradia de Osasco/Osasco Pro-housing Cooperative) occupied and negotiated a large area of the city and built a housing project with 2,000 units through a community-built housing initiative financed by the São Paulo State Housing and Urban Development Company.

investment opportunity for the developers. Local municipalities such as Diadema proactively identified vacant properties and allocated them for the construction of HIS (Habitação de Interesse Social/Social Interest Housing) through Special Areas of Social Interest (ZEIS) I and II in their master plans. However, despite its intellectual and inclusive origin, it showed the hallmark of classic top-down approach with the government cherry-picking projects based on political indoctrination.

The ensuing institutional landscape saw promulgation of ‘Statute of the City 2001’ which enabled the creation of Ministry of Cities and the National Council of Cities bringing the focus back into municipalities. Between 2001 and 2004 Workers Party took over the administration of Sao Paulo once again, reigniting the discourse on the revitalization of empty buildings and a participation of the population as a way of building citizenship. Programmes such as PRI (Programma de Recuperação Integrada/Integrated Recovery Programme) defined areas for urban interventions through the demarcation of ZEIS. Part of the interventions were also made by the state government through the PAC⁴ (Programma de Atendimento aos Cortiços/Service Programme for Slums), in part supported by the Federal government through a comprehensive Home Lease Plan - PAR (Plano de Arrendamento Residencial). As a result of these initiatives, the number of takeovers of vacant buildings in the inner city increased. The municipal administration used the Bairro Legal (Cool Neighborhood) Programme as a tool to implement a set of integrated actions in run-down neighbourhoods occupied predominantly by low-income population⁵ in order to improve access to public services, greenery, and amenities. It differs from the programmes of the previous administrations due to its strong emphasis on integrated action among different municipal agencies and stakeholders including the non-governmental organizations and civil society. This bottom-up approach enabled low-income people to an extent. As of April 2002, there were approximately 2,866 projects recorded running nation-wide. Upgrading projects geared toward basic sanitation but had difficulties in matching the urban standards of the formal city whereas resettlement into the city centre was criticised for being fragmentary and inhibitory to both participation and investments from the dwellers, thus generating new debts whilst the deregularised finance system rarely reached the poor. Especially with the dismantling of the BNH system in 1986 some state and municipal housing initiatives gained visibility, but with the exception of Sao Paulo state – which set up a housing fund based on a 1% increase in value-added tax (ICMS – Imposto Sobre Circulação de Mercadorias e Serviços) – most other schemes were short-lived and targeted at urgent housing situations (Valenca and Bonates, 2009). The enabling housing approach was not capable of achieving a rebalancing of housing order or achieving the scale. According to the 2010 census, the housing shortage in Brazil stood at 5.45 million and a further 11.4 million people lived in favelas.

Minha Casa Minha Vida (MCMV) marks a milestone in the history of Brazilian housing by conceptualising the emphatic return to the direct provision of social housing for the urban poor. Launched by President Lula da Silva in 2009, the programme aimed to build millions of homes for low-income Brazilians making it effectively an affordable housing scheme of national scale based

⁴ The financial resources of the PAC Habitação come from a variety of sources: the private market– SBPE or private savings (39 percent), a semi-official fund called the Fundo de Garantia por Tempo de Serviço (FGTS) which is a contribution based device to provide workers with unemployment benefits when required (35 percent), counterpart funds from the states and municipalities (17 percent) and from the Federal Budget (9 percent). Source: www.brasil.gov.br/pac

⁵ The priority areas for intervention were chosen according to a social exclusion criterion (defined as a situation of collective deprivation, which includes poverty, discrimination, subservience, inequity, non-accessibility, lack of public representation). The Bairro Legal was implemented in the first phase in Capão Redondo, Brasilândia, Lajeado, Jardim Ângela, and Grajaú since they had a higher percentage of low-income families (15% or more). In phase two, it was extended to districts of Campo Limpo, Guaianazes, Iguatemi, and Anhanguera.

on home ownership. Administered by the Ministry of Cities, the programme stimulates partnerships between federal, state and local governments as well as with social movements and the private sector. Originally showcased with a federal subsidy of R\$34 billion (US\$14.9 billion) and a plan of building one million low-cost units throughout the country by 2014 (which was increased to 2 million homes by President Dilma Rousseff in 2011) MCMV currently has a budget of R\$ 125.7 billion (US \$55 billion), with 58 percent to be handed out as grants and 42 percent in low-interest loans. The programme responds to a larger shortage of adequate housing for low-income families, estimated at a deficit of 5.5 million units in 2009. The Federal government expects more than 25 million people to be covered by the programme by 2019.

The potential beneficiaries of the programme are divided into three income groups evenly spread out across households with income from 0 to 10 minimum wages effectively encapsulating low- and middle-income groups. The benefit packages differ in terms of levels of subsidy. The poorest group receives significant subsidies on a non-repayable basis and is tax and interest rate exempt. Housing modalities and benefit packages that serve the other two groups have a combination of subsidies - in small amount and benefits vary from tax reductions and special interest rates. Mainly, for all these groups, private sector builds homes with different degree of intervention from the local and federal governments. The distribution of housing units to be built takes account of the level of the housing shortage, prioritising quantum deficit across Group 1 and 2. The first phase of the programme aggressively attempted to enforce this rule by allocating 40 % for Group 1 and 40 percent for Group 2.

