LEX LOCALIS-JOURNAL OF LOCAL SELF-GOVERNMENT
ISSN:1581-5374 E-ISSN:1855-363X
VOL. 23, NO. S6(2025)

BEYOND LOAN VOLUMES: A MULTI-DIMENSIONAL CAUSAL EVALUATION OF BRAZIL'S MINHA CASA MINHA VIDA PROGRAM (2006-2023)

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Abstract
We provide the first multi-dimensional causal evaluation of Brazil's Minha Casa Minha Vida (MCMV) housing program using interrupted time series analysis, synthetic control methods, and state-level difference-in-differences. Using Central Bank administrative data (2006-2023) and Ministry of Cities program records, we test four pre-registered hypotheses regarding credit expansion, social targeting, institutional sustainability, and counter-cyclical stabilization. Our event-study analysis shows MCMV increased housing credit by 969.3 billion reais (95% CI: 793.2-1,145.4) with no pre-intervention trends, representing system-wide expansion rather than substitution effects. However, targeting analysis reveals regressive outcomes: Track 1 (poorest families) received 39.4% of units versus 60% target (Kakwani progressivity index = 0.12, below 0.25 benchmark). During the 2014-2016 recession, MCMV lending elasticity to unemployment was -0.34 versus -0.89 for private markets (difference = 0.55, $p<0.01$), demonstrating counter-cyclical buffering. Institutional sustainability metrics show manageable fiscal exposure (0.78% GDP) with default rates (3.8% Track 1, 2.1% Track 2/3) below international benchmarks. State-level heterogeneity analysis reveals stronger program effects in low pre-program mortgage penetration states ($\beta=0.23$, $p<0.05$), consistent with credit constraint mechanisms. Our findings demonstrate that preferential interest rates generate volume expansion but require complementary institutional design to achieve equity objectives.

Keywords: Housing policy evaluation, causal inference, MCMV, Brazil, interrupted time series, synthetic control
JEL Classification: R31, O18, H81, C23

1. Introduction

Brazil's Minha Casa Minha Vida (MCMV) program, launched March 2009, represents one of the largest housing interventions in developing world history, delivering 3.8 million units through 2020 with R$500+ billion in financing. However, systematic causal evaluation remains absent from the literature. Existing studies provide descriptive assessments (Cardoso & Aragão, 2013) or focus narrowly on spatial outcomes (Shimbo, 2010; Rolnik, 2019) without establishing causal attribution or measuring program effectiveness across multiple policy dimensions.

This paper fills three critical gaps. First, we provide the first causal evaluation using interrupted time series (ITS) with event-study specification, synthetic control methods (SCM), and state-level difference-in-differences to address confounding from concurrent macroeconomic and policy changes. Second, we operationalize "multi-dimensional assessment" through four pre-registered, testable hypotheses with precise measurement protocols rather than descriptive performance review. Third, we document heterogeneous

treatment effects across states and income segments, revealing mechanisms underlying aggregate impacts.

1.1 The MCMV Program: Design and Institutional Structure

MCMV operates through three income-based tracks with differentiated subsidy structures administered by Caixa Econômica Federal (CEF):

Track 1 (0-3 minimum wages, R$1,600-4,800/month): Direct construction subsidies covering up to 90% of unit costs, with 10-year loans at 5% annual interest versus market rates of 9-12%. Units allocated through municipal social registries prioritizing families in precarious housing. Monthly payments capped at 10-15% of household income.

Track 2 (3-6 minimum wages, R$4,800-9,600/month): Interest rate subsidies (5-7% vs. market 9-12%), government risk-sharing mechanisms, and reduced down payments (5% vs. market 20-30%). Loans extended up to 30 years through CEF with explicit counter-cyclical mandates during downturns.

Track 3 (6-10 minimum wages, R$9,600-16,000/month): Modest interest subsidies (7-8.5% vs. market 9-12%) and access to Worker's Severance Fund (FGTS) resources for down payments, serving middle-income populations approaching private market access thresholds.

Program coordination involves: CEF (direct lending and administration), BNDES (construction industry financing but not direct housing loans), and Ministry of Cities (social targeting criteria and monitoring). This institutional structure distinguishes MCMV from pure demand-side subsidies (e.g., Chilean housing vouchers) or supply-side construction programs.

1.2 Contribution and Pre-Registered Hypotheses

We advance housing policy evaluation through four pre-registered, falsifiable hypotheses mapping onto distinct policy objectives:

H1 (Credit Expansion): MCMV generates immediate level increase and sustained trend acceleration in housing credit beyond secular trends, with effects concentrated post-March 2009 and no anticipatory pre-trends.

H2 (Social Targeting): Post-2009, the share of housing finance to income deciles 1-3 increases by ≥15 percentage points, with Kakwani progressivity index ≥0.25 (World Bank benchmark for progressive targeting).

H3 (Institutional Sustainability): MCMV maintains default rates ≤5% (international subsidized housing benchmark) and fiscal exposure ≤1.0% GDP annually without creating unsustainable contingent liabilities.

H4 (Counter-Cyclical Stabilization): During 2014-2016 recession and 2020 COVID crisis, MCMV lending elasticity to unemployment is ≥0.40 points less negative than private market elasticity, maintaining credit access when private markets contract.

These hypotheses establish clear success criteria with pre-declared thresholds rather than post-hoc interpretation of observed patterns.

2. Data and Measurement

2.1 Data Sources and Provenance

Central Bank of Brazil (BCB) Administrative Data: Monthly housing finance totals from Time Series Management System (SGS), Series 20539 (total housing credit) and 20542 (total credit operations), January 2006-December 2023 (216 monthly observations).

Data extracted via BCB SGS API on March 15, 2024. Values deflated to 2015 reais using IPCA consumer price index (BCB Series 433).

Ministry of Cities MCMV Program Data: Administrative records on 3,812,467 delivered units with income classification, geographic distribution, and program track assignment through December 2020. Source: Ministry of Cities Statistical Yearbooks 2010-2021, accessed via Ministry data portal February 2024.

CEF Financial Statements: Loan performance indicators including 90+ day delinquency rates by program track, fiscal subsidy amounts, and portfolio quality metrics. Source: CEF Annual Reports 2010-2023, publicly available at www.caixa.gov.br/relatorios.

IBGE Household Survey Data (PNAD Contínua): Housing deficit estimates by income decile, household characteristics, and regional distribution. Continuous PNAD microdata 2012-2023, extracted from IBGE microdata repository January 2024.

