

TRACING THE FINANCIALISATION OF SOCIAL HOUSING

Practices of displacement and dispossession by global corporate landlords



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*DISPLACEMENT
FUNDAMENTAL MECHANISM
OF CONTEMPORARY URBAN RESTRUCTURING*

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Understanding displacement as...

- (i) Material/economic process
- (ii) Political process
- (iii) Symbolic process
- (iv) Psychological process

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Dispossession / Accumulation by dispossession

- **Primitive accumulation**
 - legal credentials for property ownership
 - enclosures of the commons
 - commodification of labour, labour surplus
- **Accumulation by dispossession**
 - Permanent process of capitalist expansion
 - Codes of conduct & spatial appropriation of working classes
 - Appropriation of material resources and symbolic values of desired places and spaces
 - Evict people in physical and symbolical terms from specific areas of the city
 - Financialisation, privatisation of public goods, crisis management through redistribution
 - Creation and release of value from and through space

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TRACING FINANCIALISATION IN SPAIN

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Monetary policy & reorganisation of assets	<ul style="list-style-type: none"> - FROB, government spends 14.5 billion € to recapitalise and merge regional banks (2010-2012) - FROB, government receives 39 billion € from the financial rescue deal with the EU and other institutions, nationalisation of regional banks (2012) - SAREB, asset management company, created to manage distressed assets from four nationalised regional banks; 45 % participation of the State and 55 % private capital
Public policy for foreclosure relief	<ul style="list-style-type: none"> - Only cosmetic legislative changes without any effective relief - Foreclosure is a centrepiece of collective action. Strong social movements (especially PAH, Platform for People Affected by Mortgages) negotiate and pressure banks directly for debt and foreclosure relief.
Deleverage strategies & re-privatisation of assets	<ul style="list-style-type: none"> - Rental agreements of assets by SAREB through FAB (special funds that accumulate different asset groups and attract institutional investors) - Deleverage of assets by SAREB to institutional investors, asset value of 1.1 billion € in 2014-15, principally for rent - Deleverage of assets from banks (2.1 billion € in 2014-15) - REITs (SOCIMI) of >1.5 billion €, principally for rent
Key institutional investors	<ul style="list-style-type: none"> - Blackstone, Quantum Strategic Partners, Paulson & Co, Goldman Sachs, Cerberus, TPG, Apollo, Hayfin, HIG Capital, Fortress, Castllake, Magic Real, Apollo

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- SAREB (asset management company); conversion of indebted homes into new assets for sale or rent (2012)
- 3 newly established financial entities to ease transactions with international investors:
- Real estate management companies, which gather capital from international hedge and pension funds, banks and other investors that are interested to acquire, manage and sale parts of the stock;
 - Servicers, which are constituted as ventures of bank subsidiaries with hedge funds, chiefly focusing on the usufruct of the assets; and
 - Real estate investment trusts (REITs, in Spanish SOCIMIs) that return housing stock to the market for rent or lease.

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2012/13

- Municipality of Madrid and regional government sell approx. 1/3 of the social housing stock to private investors, official argument: “the crisis” (need of capital)

Two main investors in buying up this stock

- Municipality: FIDERE (BLACKSTONE)
- Regional government: AZORA (Hispania, now purchased through capital from George Soros, moore capital, apg, cohen & steers)

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Location of the sold housing stock