Neither the ideological underpinnings of the government intervention nor the level of subsidies was questioned despite that MCMV was launched during the financial crisis of 2008. Justified as government correction to market failure (Magalhães, 2018), its initial impetus sprang at least as directly from the need to keep Brazil’s economy, employment, and wages stable during the recession. However, the programme remained quintessentially neoliberal despite the expectation of the proverbial return to the state-run public housing of the previous era. This view stems from the criticisms relating to the steering of the subsidy away from the beneficiaries to developers, isolating low-income people to peripheral areas unconnected to existing transport or employment opportunities and intensification of land speculation. Valenca and Bonates (2009) claim that projects under MCMV are almost entirely (97%) in the hands of private promoters (housing construction companies), a measure justified to speed up the process, avoiding the endless procedures adopted by government institutions. Since financing limits are pre-established, the values for calculating profits and sales revolve around: i) land value, which is lower in peripheral neighborhoods; ii) lower cost of design achieved using standardized and repetitive designs, in addition to promoting large complexes, in order to maximize economies of scale; and iii) production costs, minimized by using second-rate materials. This resulted in rather small (of around 32m²), poor quality housing units at peripheral locations, missing the critical link between affordability, design, access, and mobility. In Rio for example, 53 percent of MCMV units delivered before 2013 were located in the remote Far West Zone (up to four hours from the city and the employment opportunities). As such land supply relies on preparing the master plan for participating cities, which except for bigger cities, is a serious challenge to smaller municipalities due to resource issues.

Table 2: Regional housing delivery in Brazil under MCMV

| Macro Regions | States | Housing production by Faixa (income bracket) | | | Total |
|---------------|--------|--|---------|---------|-------|
| | | Faixa 1 | Faixa 2 | Faixa 2 | |
| | | | | | |

| | | | | | |
|--------------|--|------------------|------------------|----------------|------------------|
| Midwest | Golas, Mato Grosso, Mato Grosso do Sul, Distrito Federal | 150,023 | 298,703 | 53,441 | 502,167 |
| Northeast | Alagoas, Bahia, Maranhao, Paraiba, Pernambuco, Piaui, Rio Grande do Norte, Sergipe | 702,749 | 459,287 | 89,307 | 1,251,343 |
| North | Acre, Amapa, Amazonas, Para, Rondonia, Roaima, Tocantins | 209,829 | 53,191 | 24,658 | 297,678 |
| Southeast | Espirito Santo, Minas Gerais, Rio de Janeiro, Sao Paulo | 489,706 | 801,255 | 290,505 | 1,581,466 |
| South | Parana, Rio Grande do Sul, Santa Catarina | 196,503 | 524,678 | 80,853 | 802,034 |
| Total | | 1,758,810 | 2,137,114 | 538,764 | 4,434,688 |

Source: Ministerio das Cidades, 2017

Despite operational challenges to deliver MCMV, the emerging trend in Brazil shows an increasing and demonstrable dependence on public finance and new units constrained by locational challenges, (discussed in the section below). Given the persistent housing shortage and the ‘precarious living conditions and violence during the dismantling of housing welfare system’ (Rolnik, 2013, 1061), public MCMV is perceived as a necessary tool to drive the new growth agenda.

India

Indian urbanisation has been largely an un-oriented and uncontrolled process with varying levels of government intervention in slum improvements in the pre-reform era. The 1990s decade witnessed the emergence of decentralisation and liberalisation as the two pillars of governance architecture in housing. Consistent with global trends of democratization, the dramatic declaration in the 9th Plan “Housing is State [Government’s] subject” was abandoned with the 74th Constitutional amendment, which made Urban Local Bodies (ULBs) responsible for housing and services. This marks a major departure from the provider regime, which predominantly consisted of hierarchical relations. The devolved responsibility led to the emergence of a particular kind of housing schemes for the poorer section, which was designed by the center but required matching funds from the state and local governments. The resultant decentralisation manifested followed the Brazil model, where stronger municipalities and megacities such as Mumbai, Kolkata, and Delhi, pursuing stronger intervention⁶ by actively inviting the private sector to play a greater role that appeared like a scaled-down version of the Centre’s plans and programmes. The public-private partnership, regulatory reforms coupled with deregulated finance sector firmly established the government’s role as an enabler of housing, with a focus on middle-class housing. Given the sagging economy in the post-1991 period, private sector and government increasingly viewed housing market as an aid to economic growth which was explicitly recognized by the National Housing Policy 1994. Around 25 new housing finance institutions (HFIs) were set up between 1990 and 2000 (Sahu *et al.*, 2009) to boost lending and construction activities targeted to middle and high-income households. By 2005, 100 per cent FDI was allowed in various integrated townships. According to the Department of Industrial Policy and Promotion, up to 10%, FDI accounted for housing and construction sector, however, its relationship with low-income homes is indisputably non-existent. While private capital, dominated the housing market including some Slum Rehabilitation Programmes in cities such as Mumbai, the slum population continued to soar in both absolute and relative terms. By 2012 urban housing shortage stood at 18.78 million units nationally. Indeed, the failure of the market to

⁶ However it should also be noted that these cities have not always promoted welfare interventions as real priorities for the city, despite the considerable budget at disposal. This reflects their attitudes and approach towards city development. For instance, Delhi’s approach has been rather heavy-handed toward low-income housing whilst Mumbai has made great efforts to address the problems by way of integration of transfer of development rights etc.

assure even a minimum standard of living for all has contributed to the growth of new series of state interventions, including JNNURM and PMAY discussed below.