State-Level Panel Construction: Monthly state-level (27 units) housing credit aggregates from BCB Regional Credit Statistics, merged with state unemployment rates (PNAD Contínua), GDP estimates (IBGE Quarterly State Accounts), and MCMV program intensity (units delivered per 1,000 households through 2020). Panel spans January 2010-December 2023 (N=4,536 state-months).

Data Replication Package: Complete replication materials including data extraction scripts, variable construction code, and analysis files available at [repository DOI to be assigned upon acceptance]. See Data Appendix for detailed variable dictionary and construction protocols.

2.2 Outcome Measurement Protocols

Dimension 1: Credit Expansion

The primary outcome variable is the logarithm of housing credit volume, measured in millions of 2015 reais. Alternative specifications are employed to ensure robustness, including housing credit per capita, housing credit as a percentage of total credit, and the number of housing units financed per 1,000 households. Measurement validity is verified through strong correlations with external indicators: the credit variable correlates positively with IBGE homeownership rates ($r = 0.82$, $p < 0.001$) and construction permits ($r = 0.79$, $p < 0.001$), confirming its reliability as a proxy for real housing activity.

Dimension 2: Social Targeting

Social targeting performance is evaluated using multiple complementary metrics. A concentration curve plots the cumulative share of MCMV units against the cumulative share of the housing deficit, with the area between the actual curve and the 45° equality line representing inequality in distribution. The **Kakwani progressivity index** is then calculated as the difference between the concentration index and the Gini coefficient of the housing deficit distribution, where values above 0.25 denote strong progressive targeting (World Bank, 2015). Additional indicators include **track-specific targeting gaps**, computed as (Actual share Track i – Target share Track i) for $i \in \{1, 2, 3\}$, and income distribution measures such as the median beneficiary income by track and the proportion of units delivered to income deciles 1–3.

Dimension 3: Institutional Sustainability

Institutional soundness is assessed through indicators of financial performance and fiscal exposure. **Default rates** are measured as the proportion of loans with 90+ days delinquency by programme track. **Fiscal exposure** is calculated as annual subsidy flows divided by

GDP, based on national accounts data from IBGE. **Subsidy per unit** is computed as total fiscal transfers divided by the number of units delivered, expressed in 2015 reais. Loan performance metrics include **non-performing loan (NPL) ratios**, **loan-to-value (LTV) ratios at origination**, and **debt-to-income (DTI)** distributions, providing a multidimensional view of credit risk management and institutional sustainability.

Dimension 4: Counter-Cyclical Stabilization

To capture the macro-financial stabilisation role of the programme, several indicators are estimated. **Lending elasticities** are derived from regressions of $\Delta\text{Log}(\text{Credit\_it}) = \alpha + \beta \cdot \text{Unemployment\_it} + \varepsilon\text{\_it}$, computed separately for MCMV-intensive and private-intensive states. **Crisis buffering** is assessed by comparing the differential in credit contractions—(MCMV credit decline) minus (private market decline)—during the 2014–2016 and 2020 crisis periods, expressed in percentage points. Additionally, **rolling 24-month correlations** between lending growth and unemployment are computed to contrast cyclical sensitivity between the MCMV and private mortgage segments.

2.3 Pre-Treatment Covariate Balance (Synthetic Control Donors)

For the national-level synthetic control analysis, the donor pool comprises 18 Latin American and emerging market economies with comparable housing finance data available from 2006–2023, sourced from the World Bank Global Financial Development Database and the IDB Housing Finance Statistics. Pre-2009 averages of key macro-financial indicators are used as matching covariates, including the housing credit-to-GDP ratio, real GDP per capita growth, unemployment rate, financial sector development index, mortgage market penetration (% of households), and urban population share (2008). The pre-treatment Root Mean Square Prediction Error (RMSPE) for 2006–2008 is 0.84, indicating a close pre-intervention match between Brazil and its synthetic counterpart. Optimal donor weights are assigned as follows: Chile (0.31), Mexico (0.28), Colombia (0.22), and Argentina (0.19), with all other countries receiving zero weight under the LASSO-based variable selection procedure.

3. Empirical Strategy

3.1 Event-Study Interrupted Time Series

Our primary identification strategy employs event-study ITS around MCMV's March 2009 launch:

$$Y_t = \alpha + \sum_{k=-24}^{-2} \beta_k D_{t-k} + \sum_{k=0}^{60} \gamma_k D_{t-k} + \delta' X_t + \lambda_m + \varepsilon_t \text{x}$$

where $Y_t$is log housing credit, $D_{t-k}$are event-time indicators (months relative to March 2009), $X_t$includes Selic policy rate, log GDP, and unemployment rate, and $\lambda_m$are month-of-year fixed effects controlling for seasonality. We normalize $\beta_{-1} = 0$and test joint significance of pre-treatment coefficients $\beta_{-24},\ldots,\beta_{-2}$for parallel trends.

Standard errors use Newey-West correction with bandwidth selected via Andrews (1991) optimal selection (bandwidth=4 for monthly data). We report dynamic treatment effects $\gamma_k$showing evolution of program impacts over 60 months post-intervention.

Identification Assumptions:

1. Parallel trends: Absent MCMV, Brazil's housing credit would follow pre-2009 trajectory (testable via pre-treatment β_k)
2. No anticipation: No credit response before March 2009 announcement (testable via pre-treatment dynamics)
3. SUTVA: MCMV's effect on Brazil does not spill over to comparison units (satisfied for national-level analysis)

Threats and Robustness:

- Concurrent policies: Control for Selic rate, macroprudential policy index (BCB), FGTS contribution rate changes
- Compositional shifts: Alternative outcomes (units financed, credit per capita) robust to changing household composition
- Placebo interventions: Estimate model with fake intervention dates (2007M1, 2007M7, 2008M1, 2008M7) showing no spurious effects

3.2 Synthetic Control Method

We implement synthetic control (Abadie et al., 2010) using Latin American donor countries matched on pre-2009 housing finance characteristics:

$$\hat{\beta}^{SCM} = Y_{Brazil,post} - \sum_{j \in donors} w_j^* Y_{j,post} \text{x}$$

where weights w_j^*minimize pre-treatment RMSPE:

$$w^* = \arg\min_{w} \sum_{t=2006}^{2008} (Y_{Brazil,t} - \sum_{j} w_j Y_{j,t})^2 \text{x}$$

subject to $\sum_j \quad w_j = 1$and $w_j \geq 0$.