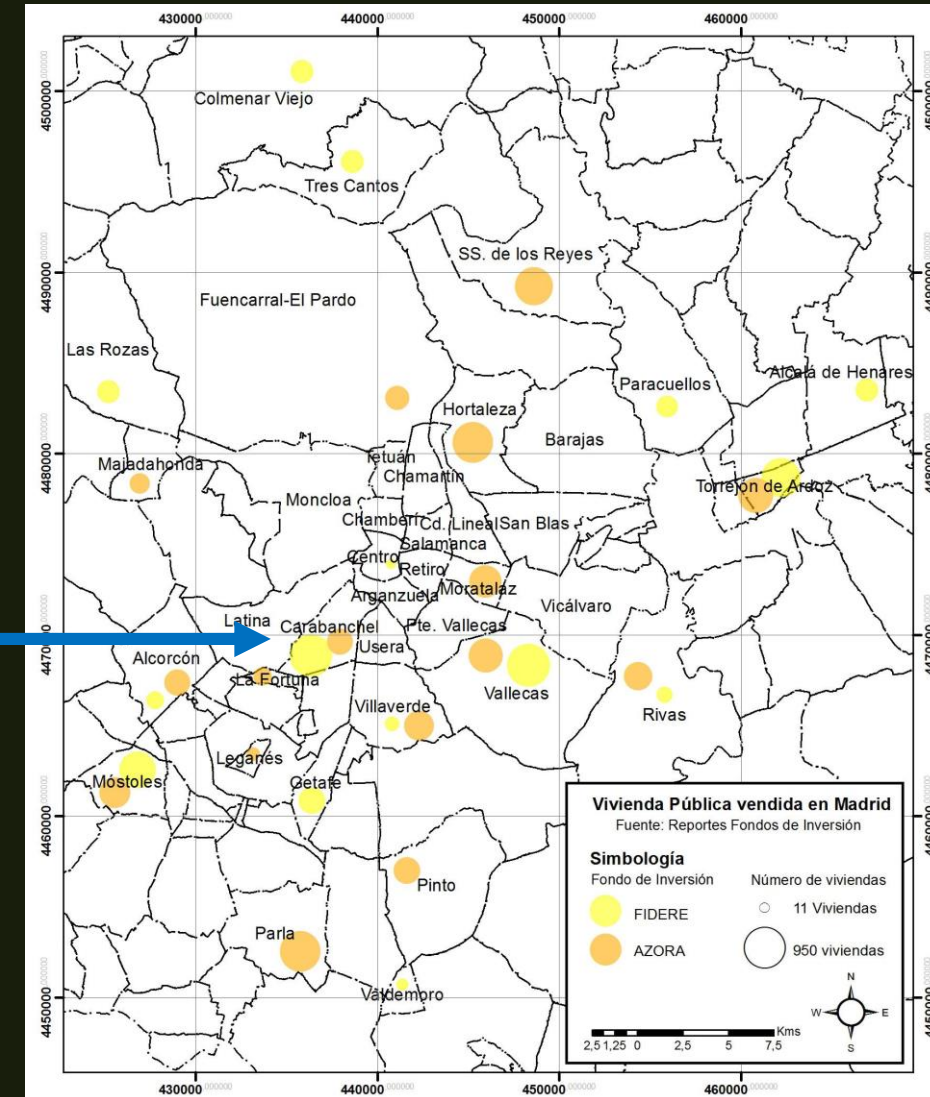
Yellow dots: FIDERE (BLACKSTONE)

Orange dots: AZORA

Reported irregularities

- Contract specifications
- Prices far below market price
- Nepotism
- Legal investigations