Perhaps the first major and conceptually important intervention in housing was Jawaharlal Nehru Urban Renewal Mission (JNNURM), launched in 2005. As an integrated programme based on three strands of policy - alignment of urban housing, infrastructure and services; developing urban governance through decentralization; and development of new models of low-income housing in 65 major cities⁷. Despite putting the right foot forward, the JNNURM buckled under the weight of its own targets and several mandatory and optional reform agenda (e.g. revision of building bye-laws, earmarking 25% developed land in all housing for economically weaker groups) required to be fulfilled by the state government and the ULBs to access the public funds Taken to its logical extremes An environment characterized by the aggressive pursuit of reforms can exacerbate the motivation and bring counterproductive results. The JNNURM, arguably the most significant programme that injected more money into the urban sector during its lifetime of 10 years than during the whole of the years since independence, remained top-down marked by limited participation from the states and ULBs ultimately resulting in just 22 percent target achieved in housing production. In 2013, the programme was substituted by even more ambitious Rajiv Awas Yojana (RAY), which set a goal to ‘create slum-free cities’. The specific aim was to release prime urban lands occupied slums into the formal economic circuit and assign property rights to slum dwellers, creating opportunities for large profits to be made by the private sector. Quintessentially a slum rehabilitation scheme with a neoliberal twist, RAY, led to a premature demise due to operational difficulties (mainly in creating a true record for slum dwellers) and opposition from the state governments to engage for the fear of political fallout from the programme.

Narendra Modi upon assuming power in 2015, announced a new flagship programme, Pradhan Mantri Awas Yojana (PMAY) dubbed ‘Housing for All by 2022’. The programme is significant as it represents a holistic effort to address both rural and urban housing problems through PMAY *Gramin* and PMAY urban. The government has pledged to construct up to 20 million houses by the year 2022 with a financial outlay of around INR 39 trillion (US\$ 582 billion) spread over the next seven years. So the changing auspices did not mean less government spending. The total budget under PMAY marks nearly 400 percent increase against INR 10 trillion (US\$149 billion) under JNNURM. The central assistance released to states under PMAY was INR 11 trillion (US\$164 billion) versus JNNURM’s INR 2.2 trillion (US\$ 30 billion), an increase of almost 500 percent. It could be envisaged that this new government spending will create new public housing programme along with new markets and investment opportunities for private developers. The Modi administration is hoping to lower the programme costs and has thus advocated greater competition among states, municipalities and service providers; and more cost-sharing among consumers. The modality follows a similar approach to those taken by its predecessors which included central assistance to the Urban Local Bodies (ULBs) and interest rate subsidies on loans⁸ to Economically Weaker Section (EWS) and Low Income Group (LIG) consumers. The scheme is being rolled out to Middle Income Group (MIG) 1, MIG 2, LIG and EWS population with annual household income

⁷ Under the JNNURM, the Central government gives grants covering 50 percent of the project cost for cities with population between one million and four million. For cities with the population higher than four million, the Central grant is 35 percent of the project cost. The remaining funding comes from the state's kitty and the urban local bodies or parastatals. At present, there are 523 projects related to urban infrastructure development that is being implemented in 65 cities across the country.

⁸ Under this programme, all eligible households are provided with central grant between INR100,000- INR230,000 ((US\$1,483- US\$3,412) depending on locational factors and the loan with interest subsidy of 6.5 percent payable in 15 years. The amount disbursed through the loan is usually matched by the grant amount.

between INR300, 000 (US\$ 4,478) and INR1.8m⁹ (US\$ 26,865). The benefits packages differ in terms of the level of subsidy distributed. The EWS group with income ceilings of INR 600,000 (US\$ 8,955) per annum receive interest rate subsidy of 6.5 percent, which is a four percentage point lower than the lowest rate (at 10.5%) points on a principal component of INR 600,000 (US\$ 8,955) irrespective of their total loan amount. Under PMAY until October 2017 around 117 banks and finance companies have signed up to provide loans which include some of the major public sector banks. Housing benefit packages vary from tax reductions and special interest rates to LIG and MIG groups in tapering order. Those below the National Housing Bank and HUDCO are the nodal agencies to implement the home loan subsidy schemes. In 2017, the loan contract was extended to 20 years from 15 years. Regions benefitting from PMAY in India are mostly affluent regions with the political proclivity to the Central government. The top three progressive states (Maharashtra, Tamilnadu, and Gujarat) with a GDP share of 30% are responsible for over 75% output through PMAY.

Table 3: State-wise housing delivery under JNNURM, RAY and PMAY(U) in India

| State/UT | JNNURM | | RAY | | PMAY (U) | |
|-------------------|------------|-------------|------------|-------------|------------|-------------|
| | Sanctioned | Constructed | Sanctioned | Constructed | Sanctioned | Constructed |
| A&N Island (UT) | - | - | - | - | - | - |
| Andhra Pradesh | 79,382 | 66,768 | 1,617 | 21 | 1,93,405 | 1,670 |
| Arunachal Pradesh | 1,172 | 420 | 1,536 | - | 70 | - |
| Assam | 6,583 | 3,476 | - | - | 24,353 | 13 |
| Bihar | 24,425 | 18,307 | 11,276 | 2,310 | 76,978 | 99 |
| Chandigarh (UT) | 17,696 | 17,696 | - | - | 5 | 5 |
| Chhattisgarh | 28,642 | 23,596 | 300 | 96 | 29,644 | 1,404 |
| D&N Haveli (UT) | 144 | 96 | - | - | 828 | 25 |
| Daman & Diu (UT) | 14 | 14 | - | - | 48 | - |
| Delhi (UT) | 55,424 | 31,424 | - | - | 200 | 113 |
| Goa | - | - | - | - | 10 | 10 |
| Gujarat | 1,31,454 | 1,26,122 | 30,494 | 11,919 | 1,12,202 | 13,954 |
| Haryana | 13,223 | 12,827 | 3,226 | 584 | 995 | 236 |
| Himachal Pradesh | 2,130 | 848 | 300 | - | 4,585 | 15 |
| Jammu & Kashmir | 14,208 | 6,910 | 369 | 62 | 5,867 | 10 |
| Jharkhand | 10,103 | 9,025 | 3,931 | 1,699 | 60,624 | 961 |
| Karnataka | 45,162 | 45,093 | 23,125 | 9,326 | 1,23,341 | 4,925 |
| Kerala | 42,163 | 35,241 | 2,118 | 98 | 26,119 | 183 |
| Lakshdweep (UT) | - | - | - | - | - | - |
| Madhya Pradesh | 38,363 | 36,710 | 8,123 | 1,296 | 2,00,913 | 1,370 |
| Maharashtra | 1,75,032 | 1,38,665 | - | - | 1,24,619 | 5,506 |
| Manipur | 4,079 | 4,072 | - | - | 9,748 | 23 |
| Meghalaya | 1,232 | 872 | - | - | 48 | 16 |
| Mizoram | 3,046 | 3,028 | 142 | 38 | 10,314 | 28 |
| Nagaland | 6,265 | 4,849 | 1,054 | 455 | 12,506 | 1 |
| Orissa | 14,823 | 12,362 | 11,235 | 1,356 | 37,610 | 106 |
| Puducherry (UT) | 1,542 | 1,390 | - | - | 3,862 | 14 |
| Punjab | 7,037 | 6,191 | - | - | 42,637 | 141 |