Inference: We conduct placebo inference by applying SCM to each donor country, computing post/pre-RMSPE ratios, and calculating exact p-values as the proportion of placebo gaps exceeding Brazil's actual gap (Abadie et al., 2010). We also implement leave-one-out donor sensitivity analysis.

Synthetic Control Diagnostics:

- Pre-treatment fit: RMSPE(2006-2008) = 0.84
- Balance table: Synthetic Brazil vs Actual Brazil on pre-treatment covariates (Table A1)
- Post/pre-RMSPE ratio: 3.87 (p=0.06 from placebo inference with 18 donors)

3.3 State-Level Difference-in-Differences for Crisis Analysis

To test H4 (counter-cyclical stabilization), we exploit state-level variation in MCMV program intensity:

$$Y_{st} = \alpha_s + \lambda_t + \beta_1 Crisis_t + \beta_2 (Crisis_t \times MCMVintensity_s) + \gamma' X_{st} + \varepsilon_{st} \text{x}$$

where $Y_{st}$is log housing credit in state $s$at time t, $\alpha_s$are state fixed effects, $\lambda_t$are time fixed effects, $Crisis_t$indicates 2014-2016 or 2020 crisis periods, and $MCMVintensity_s$is pre-crisis program exposure (units delivered per 1,000 households through 2013 for 2014-2016 analysis; through 2019 for 2020 analysis).

The coefficient $\beta_2$identifies whether high-MCMV-intensity states experienced smaller credit contractions during crises. We cluster standard errors at state level (27 clusters) and include state-specific linear trends to control for differential pre-trends.

Crisis Period Definition:

- 2014-2016 recession: GDP contracted 7.2%, unemployment rose 6.8%→11.5%, defined as 2015M1-2016M12
- 2020 COVID crisis: GDP contracted 3.9%, unemployment 13.5%, defined as 2020M4-2020M12

State-Level Controls: Monthly unemployment rate, log GDP, construction employment index, bank credit supply index (BCB regional data)

3.4 Measurement of Heterogeneous Treatment Effects

We estimate treatment effect heterogeneity across three pre-specified dimensions:

By Pre-Program Mortgage Penetration (State-Level):

$Y_{st} = \alpha_s + \lambda_t + \beta_{Low}(Post_t \times LowPenetration_s) + \beta_{High}(Post_t \times HighPenetration_s) + \varepsilon_{st}$x

where states are classified as low/high penetration based on median split of pre-2009 mortgage/household ratios.

By Income Track: Using Ministry of Cities microdata on 3.8 million delivered units, we estimate track-specific treatment effects:

$$Pr(Unit_{i,track}) = \Phi(\alpha + \beta \cdot IncomeDecile_i + \gamma \cdot Post_i + \delta' Z_i)$$x

where $Z_i$includes household demographics, municipality characteristics, and program phase indicators.

By Urban vs Rural: Metropolitan area classification from IBGE, testing whether program effects concentrated in urban cores versus peripheries.

4. Results

4.1 H1: Credit Expansion - Event Study and Synthetic Control

Event-Study Results (Figure 1, Table 1):

The event-study specification reveals no statistically significant pre-trends (joint F-test for $\beta_{-24},\ldots,\beta_{-2}$: F=0.84, p=0.67), supporting parallel trends assumption. Post-intervention effects show immediate level increase of 0.87 log points (95% CI: 0.69-1.05, p<0.001) in month 0, equivalent to 969.3 billion reais (95% CI: 793.2-1,145.4).

Dynamic treatment effects stabilize around 1.20 log points by month 48, indicating sustained acceleration beyond initial jump. The trend break coefficient γ_{trend}= 0.0082 (SE=0.0016, p<0.001) implies monthly growth rate increased from 0.31% pre-intervention to 1.13% post-intervention, as shown in Table 1.

Table 1: Event-Study ITS Results - Housing Credit Volume

Specification	(1) Baseline	(2) + Macro Controls	(3) + Seasonality	(4) Placebo 2007
Post-MCMV (β_2)	0.87***	0.84***	0.82***	0.13
	(0.09)	(0.10)	(0.10)	(0.21)
Trend Break (β_3)	0.0082***	0.0079***	0.0081***	0.0006
	(0.0016)	(0.0017)	(0.0017)	(0.0024)
Selic Rate	-	-0.034**	-0.032**	-
		(0.015)	(0.014)	
Log GDP	-	1.42***	1.38***	-
		(0.28)	(0.29)	

Unemployment	-	-0.021*	-0.019*	-
		(0.011)	(0.010)	
Pre-Trend F-Test	0.84	0.91	0.87	-
(p-value)	(0.67)	(0.58)	(0.62)	-
R^2	0.783	0.821	0.834	0.412
Observations	216	216	216	216

*Notes: Dependent variable is log(housing credit volume). Newey-West standard errors with bandwidth=4 in parentheses. Month fixed effects included in columns 3-4. Pre-trend F-test evaluates joint significance of 24 pre-treatment event-time indicators. Placebo 2007 specification uses January 2007 as fake intervention date. ***p<0.01, **p<0.05, *p<0.1*

Synthetic Control Results:

Synthetic Brazil closely tracks actual Brazil in pre-treatment period (2006-2008 RMSPE=0.84), with donor weights: Chile (0.31), Mexico (0.28), Colombia (0.22), Argentina (0.19). Post-intervention, a persistent positive gap emerges averaging 2.3 percentage points of GDP annually (range: 1.8-2.9 pp across 2009-2023).

Placebo inference: Brazil ranks 1st among 19 units (actual + 18 placebos) in post/pre-RMSPE ratio (3.87 vs median placebo 1.12), yielding exact p-value = 1/19 = 0.053. Leave-one-donor-out analysis shows gap persists across all specifications (range: 2.1-2.6 pp).

Interpretation for H1: Both ITS and SCM provide strong evidence for credit expansion hypothesis. The 969.3 billion reais immediate impact represents 1.2% of 2009 GDP, while sustained trend acceleration generated additional 1.8 trillion reais cumulative expansion through 2023. Critically, private housing credit grew simultaneously (34% 2009-2023, ABECIP data), indicating market complementarity rather than crowding out.

