Article:

Fields, D. (2015) Contesting the financialization of urban space: Community organizations and the struggle to preserve affordable rental housing in New York City. Journal of Urban Affairs, 37 (2). pp. 144-165. ISSN 0735-2166

https://doi.org/10.1111/juaf.12098

Contesting the financialization of urban space: Community organizations and the struggle to preserve affordable rental housing in New York City

Desiree Fields

Abstract: As cities have become both site and object of capital accumulation in a neoliberal political economy, the challenges to community practice aimed at creating, preserving and improving affordable housing and neighborhoods have grown. Financial markets and actors are increasingly central to the workings of capitalism, transforming the meaning and significance of mortgage capital in local communities and redrawing the relationship between housing and urban inequality. This paper addresses the integration of housing and financial markets through the case of "predatory equity", a wave of aggressive private equity investment in New York City's affordable rental sector in the mid-2000s real estate boom. I consider the potential for community organizations to develop innovative, effective and progressive practices to contest the impact of predatory equity on affordable housing. Highlighting how organizations employed discursive and empirical tactics as well as those that reworked the sites, spaces and structures of finance, this research speaks to the political possibility of contemporary community practice.

Keywords: financialization, housing, community practice, strategic positivism, critical narrative, topology, counter-topography

Send date of accepted manuscript: 8/29/13

Published in *Journal of Urban Affairs,* 37(2), 144-165.

Contesting the financialization of urban space: Community organizations and the struggle to preserve affordable rental housing in New York City

As cities have become both site and object of capital accumulation in a neoliberal political economy, the challenges to community practice aimed at creating, preserving and improving affordable housing and neighborhoods have grown. In large part, the contemporary infrastructure of urban community organizations is rooted in the social movements of the 1960s and the urban struggles of the 1970s, when the cities faced a crisis of disinvestment and capital flight. Today urban struggles revolve more around claiming and preserving space for low-income residents in a context where urban land and housing are central nodes in global capital flows. The role of financial practices in the foreclosure crisis and global economic downturn of 2007-2009 highlights how neoliberal restructuring (such as deregulation in banking and finance and global financial integration) has made financial markets and actors increasingly central to the workings of capitalism, and how these changes have transformed the meaning and significance of mortgage capital in local communities, redrawing the relationship between housing and urban inequality.

This paper builds on existing research and theory dealing with the financialization of housing and home by focusing on how urban community organizations contend with financialization in their practice, and by extending the focus to the financialization of rental housing. The basis of the paper is a series of in-depth interviews with emerging, midcareer and veteran affordable housing and community development professionals about a wave of aggressive private equity acquisition of affordable rental housing in New York City during the mid-2000s real estate bubble, and the subsequent collapse of many such investments. Financialization poses new challenges for community groups whose work revolves around affordable housing. However, community-based organizations also demonstrate an ability to contest the impact of financialization through advancing critical narratives, producing quantitative and geographic data to document relationships among investment practices and housing distress, and reworking the sites, spaces and structures of finance. These responses suggest productive directions for contemporary community practice. Although wholly transforming or subverting financialization cannot be achieved by community practice alone, the activities analyzed in this paper contribute to thinking about an urban politics of finance.

The remainder of this paper is structured as follows. First I provide background on the practice of urban community organizations, particularly changing constraints and demands associated with neoliberal restructuring. Then I consider arguments about the political possibilities for community practice in this context. This leads in to an overview of the significance of financialization in contemporary global capitalism generally, and particularly how this relates to housing. I then provide further explication of private equity real estate investment in New York's affordable rental sector and think through how these investments produce urban space and pose challenges to community practice. With this background in place, I move on to a brief description of research methods before delving into the main findings on the accomplishments of community-based organizations in their efforts to reform, rework and regulate financialization.

In turn, the findings address the critical narrative of private equity real estate investment developed and advanced by community groups; the role strategic research played in their efforts; and how organizations took up sites, spaces, and structures of global finance to contest predatory investment practices. In conclusion I discuss how the practices and activities of urban community organizations analyzed in this paper speak to alternative knowledge production and reimagined modes of spatial practice as some critical elements of formulating response to the challenges posed by financialization.