⁹ According MHUPA, income threshold has been set as follows. For EWS up to INR300,00 (US\$4,477), LIG (INR 300,00-600,00) (US\$4,477-8955), MIG1 (INR 600,000 -1.2 million) (US\$ 8955-17,970) and MIG 2 (INR1.2-1.8 million) (US\$17,970-26,865).

| | | | | | | |
|---------------|------------------|------------------|-----------------|---------------|------------------|---------------|
| Rajasthan | 43,146 | 33,655 | 21,908 | 9,779 | 15,709 | 1,026 |
| Sikkim | 293 | 260 | - | - | 1 | 1 |
| TamilNadu | 1,27,435 | 1,15,637 | 4,880 | 2,599 | 2,22,820 | 4,398 |
| Telangana | 83,678 | 76,103 | 1,198 | - | 81,751 | 496 |
| Tripura | 3,371 | 3,371 | 3,005 | 150 | 42,900 | 5 |
| Uttar Pradesh | 83,417 | 71,734 | 8,409 | 3,076 | 12,058 | 746 |
| Uttrakhand | 3,915 | 3,001 | 3,130 | 652 | 4,723 | 58 |
| West Bengal | 1,72,305 | 1,62,488 | 472 | 192 | 1,43,865 | 3,359 |
| Total | 12,40,904 | 10,72,251 | 1,41,848 | 45,708 | 16,25,358 | 40,917 |

Source: Ministry of Housing and Urban Poverty Alleviation, India (Monitoring Division, As on 27th Mar 2017)

The programme is going through constant transformation opening up the possibility of finding a 'best fit' situation within the wider housing delivery. In 2017, several changes were introduced that altered the landscape of PMAY especially in overcoming demand-side challenges. The interest rate subvention was lowered to 3% and the eligible loan amount increased to INR1.2 million (US\$ 17,910). Notwithstanding new perks to energize the housing market, its delivery remains questionable due to supply-side challenges. The availability of land is a major challenge. It is estimated that 10 million houses estimated for EWS will require a minimum of 57,000 acres of urban land (roughly 50% of total land in Mumbai). India thus needs the vast amount of land to increase the output by 10 folds in the next 7-8 years to fulfill the objectives of PMAY.

Land supply constraint and lack of regulatory reforms has manifested in slow output from PMAY. As of March 2017, little over 40 thousand units had been completed, (0.2% of the target) and a further 1.2 million homes sanctioned, together making up 8.3% of the total target figure. At this pace, to achieve the target set by the Prime Minister, India will have to build 3.6 million homes every year until 2022, more than twice the numbers currently sanctioned. The capacity of the construction and building material industry in India remains poorly equipped to deliver this level of output given housing output in the last five years has not exceeded one million. More crucially, the programme is designed in partnership with private partners - especially banks and civil society - in order to disburse loans and provide guarantee etc. as part of cost sharing. However, both partners are under-prepared to administer this process. Against the budget allocation of INR4 trillion (US\$ 597 billion) for 2015-2017, the expenditure was only INR 1.2 trillion (US\$ 179 billion), which is too small to have any major impact. On balance, despite being replete with welfare rhetoric, PMAY suffers from similar institutional incapacity and a variety of political maneuvers that these projects are subjected to (underfunding, careful political appointments, lack of quality control). While creating opportunities for the private sector, states and their municipalities must follow a strict timeline and code of ethics so that these units are delivered on time to the right beneficiaries. This is critical given the abysmally low construction rate relative to the number of units sanctioned (Table 3) which is already defeatist when seen against Modi's lofty goals of building 20 million homes by 2022.

Dialectical readings of the state actions and their implications

The emergence of state-led housing programmes in cities of global south has brought a profound policy shift to the national and international housing policy discourse. Increased public investment

accompanied by wide-ranging fiscal incentives has energised the (affordable housing) construction and the real estate market whilst providing a framework to overcome the limits of enabling strategies. In Brazil and India, a consistent trend of reversal of subsidy withdrawal marks this broader shift in housing policy landscape. The state-led housing is also initiated and pursued for various other purposes. In Brazil, MCMV was launched dovetailing interests between the Lula administration and the civil construction business - the latter concerned with expanding its business, and the former with increasing the supply of jobs and the level of economic activity (Dias, 2015). This rhymes with other Latin American countries and India where government efforts have concentrated in reinforcing home ownership to revive the housing market. Gilbert (2016) identifies three principal drivers for government’s strong commitment to housing in Colombia: displacement through violence and natural disaster; ineffectiveness of subsidies and credit and politics. It would not be wrong to say state housing programmes are also political projects where successive governments are seen to announce new targets, taglines with tokenish welfare ideologies to suit their own political agenda.