4.2 H2: Social Targeting - Distributional Analysis

Targeting Outcomes vs Program Objectives:

Table 2 summarises the alignment between the *Minha Casa, Minha Vida (MCMV)* programme's targeting objectives and its actual delivery outcomes across income tracks. Results indicate a marked deviation from the intended pro-poor design. Track 1 (0–3 minimum wages), representing households with the highest housing deficit (67.2%), received only 39.4% of delivered units—27.8 percentage points below the policy target—highlighting significant under coverage of low-income beneficiaries. Conversely, tracks 2 and 3 (3–10 MW) were overrepresented, receiving 19.7 and 8.1 percentage points more than targeted, respectively. The aggregate **Kakwani Index of 0.12** confirms mild progressivity, but below the World Bank benchmark of 0.25, suggesting that benefits disproportionately favoured middle-income segments. All differences are statistically significant at $p < 0.01$, based on 1,000 bootstrap replications, underscoring the systemic drift of resources away from the lowest deciles.

Table 2: MCMV Beneficiary Distribution - Targeting Effectiveness

Income Track	Program Target	Actual Delivery	Housing Deficit	Targeting Gap	Kakwani Index
Track 1 (0-3 MW)	60%	39.4% (1,499,892)	67.2%	-27.8 pp***	-
Track 2 (3-6	30%	41.8%	22.1%	+19.7	-

MW)		(1,593,581)		pp***	
Track 3 (6-10 MW)	10%	18.8% (716,994)	10.7%	+8.1 pp***	-
Overall	**100%**	**100% (3,810,467)**	**100%**	-	**0.12**

*Notes: Actual delivery from Ministry of Cities administrative data through 2020. Housing deficit distribution from IBGE PNAD 2019. Targeting gap = (Actual - Target). Kakwani index = Concentration index - Gini(deficit), where positive values indicate progressive targeting. World Bank benchmark for strong progressivity ≥0.25. ***Statistical significance tested via bootstrap with 1,000 replications, all gaps significant at p<0.01.*

Concentration Curve Analysis:

The concentration curve plots cumulative MCMV unit share against cumulative housing deficit share (ordered by income). A curve below the 45° equality line indicates progressive targeting. Our estimated curve lies modestly below equality for lower income quintiles but crosses above for quintiles 3-4, yielding Kakwani progressivity index = 0.12 (95% CI: 0.08-0.16).

This falls substantially below the World Bank benchmark of 0.25 for strong progressive targeting and below Brazil's own Bolsa Família cash transfer program (Kakwani=0.31). The concentration index decomposition reveals that middle-income capture occurred disproportionately in Southeast region (São Paulo, Rio de Janeiro) where municipal implementation capacity concentrated Track 2/3 projects.

Income Decile Analysis:

Using PNAD microdata merged with Ministry of Cities records, we estimate that income deciles 1-3 (target population) received 42.1% of units versus pre-registered target of ≥55%. The shortfall of 12.9 percentage points (95% CI: 10.3-15.5 pp) decisively rejects H2.

Mechanisms Underlying Targeting Failure:

Probit analysis of Track assignment reveals three significant predictors of receiving Track 2/3 (middle-income) versus Track 1 allocation:

1. Municipality with sophisticated cadastro único (social registry): +18.3 pp probability Track 1 placement ($p<0.01$)
2. Southeast region: -12.7 pp probability Track 1 placement ($p<0.01$)
3. Formal employment status: +9.4 pp probability Track 2/3 placement ($p<0.01$)

These patterns indicate that bureaucratic capacity and documentation requirements created barriers to Track 1 access, while construction industry preferences for profitable Track 2/3 projects concentrated units in middle-income segments.

Interpretation for H2: We decisively reject the social targeting hypothesis. MCMV achieved regressive outcomes despite progressive intent, with Kakwani index (0.12) falling below both international benchmarks and program targets. This represents a critical policy failure requiring institutional redesign to address bureaucratic barriers and developer incentive misalignment.

4.3 H3: Institutional Sustainability - Fiscal and Portfolio Analysis

Table 3 presents comparative indicators assessing the fiscal and financial sustainability of the *Minha Casa, Minha Vida (MCMV)* programme relative to global housing finance benchmarks. The evidence indicates a structurally robust portfolio with limited credit

deterioration. **Default rates** average 3.8 percent for Track 1 and 2.1 percent for Tracks 2–3, remaining below or within the benchmark ranges of 5–8 percent and 2–4 percent respectively, consistent with efficient risk-screening and repayment enforcement. **Non-performing loan (NPL) ratios**—4.2 percent for Track 1 and 2.8 percent for Tracks 2–3—also perform favourably against peer programmes, signalling low credit-risk dispersion and effective borrower monitoring by Caixa Econômica Federal. From a fiscal perspective, **per-unit subsidies** of R$ 26,340 (2015 reais) correspond to approximately 18.3 percent of total unit costs, within the World Bank's sustainability band (15–25 percent), implying moderate fiscal elasticity. **Aggregate fiscal exposure**, averaging 0.78 percent of GDP between 2010–2023, remains inside the 0.5–1.2 percent sustainability corridor observed across Latin America and the Caribbean. Overall, the metrics suggest that MCMV's institutional framework achieves a **stable equilibrium between affordability targeting and macro-fiscal prudence**, with credit performance compatible with international subsidised-housing standards.

Table 3: Institutional Sustainability Metrics

Indicator	MCMV Value	Benchmark / Comparison	Assessment
Default Rate - Track 1	3.8% (2010-2023 avg)	5-8% (World Bank subsidized)	**Below benchmark**
Default Rate - Track 2/3	2.1% (2010-2023 avg)	2-4% (EM mortgages)	**Within range**
NPL Ratio - Track 1	4.2%	6-10% (subsidized housing)	**Favorable**
NPL Ratio - Track 2/3	2.8%	3-5% (conventional mortgages)	**Favorable**
Fiscal Subsidy/Unit	R$26,340 (2015 reais)	US$5-15K (LAC programs)	**Reasonable**
Annual Fiscal Exposure	0.78% GDP (2010-2023 avg)	0.5-1.2% (sustainable range)	**Manageable**
Subsidy/Unit Cost Ratio	18.3%	15-25% (World Bank target)	**Acceptable**

Sources: CEF Financial Statements (2010-2023), World Bank Housing Finance Indicators (2015), Inter-American Development Bank LAC Housing Program Database, author calculations.

Fiscal Sustainability Analysis:

Total MCMV fiscal commitments 2009-2023 reached R$489.7 billion (2015 reais), averaging 0.78% of GDP annually. This compares favorably to Chile's housing subsidy system (1.1% GDP) and Mexico's Infonavit (0.9% GDP) while serving larger absolute populations.

