

WEEK 11: Housing Financialization: Global Examples

Global Financialization of Housing

The Washington Post
Democracy Dies in Darkness

POSTEVERYTHING

Tech and finance firms buying up home doesn't bode well for everyone else

Zillow shut down its iBuying program, but other corporate interests won't be deterred

Perspective by Desiree Fields
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January 4, 2022 at 6:00 a.m. EST

The news is full of stories about how many houses and apartments are being

What is the Financialization of Housing?

https://www.youtube.com/watch?v=AHsKUuKDzKI&ab_channel=Shelterforce (OPTIONAL)



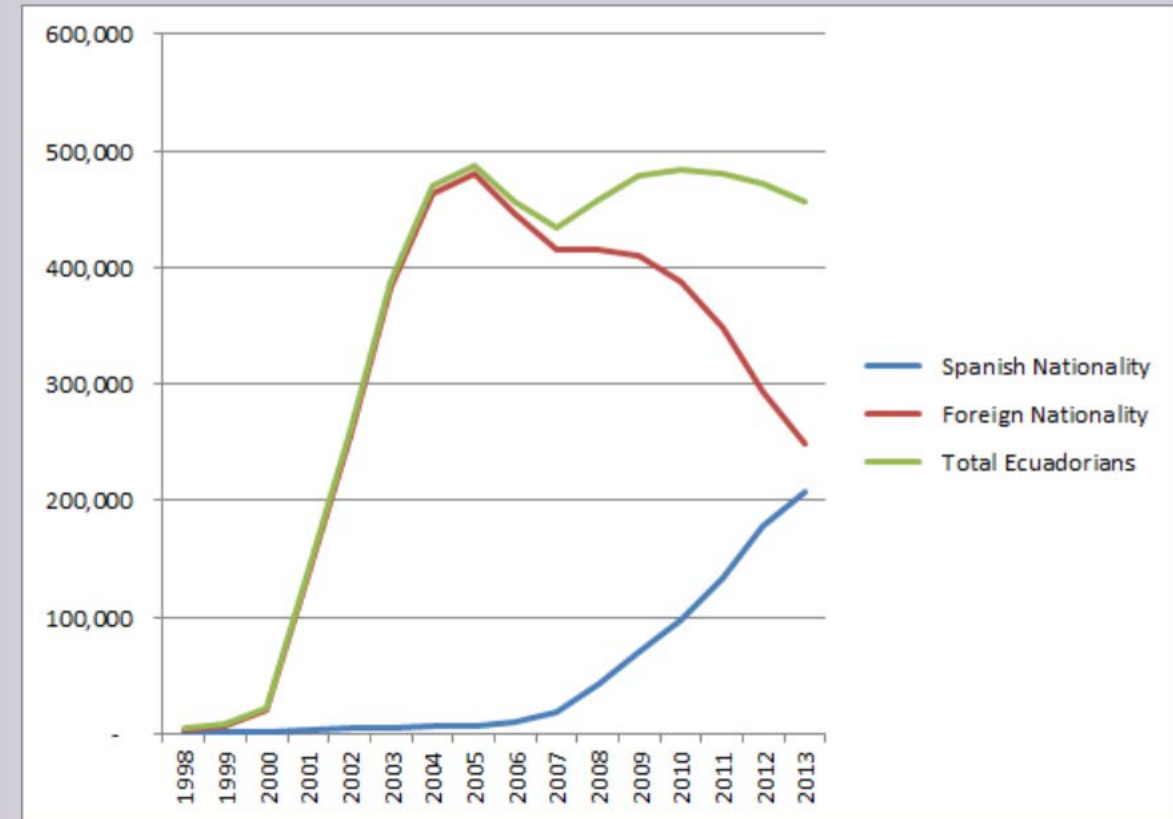
Raquel Rolnik - Urban warfare: the colonization of housing and urban land by finance (Part 01)

https://www.youtube.com/watch?v=f8nZvhsEvhQ&ab_channel=KosmosDialogue

Spanish Example (Gonick, 2021)

- Spain: an immigrant nation
 - 2001-2008 = foreign-born population increased 5X
 - 1998 = 10,000 Andean migrants from Ecuadorians living in Spain
 - 2005 = 500,000 Ecuadorians in Spain, mostly living in Madrid
 - Bustling ethnic enclaves grew in Madrid

Figure 1. Ecuadorians in Spain by Nationality, 1998-2013



Source: Instituto Nacional de Estadística, Spain.