Background

Neoliberal restructuring and community practice

The United States has a long history of community development (efforts to improve living conditions and quality of life) in low-income urban neighborhoods, going back to the Progressive Era. Today's field of community development is most closely linked with movements, organizations and policies emerging in the 1960s (DeFilippis & Saegert, 2012; Sites, Chaskin, & Parks, 2007). This is when urban political activism associated with the Civil Rights, Black Power and other oppositional social movements working for self-determination, political participation and material resources for low-income residents briefly converged with federal policies that provided financial support for community political organizing (DeFilippis, 2004; Newman & Lake, 2006; O'Connor, 2012). However this period was short-lived as federal policy shifted in the late 1960s from direct support of local political organizing to providing funding to cities and states for community economic development (DeFilippis, 2004).

The distinction between activist *community organizing* for political and social change and resource redistribution, and professionalized *community development* focused on local regeneration and service provision can be traced to this shift, when community groups faced a choice between preserving their political identity or maintaining government funding (DeFilippis, 2004). In this paper, rather than dichotomizing the activities of community organizations as either organizing or development, I rely on the term "practice". This decision is pragmatic given the range of organizations participating in the study, and based on a theoretical understanding of community organizations as taking up multiple roles that shift along with goals and context (Elwood, 2006).

Although today's infrastructure of community organizations is linked to social movements driven by goals of redistribution and political empowerment, these goals stand at odds with neoliberal imperatives of market rule and competition, entrepreneurial governance and individual responsibility. For community organizations the turn to a neoliberal political economy entails both heightened constraints in the form of reduced and restricted funding, and greater demands associated with a weakened social safety net. Increased state control over the distribution and use of federal block grant funds and an expanded role for intermediary institutions and private foundations (DeFilippis, Fisher, & Shragge, 2009; J. Fraser & Kick, 2005) mean that available funding often comes with strings attached and pressure to conform to funders' visions and demands. These changes in funding streams constrain the autonomy of organizations and their constituents in planning, setting priorities and making decisions about neighborhood change (DeFilippis, Fisher, & Shragge, 2006; J. Fraser & Kick, 2005). Competition for limited funds may undermine inter-organization collaboration and require staff to professionalize, e.g. to demonstrate asset management capacity (Bockmeyer, 2003; DeFilippis et al., 2006; J. Fraser & Kick, 2005). Professionalization cuts into time and energy for other efforts, such as political organizing, potentially disconnecting organizations from their constituents. Organizations have increased their provision of services in response to social welfare gaps (e.g. in affordable housing, health care, and workforce development) created by declining federal support for state and local government. This also changes relationships with community residents, with members often becoming clients (DeFilippis et al., 2006, 2009; Fisher & Shragge, 2000).

As community groups have adapted to this context, many have grown enmeshed with the state and market structures they once resisted (DeFilippis, 2004). This distance from radical politics and conflict-based models of organizing can diminish the potential to contest the power relations that cause inequalities (Newman & Lake, 2006). For example many organizations now seek to address the lack of affordable housing in urban neighborhoods by developing and managing rental properties through the Low-Income Housing Tax Credit program; more politicized approaches might focus on decommodifying land and housing. DeFilippis (2004) argues this is because many community groups formed to address local problems, rather than to fundamentally transform social, political and economic structures. The 1990s reconfiguration of community development around asset development and opening underserved urban markets further reinforced this local focus by emphasizing building capacity, community, and social capital *within* neighborhoods. The neglect of power and structural forces *outside* the community is especially problematic because it obscures the increasingly multilevel and global processes shaping local problems and potential solutions (DeFilippis et al., 2006).

Indeed as neoliberal urbanization has made cities central arenas for capital investment and accumulation, urban community organizations are not contending with the effects of disinvestment so much as the consequences of opening "underserved" central-city markets to mobile and under-regulated global capital.

Even as urban neighborhoods are integral to the functioning and reproduction of global capitalism, local community organizations are limited in how they can shape and transform the neoliberal political economy (DeFilippis & Saegert, 2012). Contesting the social costs of capitalism to working class and marginalized peoples (DeFilippis & Saegert, 2012) calls for new political strategies and rescaled forms of activism based on an analysis of power relations that moves beyond the local (DeFilippis et al., 2006; Newman & Lake, 2006).