The subsidy per delivered unit (R$26,340, equivalent to US$8,800 at 2015 exchange rates) represents 18.3% of average unit costs, within World Bank recommended range of 15-25% for sustainable subsidy-to-cost ratios. Decomposing by track:

- Track 1: R$47,200/unit (38.1% of unit cost) - deep subsidy for lowest income

- Track 2: R$18,300/unit (14.2% of unit cost) - moderate subsidy
- Track 3: R$9,100/unit (7.3% of unit cost) - minimal subsidy

Portfolio Quality Indicators:

Default rates remained below international benchmarks throughout the observation period despite aggressive expansion. Track 1 90+ day delinquency averaged 3.8% versus World Bank subsidized housing benchmark of 5-8%, while Track 2/3 delinquency (2.1%) fell below emerging market mortgage averages (2-4%).

Non-performing loan (NPL) ratios similarly demonstrated favorable portfolio quality: 4.2% for Track 1 versus 6-10% benchmarks for subsidized housing; 2.8% for Track 2/3 versus 3-5% for conventional mortgages. CEF's loan-to-value ratios averaged 82.3% at origination (Track 1) and 76.4% (Track 2/3), providing cushion against housing price volatility.

Fiscal Stress Periods:

During 2015-2016 fiscal consolidation, MCMV obligations temporarily exceeded sustainable thresholds, reaching 1.3% GDP in 2015. This triggered program adjustments including reduced unit targets (-18% in 2016) and tightened eligibility criteria. However, the program maintained core operations and default rates remained stable (3.9% in 2016), indicating institutional resilience.

Contingent Liability Analysis:

FGTS (Worker Severance Fund) cross-subsidization created R$87.3 billion in implicit contingent liabilities (2023 present value), equivalent to 0.42% GDP. While non-trivial, this burden remains manageable given FGTS's diversified portfolio and statutory backing. Stress tests conducted by CEF indicate 99th percentile loss scenarios remain below 2% of fund assets.

Interpretation for H3: We accept the institutional sustainability hypothesis with caveats. MCMV maintained favorable portfolio quality and fiscal exposure within sustainable ranges, demonstrating that large-scale subsidized lending can preserve financial discipline. However, 2015-2016 fiscal pressures revealed vulnerability to macroeconomic shocks, requiring program adjustments to maintain sustainability.

4.4 H4: Counter-Cyclical Stabilization - Crisis Period Analysis

State-Level Panel Analysis:

Table 4 reports the difference-in-differences (DiD) estimates evaluating the counter-cyclical performance of the *Minha Casa, Minha Vida (MCMV)* programme across Brazilian states during major macroeconomic downturns. Across all specifications, crisis periods are associated with a statistically significant contraction in state-level housing credit volumes (–0.07 to –0.09 log points), confirming the sharp pro-cyclical sensitivity of mortgage markets. However, the positive and significant interaction term (**Crisis × MCMV Intensity**) indicates that states with higher pre-crisis MCMV penetration experienced **attenuated declines in credit activity**, suggesting that the programme operated as a **partial fiscal stabiliser** during demand shocks. The estimated buffering effect ranges from 0.047 to 0.055 log points, robust to inclusion of state-specific linear trends. Control variables behave as expected: unemployment exerts a negative effect on credit flows, while log GDP growth remains positively correlated with housing finance expansion. The explanatory power is high ($R^2 = 0.83–0.86$), and results are stable across both the 2014–16 recession and the 2020 COVID-19 downturn, supporting the hypothesis

that **social housing investments mitigated cyclical volatility through liquidity and employment channels**.

Table 4: Counter-Cyclical Buffering - Crisis Period DiD Results

Specification	(1) 2014-16 Crisis	(2) 2020 COVID	(3) Pooled Crises	(4) + State Trends
Crisis Period	-0.089***	-0.074***	-0.083***	-0.081***
	(0.021)	(0.019)	(0.018)	(0.019)
Crisis × MCMV Intensity	0.055**	0.047**	0.052**	0.049**
	(0.024)	(0.022)	(0.021)	(0.023)
Unemployment Rate	-0.018***	-0.021***	-0.019***	-0.019***
	(0.005)	(0.006)	(0.005)	(0.005)
Log GDP	0.34**	0.29*	0.32**	0.31**
	(0.14)	(0.15)	(0.13)	(0.14)
State FE	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes
State Linear Trends	No	No	No	Yes
R^2	0.847	0.834	0.852	0.863
Observations	2,268	2,268	4,536	4,536
Clusters (States)	27	27	27	27

*Notes: Dependent variable is log(state housing credit volume). MCMV Intensity measured as units delivered per 1,000 households through 2013 (2014-16 analysis) or 2019 (2020 analysis). Crisis periods: 2015M1-2016M12 and 2020M4-2020M12. Standard errors clustered at state level in parentheses. ***p<0.01, **p<0.05, *p<0.1*

Crisis Buffering Interpretation:

The coefficient on Crisis×MCMV Intensity (0.055 in column 1) indicates that a one-standard-deviation increase in pre-crisis MCMV penetration (4.2 units per 1,000 households) reduced credit contraction by 5.5 percentage points during the 2014-2016 recession. Given that private market credit contracted 23.1% during this period, high-MCMV states experienced contractions of approximately 17.6% versus 23.1% in low-MCMV states—a differential of 5.5 percentage points.

Lending Elasticity Decomposition:

We estimate separate credit-to-unemployment elasticities for high vs low MCMV intensity states:

- **Low MCMV Intensity States:** $\beta_{unemployment} = -0.89$(SE=0.12, p<0.001) Housing credit contracts 0.89% for each 1 percentage point unemployment increase
- **High MCMV Intensity States:** $\beta_{unemployment} = -0.34$(SE=0.09, p<0.001) Housing credit contracts only 0.34% for each 1 percentage point unemployment increase
- **Difference:** 0.55 percentage points (95% CI: 0.31-0.79, p<0.01)

This 0.55 differential exceeds our pre-registered threshold of 0.40, confirming H4. The counter-cyclical buffering mechanism operated through CEF's continued access to FGTS resources and explicit counter-cyclical mandates that protected MCMV from the 34% overall housing budget cuts during 2015-2016 fiscal consolidation (IPEA, 2021).

Quantifying Stabilization Impact:

Using the estimated treatment effects, we calculate that MCMV maintained credit access for approximately 180,000 additional families during 2014-2016 (95% CI: 142,000-

218,000) and 95,000 families during 2020 COVID crisis (95% CI: 71,000-119,000) relative to counterfactual scenarios based on private market trajectories.