<https://www.migrationpolicy.org/article/ecuador-mass-emigration-return-migration>



- 1986: Spain enters the European Union (economic and political union between 27 European countries) & Euro Zone (19 members of the EU that adopted euro as currency).
- Adopted policies to make itself more competitive in the global marketplace
 - Banking and finance deregulation
 - New and unique forms of credit
 - Securitized mortgages
 - Liberalization of land use

Cuatro Torres Business Area

Spanish Example (Gonick, 2021)

- Gonick studied the lived experience of homeownership in Madrid in the wake of the financial crisis.
 - The system of housing in Madrid was seen as offering incorporation and inclusion of the Andean community into the Madrid's economic boom at the turn of the 20th century.
 - Homeownership was heavily promoted by the state and local governments inducing several transformations. Ownership was considered:
 - Integration policy for immigrants
 - Means of economic inclusion long denied the working classes...it also proved to be a means for dispossession
- The Contradiction of Homeownership
 - Promises: social and economic incorporation, urban inclusion, accrual of equity
 - Produces vulnerability and deepens exclusion through costliness, reliance of large investments, ties to indebtedness, and consumption of land.

According to Gonick (2021, p. 2-3):

“Madrid built to the extent of its capacity, constructing hundreds of thousands of new housing units, glittering new centers for leisure and commerce, investing in cutting-edge business infrastructure to attract multi-national corporations, and extensively expanding its metro and regional rail systems...

...By early 2008 the city found itself on the brink of disaster. Both the municipal and regional governments soon went broke and subsequently slashed services”.

- Businesses that had profiteered from and sustained the building boom went under:
 - Construction companies
 - Developers
 - Real estate agencies
 - Financial franchises
- Immigrants were the first to lose jobs
- Subprime mortgage payments ballooned >> 1000s faced foreclosure and eviction.
- In 2008/2009 Ecuadorians facing housing precarity and homelessness formed the Plataforma de Afectados por la Hipoteca (PAH – Platform for Mortgage Affected People)





“...May 15, 2011, the online rallying cry for a demonstration by a **grassroots movement called Real Democracy Now** was an unexpected triumph that turned Madrid’s central Puerta del Sol square into a protest camp. Out of it came **a political movement known in Spanish as 15-M**, named after May 15, and sometimes also referred to as the **movement of the *indignados* or the outraged**. **This movement catalyzed much of the discontent caused by the 2008 global financial crisis** and became the launching pad for the left-leaning political party Podemos”.

According to Gonick (2021, p. 8):

“Drawing on community ties, experiences with marginalization and racialization, and past activist histories, Andean immigrants were the first to transform experiences of exclusion and financial ruin into civil disobedience. As a result, they sparked one of the globe’s most potent housing movements”.

- We’ll discuss Chapter 3 from Gonick’s book on Wednesday – it focuses on the evolution of housing in Madrid from renter to owner and the problems of an economy mainly fueled by real estate.
- We’ll look more closely at this Spain’s activist housing movement in Week 15.

Sources

- Gonick, Sophie L. (2021). *Dispossession and Dissent: Immigrants and the Struggle for Housing in Madrid*. Stanford University Press.
- Rolnik, R. (2019). *Urban Warfare: Housing under the Empire of Finance* (G. Hirschhorn, Trans.). Verso.

In-Class Activity: Housing crisis around the globe...

- Form the same (or different) group you had last Wednesday
- Using your phone or laptop, do a google search for news stories about current housing crises outside the U.S.
 - Decide on an article
 - Read and discuss as a group
 - Ask yourselves:
 - What is happening/what's the problem?
 - Who is affected?
 - Why is this happening?
 - What is being done?