The drive to provide housing may be based on a variety of motivations but ultimately government would like to meet the housing need, improve conditions of slums and favelas in more positive and permanent ways. However, beyond representing localised response to local (housing) problems, state housing programmes now signify upscaling of government intervention in housing in order to rebalance and redistribute resources in rapidly developing markets and revalidating old principles and practices in the process. Both MCMV and PMAY support this hypothesis. Quintessentially developer-driven and neoliberal in their approach they display new financial mechanisms, de- and re-regulation, and a greater maneuvering of economic actors. Table 4 summarizes some of the key measures introduced to support MCMV in Brazil and PMAY in India, which shows that incentives to developers have often outnumbered incentives to cooperatives or beneficiary households. Although the effectiveness of the state-led approach in general, and low-income housing in particular, can be traced back to changes in governmental ideology and the subsequent reforms that arose from this, it should be stressed that the underlying factors arising from pre-existing socio-economic and political spheres have an effect upon its success.

| Table 4: Types measures introduced in state housing programs in Brazil and India | |
|--|--|
| Brazil (MCMV) | India (JNNURM/RAY/PMAY) |
| State-led | State-led |
| Up-front grant | Up-front grant |
| Low interest loans | Low interest loans |
| Solidary Credit Programme to reinforce social-oriented housing provision | No profit basis sale for dwellings constructed by state |
| Residential Leasing Fund and the Social Development Fund | Slum Rehabilitation ensuring Holistic Slum Development |
| Amendment n° 140/2010 – procedures reforms on registration, beneficiaries selection, and allocation criteria | Low cost construction to lower housing build cost |
| In-situ rehabilitation and land acquisition by the State | In-situ rehabilitation and land acquisition by the State |
| Extending subsidy to construction materials | Creation of land pool for housing the poor |
| Low cost construction to lower housing build cost | Extending subsidy to construction materials |
| Security of tenure home ownership | Non-alienable right to ownership to all beneficiaries |
| Growth Acceleration Programme Slum Upgrading linked with MCMVP | Affordable rates for infrastructure services |
| Enabling-led | Enabling-led |
| Home ownership | Home ownership |
| Reduction in property registration | Private Sector first approach |
| Solidary Credit Programme to reinforce social-oriented | Financial incentives to private sector such as extra |

| | |
|---|--|
| housing provision | TDR/FAR/FSI and /other concessions |
| Residential Leasing Fund and the Social Development Fund | Public Private Partnership |
| Amendment n° 459/2009 - Housing Guarantor Fund; criteria for membership and amortization rules | Streamline clearance and approval regime |
| Normative Instruction n° 934/2009- Special Taxation for Construction | Approval for affordable housing scheme within 60 days |
| Resolution n° 412/2009 - streamline the environmental licensing process | Concession/incentives for affordable schemes |
| Amendment n° 326/2009 - release of funds for advance purchase of land and the and procurement reforms | Lower stamp duty for LIG/EWS (some states levy 100%) |
| A consolidated housing system | State-of the- art technology (IRIS) for maintenance of records |
| Modernization of the construction sector | Real Estate (Regulation & Development) Bill, 2011 |

Source: Author

The scale of housing production and distribution

The issue of scale is pertinent to both Brazil and India given the high level of the housing deficit that is unparalleled elsewhere. The peculiarities of state-led programmes have struggled to reach the scale that they originally intended. In India, JNNURM achieved just 22% whilst PMAY achieved just 0.2% of the total target figures within two years of its launch (see Table 3). The MCMV, on the other hand, has consistently outperformed its targets with 2.6 million homes delivered by 2016 and a further 4.2 million contracted out. So far 10 million people have benefitted from the programme. The scale of its delivery massively pales India's PMAY by a considerable margin.

Thus, for countries with the high deficit and undersupply, reform that supports the principle of economies of scale and low-profit margin, is the obvious starting point. In Brazil, both profit margin and scale have been kept high by compromising the quality of production and location (Martine and McGranahan, 2013). In India however, the profit margin is dragged down by regulatory constraints and land supply bottlenecks preventing the market from offering the scale. Some progress has been made with the repeal of ULCRA and rent control act but other regulatory barriers remain including some recently introduced policies that appear counterproductive. For example, In 2017, the size threshold for affordable housing units was extended from 30m² to 60 m², which while making affordable housing segment attractive to developers (and middle-income households) goes against the grain of 'mass housing' as an increase in unit size also means an increase in public subsidy per unit. In a market where undersupply of housing exists at every level (Sengupta, 2013), the scale of production remains crucial.

Where the housing supply is largely subsidy-driven, how the subsidy is distributed is an important issue. Firstly, the subsidy disbursement through state housing programmes is not based on the need-based criteria, leading to wide disparity in the distribution of resources across regions. This polemic can be directed to both Brazil and India in equal fervor. The resources distribution of MCMV ignores the cities and region with high housing deficit with poorer North building much less (See Table 2). Scholars have lamented the regional imbalance as cities high housing deficit ending up receiving fewer units (Klink and Denaldi, 2014). Likewise in India, the regional distribution of PMAY allocation suggests that a bulk of the output between 2015 and 2018 has been confined to the four leading states (Maharashtra, Gujrat, Karnataka, and Tamilnadu) with the highest share of the country's GDP. Bihar, for instance, is the third largest state by population with the second highest

share of the population living below poverty line (42%) constructed fewer than only 99 units during past three years. Likewise, Orissa, another backward state in India has managed to construct paltry 106 units. In countries riddled with unevenness in terms of deprivation and development, such discrepancies in project allocation and execution are likely to further exacerbate regional imbalance. These measures separate the well-off state from the poor, the more educated from the less educated and more unemployable from the more unskilled. In so doing the distribution of the public money effectively reinforces the two-class social welfare context that government intervention has failed to eliminate.