Interpretation for H4: We accept the counter-cyclical stabilization hypothesis. MCMV demonstrated institutional buffering capacity with lending elasticities 0.55 points less negative than private markets during crises, substantially exceeding the 0.40 threshold. This stabilization function represents a distinct policy value beyond credit volume expansion.

4.5 Heterogeneous Treatment Effects

By Pre-Program Mortgage Penetration:

The state-level difference-in-differences results in **Table 4** and the heterogeneity analysis in **Table 5** jointly demonstrate that the counter-cyclical impact of *Minha Casa, Minha Vida (MCMV)* was **not uniform across the federation** but varied systematically with structural financial and market characteristics. The buffering effect observed during crisis periods was **amplified in states with lower pre-programme mortgage penetration and higher market competitiveness**, indicating that the programme's stabilising influence was most potent where private credit channels were weakest and market entry barriers lower. Conversely, attenuation of effects in highly concentrated developer markets suggests that oligopolistic supply structures limited the speed and breadth of fiscal transmission. Together, these findings imply that MCMV functioned as a **targeted macro-stabiliser**, channelling liquidity and construction activity into financially constrained regions, thereby enhancing both spatial equity and aggregate resilience in Brazil's housing credit system.

Table 5: Treatment Effect Heterogeneity by State Characteristics

Subgroup	Post×Treatment Effect	95% CI	p-value	N (state-months)
By Mortgage Penetration (2006-2008):				
Low Penetration States	0.23***	[0.16, 0.30]	<0.001	2,268
High Penetration States	0.11**	[0.04, 0.18]	0.023	2,268
Difference	0.12**	[0.02, 0.22]	0.019	-
By Urban/Rural Classification:				
Metropolitan Areas	0.19***	[0.14, 0.24]	<0.001	1,620
Non-Metropolitan	0.26***	[0.18, 0.34]	<0.001	2,916
Difference	-0.07	[-0.16, 0.02]	0.124	-
By Developer Market Concentration:				
High Concentration (HHI>0.25)	0.14**	[0.07, 0.21]	0.003	1,836

Low Concentration (HHI≤0.25)	0.24***	[0.17, 0.31]	<0.001	2,700
Difference	-0.10*	[-0.19, -0.01]	0.073	-

*Notes: Treatment effect measured as coefficient on Post-MCMV indicator in state-level panel regressions with state and time fixed effects. Low/high penetration split at median pre-2009 mortgage-to-household ratio. HHI = Herfindahl-Hirschman Index for construction firm concentration. Standard errors clustered at state level. ***p<0.01, **p<0.05, *p<0.1*

Key Heterogeneity Findings:

1. **Credit Constraint Mechanism:** MCMV effects are twice as large (0.23 vs 0.11, p=0.019) in low pre-program mortgage penetration states, consistent with credit constraint relief being the primary mechanism. This pattern suggests the program expanded credit to previously underserved populations rather than merely subsidizing existing borrowers.
2. **Urban/Rural Patterns:** Contrary to expectations, non-metropolitan areas show slightly larger effects (0.26 vs 0.19), though the difference is not statistically significant (p=0.124). This likely reflects Track 1's greater geographic reach in smaller municipalities where housing deficits concentrated.
3. **Market Structure Effects:** States with less concentrated construction industries show larger program effects (0.24 vs 0.14, p=0.073), suggesting developer competition enhanced program effectiveness—though Track 2/3 capture by large developers in concentrated markets partially offset this advantage.

Income Track Decomposition:

Using Ministry of Cities microdata on 3.8 million units, we estimate track-specific effects on probability of unit allocation:

- **Track 1 (poorest):** Income decile coefficient = -0.087 (SE=0.009, p<0.001) Each one-decile income increase reduces Track 1 probability by 8.7 pp
- **Track 2 (middle):** Income decile coefficient = +0.043 (SE=0.007, p<0.001) Each one-decile income increase raises Track 2 probability by 4.3 pp
- **Track 3 (higher):** Income decile coefficient = +0.044 (SE=0.006, p<0.001) Each one-decile income increase raises Track 3 probability by 4.4 pp

These gradients confirm that Track 1 successfully targeted lower incomes within its beneficiary pool, but the overall allocation shortfall (39.4% vs 60% target) reflects insufficient program scale for Track 1 relative to Tracks 2/3, not mistargeting within tracks.

5. Threats to Validity and Robustness

5.1 Identification Threats

Concurrent Policy Changes

Two potential confounding policy shifts coincided with the implementation of *Minha Casa, Minha Vida (MCMV)*. First, the statutory **FGTS (Workers' Severance Fund)** contribution rate increased from 8% to 8.5% in 2010, which could have independently stimulated mortgage credit expansion. To address this concern, the empirical specification includes controls for **FGTS balances per worker**, with results remaining unchanged (β = 0.83, $p < 0.001$). Second, **macroprudential regulations** introduced by the Central Bank of Brazil between 2011–2012 imposed tighter loan-to-value caps, potentially constraining

credit growth. Incorporating a **BCB macroprudential policy index** into the model yields consistent results ($\beta = 0.81$, $p < 0.001$), confirming that the main estimates are robust to these regulatory adjustments.

Reverse Causality

Another concern is that rising housing demand could simultaneously drive both credit expansion and programme scale-up, leading to potential endogeneity. This risk is mitigated in several ways. The **event-study analysis** shows no statistically significant pre-trends, indicating that changes in housing credit preceded the programme's rollout. Additionally, the **synthetic control approach** leverages a donor pool of external countries unaffected by Brazil-specific demand shocks, isolating the programme's causal effect. As a further robustness test, an **instrumental variable (IV) strategy** is employed, exploiting exogenous allocation rules based on the **2000 Census housing deficit**—a predetermined criterion independent of post-2009 credit dynamics. The resulting **2SLS estimate** ($\beta = 0.91$, SE = 0.14, $p < 0.001$) closely aligns with the baseline OLS coefficient, reinforcing causal validity.

Compositional Shifts

Post-2009 demographic shifts could also bias results by inflating aggregate housing credit demand. **Household formation rates** increased during the study period, potentially overstating programme-induced credit growth. This is addressed by using **housing credit per 1,000 households** as an alternative dependent variable, which yields consistent effects ($\beta = 0.79$, $p < 0.001$). Similarly, inter-state **migration flows** may have increased toward MCMV-intensive regions. When controlling for **state-level net migration rates**, the estimated coefficients remain stable, indicating minimal compositional bias.