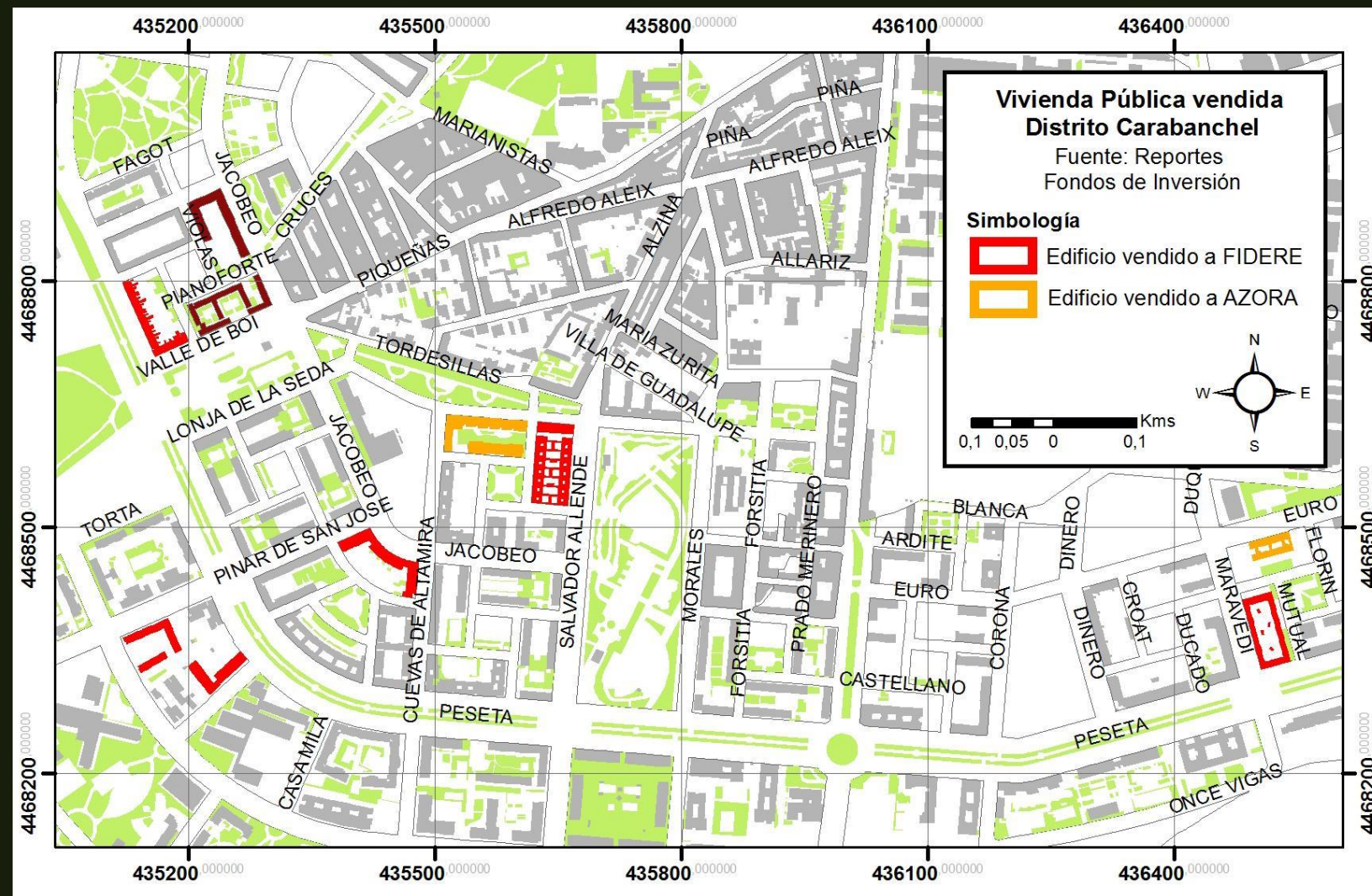
CONSEQUENCES? - CARABANCHEL



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Carabanchel

- Working class neighbourhood
- Expansion during the 2000s (PAU)
- 1,100 housing units sold to Fidere y Azora
- Modification of contracts
- New costs
- Higher rents
- Evictions
- **Contestation**



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CONSEQUENCES

1. “Atomization” – individualised strategies of corporate landlords to tenants
2. “Selective eviction” – most vulnerable households and those who provoke overt contestation
3. “Indirect eviction” – abandonment of buildings, lack of maintenance, broken tiles and windows + rent increases above market price
i.e. spatial construction of social abandonment,
vacancy rates between 40 and 60 % of the stock
Residents prefer to look for a better maintained house on the market
4. “Outsourcing” of the social costs – evicted households claim again for social housing

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