At the household level, the public subsidy appears to be targeted to those groups which are unable to benefit from it. By promoting home ownership, Brazil and India have given greater emphasis to the upper end of the low-income scale, rather than to the poorest urban households or those in greatest need. Homeownership, according to Gilbert (2016, 254) is the 'Holy Grail' that offers governments the opportunity to generate economic growth and win elections regardless of whether poor households need complete or finished homes. In promoting home ownership, governments expand investment opportunity for developers whilst attempting to offload the welfare burden arising from the growing demand for low-income housing. Whilst not so much in Brazil, Indian case with PMAY suggests the overpowering effects of populist slogans taking over rather than addressing housing issues the government has failed to take into account so far.

Locational preferences and implications

With rapid urbanization, there has been a rapid ascent in the peripheralization of the cities. Nearly in all major state housing programmes in South Africa, Chile, Brazil, and India (Paquette-Vassali, 1998; Huchzermeyer, 2003; Maricato, 2017) capital subsidy has been directed to the periphery of the city with spatial implications. On one hand, they have resulted in the production of uncontrolled and unsustainable urban sprawl, they seem to have also risked creating ghettoization (particularly, in Brazil) and ghost towns (in India), on the other. In MCMV, most low-income units (Group 1 comprising households with income from 0 to 3 minimum wages) are located at the outskirts whereas, the condominiums for Group 2 and 3 are located relatively closer to the central and intermediate districts. In what can be termed as a desperate attempt to redress the locational anomaly, the federal and some state governments in Brazil offered residents tax incentives to purchase cars. In India, the Modi government's Smart Cities plan (the new avatar of 100 new townships launched in 2001) makes a vain attempt to bring peripheral real estate closer to the city centre, at the expense of destroying rural communities. Efforts at redemption have ignored the realities of the housing needs of the urban poor. The rhetoric of slum-free cities followed policies that work against slum dwellers as they are pushed out to locations with the poor connection to economic and social networks that can provide livelihood options. In Delhi, where housing demand has been unprecedented, the reproduction of a 'low-value commodity' in the city's periphery has bred widespread discontent over lack of infrastructure and basic services. Over 12,000 flats constructed in 2014 by Delhi Development Authority remained unoccupied even in traditional locations such as Dwarka, Paschim Vihar, Rohini, and Pitampura as basic facilities such as- clean water, power supply or public transport were missing. Likewise, in Kolkata's Rajarhat township, one in three units are lying vacant, both in government and privately supplied housing estates. The Township was conceived in 1994 to accommodate about 1 million people, only one-third of the targeted population has moved so far which underscores importance of location. In Gujrat, Barnhardt *et al.* (2015) found one-third households had abandoned the newly acquired government supplied homes to return to their original location. What is ironic is that in a country with a severe shortage of housing, number of vacant units in Indian cities is rising. According to the Census data,

11 million residential units were found vacant in 2011 out of the total 90 million units (comprising 12% of the total urban housing stock).

Paradoxically, to avoid high land premium, people are moved to locations that are attractive to developers as they yield higher profits to developers due to lower land prices, easier land acquisition, economies of scale and more flexible municipal laws and regulations (See, Sengupta, 2013) and are rapidly turning into the hubs of a new peripheral consumerism. In MCMV, Klink and Denaldi (2014) assert that the systematic risks of the private sector have been substantially reduced either through almost complete or partial subsidization or by the active involvement of the local governments through the provision of complementary land infrastructure. Consumerism in housing, Huchzermeyer (2003; p.601) argues has 'significant negative impacts on poverty, benefiting at most the already established formal private sector'. The 'peripheral' housing thus represents a significant shift in priorities for the government that sees greater concerns for housing markets and the construction industry rather than to the poorest urban households or those in greatest need. At the broader level however, privatisation or placing public tasks in private sector is one way the state is delivering the welfare goals, and it is likely to stay. The governments must explore ways for greater control of the process and the projects to ensure pro-poor objectives, which the public housing of the pre-enabling times had hoped the government intervention in the housing market would achieve, are maintained.

Unfinished institutional reforms

It is clear that state programme such as MCMV and JNNURM have been set to perform in a decentralized environment. Whilst the concept is unproblematic, without the adequate empowerment of local actors, the process breeds ambivalence and inconsistency engendering grey spaces of operation. For instance in India, many states and cities have been unable to leverage available funds or implement reforms because of lack of capacity and technical reforms (such as property tax regimes etc). This resulted in 'financial dependency' with the Centre which in turn manifested in 'political dependency' resulting in the top-down approach with poor participation from the state governments or the ULBs. During the implementation of JNNURM, it was realized that achieving 23 reforms within seven years was the ambitious project itself despite varied capacity and socio-economic conditions. Most of the smaller ULBs entrusted with implementing housing projects lacked the capacity to prepare City Development Plan (a pre-condition to releasing grants) and went on to endorse it notionally just to ensure compliance with the fund conditions (Sivaramakrishnan, 2011). Similar challenges were witnessed in Brazil by smaller municipal authorities which had difficulties in preparing Master Plans within a short timeframe imposed by the City Statute without key reforms to strengthen their capacities. The attempts to formulate local master plans as socio-territorial pacts – covering the whole country – clearly revealed the disengagement of the proposed agenda in relation to the much more diverse social, political and territorial realities (Ronik, 2013). Whilst City Statute presupposed a combination of socially-oriented regulation and democratic management, by bypassing crucial institutional reforms, the state housing programmes have remained quintessentially top-down. Although nuances and context differ, the powerful legal and bureaucratic apparatuses of both Brazil and India contrast with their fragile operational capacity. An aggregate effect of such anomaly leads to a unique state and market relations that are formalized differently across space, sectors, and governance levels. The consequence is a set of ameliorative measures negotiated politically (rather than through the proper reforms and sequence). This explains the reforms still remain an unfinished agenda in both countries.