SUTVA Violations

Finally, possible **general equilibrium and spillover effects** are considered. The programme could have raised construction costs, indirectly affecting private-sector lending dynamics. However, the **IBGE construction cost index** rose by 38% between 2009–2023, only slightly below the 42% general inflation rate, implying negligible cost differentials. Potential spillovers from developer relocation—where firms shift operations toward high-MCMV states—are also examined. The inclusion of **state fixed effects** captures time-invariant locational attractiveness, while any remaining time-varying spillovers would likely bias the estimates toward zero, making the results conservative.

5.2 Robustness Checks

Taken together, the empirical evidence from Tables 2–6 reveals a coherent narrative of *Minha Casa, Minha Vida (MCMV)* as a fiscally sustainable yet imperfectly targeted instrument of counter-cyclical and inclusive growth. The targeting analysis (Table 2) underscores persistent regressivity, with lower-income households underrepresented relative to programme design, while fiscal and institutional metrics (Table 3) confirm strong solvency, low default risk, and manageable subsidy exposure—conditions that provided the fiscal space for sustained public investment. The state-level DiD results (Table 4) demonstrate significant counter-cyclical buffering, as MCMV activity mitigated housing credit contractions during both the 2014–16 and 2020 crises. Heterogeneity analysis (Table 5) further indicates that programme impacts were amplified in low-penetration and competitive markets, aligning with theoretical expectations of stronger multiplier effects under credit rationing. Finally, robustness diagnostics (Table 6) validate

the structural nature and statistical integrity of these effects across multiple specifications. Collectively, these results position MCMV as a second-best social housing policy—less progressive than intended, yet demonstrably effective in stabilising credit markets and sustaining aggregate demand through fiscal channels.

Table 6: Robustness Specifications

Specification	Baseline	Alt. SE	Alt. Outcome	Trim 5%	Placebo 2007	ARDL(2,2)
Post-MCMV Effect	0.87***	0.87***	0.79***	0.89***	0.13	0.84***
	(0.09)	(0.11)†	(0.10)	(0.10)	(0.21)	(0.11)
Trend Break	0.0082***	0.0082***	0.0074***	0.0084***	0.0006	0.0079***
	(0.0016)	(0.0019)†	(0.0015)	(0.0017)	(0.0024)	(0.0018)
Pre-Trend F-Test	0.84	0.84	0.91	0.78	-	0.87
(p-value)	(0.67)	(0.67)	(0.55)	(0.71)	-	(0.61)
Observations	216	216	216	206	216	212

*Notes: Alt. SE = Wild cluster bootstrap (Cameron et al., 2008) with 999 replications. †Bootstrap standard errors. Alt. Outcome = housing credit per 1,000 households. Trim 5% = winsorize top/bottom 5% of residuals. Placebo 2007 = fake intervention January 2007. ARDL(2,2) = autoregressive distributed lag with 2 lags of dependent variable and regressors. ***p<0.01, **p<0.05, *p<0.1*

Placebo Tests:

- Fake intervention dates (2007M1, 2007M7, 2008M1, 2008M7) show no spurious effects (all p>0.20)
- Placebo outcomes (automobile credit, consumer durables credit) show no MCMV effects (p>0.40)
- Geographic placebos: Apply SCM to non-housing credit sectors in Brazil → no post-2009 gaps (RMSPE ratio=1.03)

Alternative Specifications:

- Logarithmic vs levels: Results qualitatively identical in levels (β=912,300 million reais, p<0.001)
- Alternative deflators: Using GDP deflator vs IPCA produces β=0.85 (p<0.001)
- Seasonal adjustment: X-13 ARIMA-SEATS adjustment yields β=0.83 (p<0.001)
- State-level aggregation: Collapse to state-year panel → β=0.81 (p<0.001)

Sensitivity Analysis (Oster, 2019):

Calculating bias-adjusted treatment effects under assumption that unobservables have same explanatory power as observables (δ=1) and maximum R^2=1.3×observed R^2:

$$\beta^* = \beta_{controlled} - \delta \times [\beta_{uncontrolled} - \beta_{controlled}] \times \frac{R^2_{max} - R^2_{controlled}}{R^2_{controlled} - R^2_{uncontrolled}}$$

Yields $\beta^*=0.74$ (vs $\beta=0.87$ in main specification), suggesting results robust to moderate selection on unobservables. Identified set [0.74, 0.87] excludes zero with high confidence.

6. Discussion and Policy Implications

6.1 Reconciling Volume Success with Targeting Failure

Our multi-dimensional evaluation reveals a critical paradox: MCMV achieved exceptional credit expansion (185.9% over 13 years) and institutional sustainability (default rates below benchmarks, fiscal exposure 0.78% GDP) while decisively failing social targeting objectives (Kakwani index 0.12 vs 0.25 benchmark; Track 1 received 39.4% vs 60% target).

This pattern challenges single-metric program evaluations and demonstrates why "beyond volume" assessment is essential. Preferential interest rates mechanically generate borrowing increases—the policy innovation lies in achieving equity objectives while maintaining institutional sustainability. MCMV succeeded on sustainability but failed on equity, requiring fundamental program redesign rather than incremental adjustments.

Mechanisms Explaining the Paradox:

Three institutional features created regressive outcomes despite progressive intent:

1. **Bureaucratic Capacity Constraints:** Municipalities with sophisticated social registries (cadastro único) concentrated in wealthier Southeast region, creating 18.3 pp higher probability of Track 1 placement ($p<0.01$). Poorer municipalities in North/Northeast lacked administrative capacity for social targeting, defaulting to Track 2/3 projects requiring less documentation.
2. **Developer Profit Maximization:** Construction firms earned higher margins on Track 2/3 units (R$185,000 average) versus Track 1 (R$124,000), creating incentives to concentrate production in middle-income segments. In high construction-industry concentration states (HHI>0.25), Track 2/3 share reached 68% versus 52% in competitive markets.
3. **Credit Screening Persistence:** Despite deep subsidies, CEF maintained traditional credit analysis requiring formal employment verification and stable income documentation. This excluded informal workers (43% of Brazilian labor force) disproportionately concentrated in income deciles 1-3, the Track 1 target population.

Comparative Context:

Brazil's regressive targeting pattern parallels Mexico's Infonavit program (middle-income capture: +15 pp over target) but contrasts sharply with Chile's housing voucher system achieving progressive outcomes (72% reaching lowest income quintile, Kakwani=0.38). The Chilean model's success reflects demand-side subsidies avoiding construction industry intermediation and bureaucratic capacity constraints.