Conclusion

The preceding sections discussed the state-led large-scale housing programmes in India and Brazil. The approach, which could be perceived as part of the Enabling Phase 3, is still evolving and perhaps there are more issues and challenges than what can be covered in this paper. Broadly speaking looking at the target group, it could be said that the state is trying to consolidate the low-income housing market providing homes that can be used as a bankable property of economic value. The new housing provision in Brazil and India shows home ownership remains the underlying concept. Beneficiaries who are financially disabled and without access to formal housing finance system are not benefited from this. The practice of filtering the poor that became the hallmark of Enabling Phase 2 has thus continued in this phase as well. Profit is maximised by locating these housing units at the peripheral lands creating new colonies of peonage bound by housing debt. These low-income suburban communities are exposed to deficient social and physical infrastructure causing concerns about design and quality of life. There are now cities within cities intensifying the existing inequalities. At a glance, they are reminiscent of the public housing estates of the post-war era in the global north. Moreover, state housing programmes are also set in decentralised governance structure where implementing local bodies are inadequately empowered to effectively deliver the housing schemes or carry out the reforms on its own. An underlying structure of inequality persists across regions, reflecting a historical reluctance to accept these programmes mostly led by the federal government.

The key difference is how public subsidies are disbursed and increasing politicisation of the housing market. Throughout the 1990s changes in the housing policy regime meant a greater role for private enterprises in a scaled-down welfare state. In a reversal of the trend, public sector today channels public funds into private hands to strengthen the welfare goals. By adopting social welfare programmes to the needs of private capital, states have proved a continuing adherence to the core principles of enabling paradigm which is likely to continue for the foreseeable future. Beyond the conceptual contradictions between the enabling and provider approaches, state-led housing holds promise for transformative powers that will set the course for the future if implemented judiciously. This 'path dependency' is likely to continue to influence the post-neoliberal housing provision of the global south.

References

- Ahluwalia, I. J., Kanbur, R. and Mohanty, P. K. (2013). *Urbanisation in India: Challenges, Opportunities, and the Way Forward*. London: Sage.
- Banco, A., Gilbert, A. and Kim, J. (2016). Housing tenure in Latin American cities: The role of household income, *Habitat International*, 51, 1-10.
- Blanco Jr CD (2016). Slums in Brazil: A challenge for the National Social Housing System, Housing Development and Management, Lund University.

Barnhardt S, Field, E. & Pande, R. (2015). *Moving to Opportunity or Isolation? Network Effects of a Randomized Housing Lottery in Urban India*. NBER Working Paper No. 21419.

Bradlow, B., Bolnick, J., & Shearing, C. (2011). Housing, institutions, money: The failures and promise of human settlements policy and practice in South Africa. *Environment and Urbanization*, 23(1), 267–275.

Buckley, R. M., Achilles, Kallergis A and Wainer, L. (2016). The emergence of large-scale housing programmes: Beyond a public finance perspective. *Habitat International*, 54, 199-209.

Budds, J., Teixeira, P., and Sehab (2005). Ensuring the right to the city: pro-poor housing, urban development and tenure legalization in São Paulo, Brazil. *Environment & Urbanization*, 17(1), 89-113.

Chen, J., Yang, Z. & Wang, Y. P. (2014). The New Chinese Model of Public Housing: A Step Forward or Backward?, *Housing Studies*, Vol. 29(4), 534-550.

Cities Alliance (2017). India, Brazil and South Africa address the challenge of Slums, Retrieved from <http://www.citiesalliance.org/node/2885>

Croese, S. and Pitcher, M. A (2017). Ordering power? The politics of state-led housing delivery under authoritarianism – the case of Luanda, Angola, *Urban Studies*, Advance online publication. <http://journals.sagepub.com/doi/pdf/10.1177/0042098017732522>

Dias, E. C. (2015). Profits and votes: entrepreneurs and the government in Brazilian housing policy, *Brazilian Journal of Political Economy*, 35(4), 763-779.

Economic and Political Weekly (EPW) (2017). *Monstrous Indian Income Inequality*, 52(40), 7 October 2017.

Ferguson, B., & Smets, P. (2010). Finance for Incremental Housing: Current Status and Prospects for Expansion, *Habitat International*, 34, 288-298.

Ferguson, B., Smets, P. and Mason, D. (2014). The new political economy of affordable housing finance and urban development, In Bredenoord, J, Lindert P V and Smets, P (Eds) *Affordable Housing in the urban global south: Seeking sustainable solutions* (pp. 41-54). London: Earthscan.

Fernandes, E. (2007). Implementing the urban reform agenda in Brazil, *Environment and Urbanization*, 19(1), 177-189.

Gilbert, A. (2016). Free housing for the poor: An effective way to address poverty?, *Habitat International*, 41, 253-261.

Gunter, A. (2013). Creating co-sovereigns through the provision of low-cost housing: The case of Johannesburg, South Africa, *Habitat International*, 39, 278–283.

Haughton, G., Allmendinger, P. & Oosterlynck, Stijn (2013). Spaces of Neoliberal Experimentation: Soft Spaces, Post politics, and Neoliberal Governmentality, *Environment and Planning A*, 45(1), 217 – 234.

Huchzermeyer, M. (2003). A legacy of control? The capital subsidy for housing, and informal settlement intervention in South Africa, *International Journal of Urban and Regional Research*, 27(3), 591–612

Huchzermeyer, M. & Misselwitz, P. (2016). Coproducing inclusive cities? Addressing knowledge gaps and conflicting rationalities between the self-provisioned housing and state-led housing programmes, *Current Opinion in Environmental Sustainability*, 20, 73-79.

Klink, J. & Denaldi, R. (2014). On financialization and state spatial fixes in Brazil. A geographical and historical interpretation of the Housing Programme My House My Life. *Habitat International*, 44: 220–226.

Klink, J. & Denaldi, R. (2016). On urban reform, rights and planning challenges in the Brazilian metropolis. *Planning Theory*, 15(4), 402–417.

Magalhães, N. C. F. (2016). The Southern Urban Political in Transcalar Perspective: A View from the Squatter Movements of Belo Horizonte in Theresa Enright, Ugo Rossi (eds) *The Urban Political: ambivalent spaces of late neoliberalism*, Palgrave Macmillan, 229-245.

Maricato, E. (2017). The Future of Global Peripheral Cities, *Latin American Perspectives*, 44 (2), 18-37.

Martine, G. and McGranahan, G. (2013). The legacy of inequality and negligence in Brazil's unfinished urban transition: lessons for other developing regions, *International Journal of Urban Sustainable Development*, 5(1), 7-24.

Monkkonen, P. (2012). Housing Finance Reform and Increasing Socioeconomic Segregation in Mexico. *International Journal of Urban and Regional Research*, 36(4), 757-772.

Murray, C. and Clapham, D. (2015). Housing policies in Latin America: overview of the four largest economies, *International Journal of Housing Policy*, 3, 347-364

Paquette-Vassalli (1998). Le logement locatif dans les quartiers populaires de Santiago du Chili: les raisons d'un essor limite, Thèse de doctorat en Urbanisme et Aménagement, Ecole Nationale des Ponts et Chaussées, Marne-la-Vallée.

Pasternak, S. and D' Ottaviano, C. (2014). Half a century of self-help in Brazil In Bredenoord, J, Lindert P V and Smets P (Eds.) *Affordable Housing in the urban global south: Seeking sustainable solutions* (pp. 242-255). London: Earthscan.

- Rolnik, R. (2013a). Late Neoliberalism: The financialization of homeownership and housing rights. *International Journal of Urban and Regional Research*, 37, 1058–1066.
- Rolnik, R. (2013). Ten years of the City Statute in Brazil: from the struggle for urban reform to the World Cup cities, *International Journal of Urban Sustainable Development*, 5, 54-64.
- Sahu, G., Zachariah, Y. and Sandipan, B. (2009). National level background document on urban issues and concerns. Retrieved from tiss-uirf.org/downloads/NLBD.pdf
- Sengupta, U. (2013) Inclusive Development? A State-Led Land Development Model in New Town, Kolkata *Environment and Planning C: Government and Policy*, 31(2), 357-376.
- Sengupta, U., Murtagh, B., D'Ottaviano, C. & Pasternak, S. (forthcoming). Between enabling and provider approaches: Key shifts in the national housing policy, *Environment and Planning C: Politics and Space*, Advance online publication. <http://journals.sagepub.com/doi/abs/10.1177/2399654417725754>
- Sivaramakrishnan, K. C. (2011). *The Revisioning Indian cities: The Urban Renewal Mission*. New Delhi: Sage Publications.
- UNCHS (1988). *The global strategy for shelter to the Year 2000*. Nairobi: UNCHS.
- UN-Habitat (2001). The implications of globalization and privatization for the provision of and access to housing and urban development in the transition economies. In: *Cities in a Globalizing World*. London: Earthscan, 88-93.
- UN-Habitat (2003). *The Challenge of Slums: Global Report on Human Settlements*. Nairobi: UN-Habitat.
- UN-Habitat (2006). *Enabling shelter strategies: Review of experience from two decades of implementation*. Nairobi: UN-Habitat.
- UN-Habitat (2013). *Scaling up affordable housing supply in Brazil*. Nairobi: UN-Habitat
- UN-Habitat (2016). *World Cities Report*. Nairobi: UN publications.
- UN-Habitat (2014). United Nations Human Settlements Programme (UN-Habitat), Global Urban Indicators Database.
- Valença, F. (1999). The lost decade and the Brazilian government's response in the 1990s, *Journal of Developing Areas*, 33(1), 1-52.
- Valença, M.M. & Bonates, M. F. (2009). The Trajectory of Social Housing Policy in Brazil: From the National Housing Bank to the Ministry of the Cities. *Habitat International*, 34 (2), 165-173.
- Wang, Y. P. & Shao, L. (2014). Urban housing policy changes and challenges in China. In: Doling J and Ronald R (Eds) *Housing East Asia: Socioeconomic and Demographic Challenges* (pp.44-70). London: Palgrave.

Watson, V. (2016). Locating Planning in the new Urban Agenda of the urban Sustainable Development Goal, *Planning Theory*, 15 (4), 435-448.

World Bank (2010). *Systems of cities: harnessing urbanization for growth and poverty alleviation - the World Bank urban and local government strategy*. Washington DC: World Bank Group.

World Bank (1993). *Public/private partnerships in enabling shelter strategies*. Nairobi: UNCHS.

Yap, K. S. (2015). The enabling strategy and its discontent: Low-income housing policies and practices in Asia, *Habitat International*. 54(3), 166–172.