6.2 Counter-Cyclical Value Beyond Volume Expansion

MCMV's stabilization function (unemployment elasticity 0.55 points less negative than private markets, $p<0.01$) represents genuine policy value distinct from credit volume expansion. This counter-cyclical capacity maintained housing credit access for approximately 275,000 families across two crisis episodes (180,000 in 2014-2016; 95,000 in 2020) who would have lost access under pure market conditions.

The stabilization mechanism operated through three institutional features absent in market-based systems:

1. **Counter-Cyclical Funding:** CEF maintained access to FGTS resources and Treasury capital injections during crises, while private banks faced deposit withdrawals and interbank funding contractions
2. **Mandate Protection:** Social housing mandates received political protection during fiscal consolidation, with MCMV budget cuts (8.3%) substantially smaller than overall housing budget reductions (34%)
3. **Risk Mutualization:** Government guarantees absorbed increased default risk during recessions, enabling continued lending when private institutions tightened credit standards (LTV caps declined from 80% to 72% in private market during 2015-2016)

This buffering function has measurable welfare value. Using standard consumption-smoothing models, maintaining housing credit access during unemployment spells generates welfare gains equivalent to 8-12% of annual household income (Chetty & Szeidl, 2007), substantially exceeding direct fiscal costs (0.78% GDP).

6.3 Institutional Sustainability Without Equity Trade-offs

MCMV's favorable portfolio quality (default rates 3.8% Track 1, 2.1% Track 2/3) and manageable fiscal exposure (0.78% GDP) demonstrate that large-scale subsidized lending can maintain financial discipline. This contradicts concerns that aggressive expansion necessarily generates unsustainable risk exposure.

However, sustainability was achieved partly through credit screening that excluded highest-risk populations—the very families experiencing severe housing deficits. Track 1's underperformance (39.4% of units vs 60% target) reflects not targeting failure but risk management priorities dominating equity objectives in institutional design.

Policy Design Implications:

Achieving both sustainability and equity requires institutional innovations beyond preferential interest rates:

1. **Alternative Credit Screening:** Replace income/employment verification with community-based assessment, housing vulnerability indices, or time-in-residence criteria that identify need without excluding informal workers
2. **Graduated Risk Pricing:** Explicit subsidy gradients incorporating both income and credit risk, with higher subsidies offsetting elevated default risk in Track 1 rather than restricting access
3. **Municipal Capacity Building:** Direct federal investment in cadastro único systems and technical assistance for smaller municipalities, conditional on achieving Track 1 delivery targets
4. **Developer Incentive Realignment:** Profit margin equalization across tracks through construction cost subsidies or priority land allocation for Track 1 projects, removing financial incentives for middle-income concentration

6.4 Limitations and External Validity

Internal Validity Limitations:

Our identification strategy relies on parallel trends assumption, supported by event-study pre-trend tests ($F=0.84$, $p=0.67$) but not directly testable for full counterfactual. Concurrent policy changes (FGTS contribution increases, macroprudential regulations) were controlled but may incompletely capture institutional shifts affecting housing credit demand.

State-level analysis provides within-Brazil variation but cannot isolate MCMV from correlated federal programs (Programa de Aceleração do Crescimento infrastructure investments, Bolsa Família expansions). Our synthetic control approach using international donors addresses this concern but introduces questions about cross-country comparability.

External Validity Considerations:

Generalization to other contexts requires considering three Brazilian-specific institutional features:

1. **Pre-existing DFI capacity:** CEF's established institutional infrastructure (57 million account holders, 4,000+ branches, 100+ year operating history) enabled rapid program scaling unavailable in countries lacking comparable institutions
2. **FGTS financing mechanism:** Severance fund provides stable, counter-cyclical funding source unavailable in most countries, though contributory pension systems could play analogous roles
3. **Construction industry structure:** Brazil's mixture of large national firms and regional developers created competitive conditions; countries with monopolistic construction sectors may experience worse targeting outcomes

Future Research Priorities:

Three extensions would strengthen causal inference and policy relevance:

1. **Household-level impacts:** Merge MCMV beneficiary records with PNAD longitudinal data to estimate treatment effects on income, employment, educational attainment, and intergenerational mobility using coarsened exact matching or regression discontinuity around income eligibility thresholds
2. **Spatial analysis:** Geocode 3.8 million delivered units to examine neighborhood quality, segregation patterns, access to employment/services, and spillover effects on surrounding property values using spatial difference-in-differences
3. **Long-term sustainability:** Extended observation through 2030 to assess whether portfolio quality deteriorates as subsidized mortgages mature and households face income shocks without counter-cyclical support

7. Conclusion

This multi-dimensional causal evaluation demonstrates that Brazil's MCMV program achieved substantial credit expansion (969.3 billion reais immediate impact, 185.9% cumulative growth) and maintained institutional sustainability (defaults below benchmarks, fiscal exposure 0.78% GDP) while decisively failing social targeting objectives (Kakwani index 0.12 vs 0.25 benchmark). The program provided meaningful counter-cyclical stabilization (unemployment elasticity 0.55 points less negative than private markets), maintaining credit access for 275,000 families during crisis periods.

These findings have three critical policy implications. First, preferential interest rates generate predictable volume expansion but require complementary institutional design to achieve equity objectives—MCMV's targeting failure reflects bureaucratic capacity constraints, developer profit maximization, and credit screening persistence requiring direct institutional intervention. Second, counter-cyclical housing programs provide welfare value beyond credit volume through consumption-smoothing during unemployment spells, justifying fiscal costs (0.78% GDP) substantially below measured benefits. Third, institutional sustainability and equity objectives need not trade off if

programs adopt alternative credit screening, graduated risk pricing, and developer incentive realignment rather than relying on interest rate subsidies alone.

For housing policy evaluation methodology, our analysis demonstrates the necessity of multi-dimensional assessment with pre-registered hypotheses, precise measurement protocols, and rigorous causal identification. Single-metric evaluations—whether volume expansion, default rates, or beneficiary counts—risk endorsing programs succeeding on narrow dimensions while failing broader social objectives. The volume expansion any housing subsidy program produces tells us little about whether stated policy goals were achieved.

Future Brazilian housing policy should maintain MCMV's institutional infrastructure (CEF capacity, FGTS funding, counter-cyclical mandates) while fundamentally redesigning allocation mechanisms to address Track 1's 27.8 percentage point targeting shortfall. This requires moving beyond interest rate subsidies toward integrated interventions combining demand-side vouchers, alternative credit screening, municipal capacity building, and developer incentive realignment—institutional innovations more complex than preferential lending but necessary for achieving both equity and sustainability objectives simultaneously.

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