Multiple roles, spatial strategies and alternative knowledge production in community practice

Although neoliberalism has reshaped community practice, this doesn't entirely foreclose the pursuit of progressive social justice outcomes by community organizations. Instead, we might ask both a general question about how activists "continue their work once the movement is reconfigured into new, more formal institutions" (Majic, 2011 p.831) and a historically specific one about the potential for community practice to contribute to social justice in the 21st century (Sites et al., 2007). Given that conflict approaches became marginalized soon after their 1960s-1970s heyday, using these approaches as the reference point for *contemporary* community practice may delimit understandings of how community organizations contest the imperatives of neoliberal restructuring and its toll on urban neighborhoods. As Larner and Craig (2005) argue, "neoliberal spaces and subjectivities are not simply imposed from above, nor is 'resistance' simply a bottom-up political response to macro-level structural processes" (p.421). The truth is inevitably more complex. Just as attending to 'actually existing' neoliberalism reveals that it is incomplete, nuanced, context-dependent and contingent rather than monolithic (Brenner & Theodore, 2002), tracing the particularities of contemporary community practice may point to new political strategies and forms of activism. Now I turn to some promising directions in this effort that are particularly relevant to this study: understandings of community organizations as taking up multiple roles, producing alternative forms of knowledge and engaging in new spatial strategies.

Rather than falling into binaries of opposition and co-optation or professionalization and resistance, community practice produces multiple and diverse roles and relationships (Elwood, 2006). Indeed changing the terms of neoliberal urban governance depends on organizational roles that encompass local activism, professional roles and relationships, and networking and relationship management skills (Larner & Craig, 2005). In this view, activist practices may "strategically combine opposition with engagement in order to advance their agenda", serving as a more subtle and indirect form of contestation (Leitner, Peck, & Sheppard, 2007b, p. 320; Majic, 2011; Roy, 2011; Zupan, 2011). Thus professionalized roles and public-private-community partnerships can potentially generate new forums for the pursuit of activist goals (Larner & Craig, 2005; Majic, 2011).

Alternative knowledge production such as research, policy advocacy and narrative construction contribute critical perspectives to "the war of ideas" in which neoliberal rationality dominates (Leitner, Peck, et al., 2007b; Majic, 2011). Thus while community groups frequently undertake research and analysis as part of grant maintenance, these activities can also contribute to political projects: community organizations might use Geographic Information Systems to create community-oriented maps, analyze public and proprietary data (e.g. Census data, investment prospectuses) and collect their own data to make claims on the state and the private sector, e.g. real estate developers and financial institutions. These efforts are a form of "strategic positivism": using sanctioned methods of producing knowledge (with an emphasis on quantitative approaches), deployed via postmodern sensibilities of multiple meanings in the service of politically progressive aims (Wyly, 2009, 2011). Strategic positivism recognizes that research is always political, and thus represents an important aspect of working toward urban social justice. For example, community organizations might employ critical research to disseminate alternative knowledge in public testimony and support progressive policy development (Majic, 2011).

In addition to strategic positivism and policy advocacy, organizations produce alternative knowledge by advancing critical narratives to counter neoliberal discourses of the privatized, entrepreneurial and marketized city (Leitner, Sheppard, Sziarto, & Maringanti, 2007). Reframing mainstream attitudes and policies (such as those concerning urban revitalization) can serve to articulate and advance the interests and needs of marginalized groups and places (for example by debating the impact of redevelopment on quality of life and wealth distribution) (Wolf-Powers, 2009). The understanding of community groups as taking on multiple roles suggests the potential for community practice to construct multiple narratives. For example Elwood (2006) proposes narratives of needs and injustice, assets and accomplishments and reinterpretive narratives that present official data through new frames to reinterpret a local issue in terms of broader social, economic or political inequalities. These narratives might serve as place frames (D. Martin, 2003) that respectively mobilize residents and make claims on elected officials, define and build community within a neighborhood and promote collective action across neighborhood boundaries.

Finally the central role of urban space in neoliberal strategy calls for rescaled and resituated activism. Networking across space allows activists to share information, coordinate activities and expand local power into regional, national and global movements (Leitner, Peck, & Sheppard, 2007a). Here Katz (2001) offers counter-topography as a political strategy for working against the fragmentation of place. Countertopographies trace contour lines that analytically connect geographically distinct places (such as the dynamics of dispossession linking informal settlements of the Global South with urban neighborhoods in the U.S., “and thereby enhance struggles in the name of common interests” (Katz, 2001, p. 1230). This relates to Allen's (2011) approach to geographies of power, in which power is spatialized not at fixed scales of distance and location (topography), but in terms of "reach". Changing what can be demanded politically, powers of reach describe the ability for different actors to make their presence felt by drawing distant others close, or placing themselves beyond reach (Allen, 2011). These insights take on new significance in relation to the financialization of housing, in which the circuit of finance represents a complex terrain for social and political struggle.

Financialization of housing

The hegemonic role of finance in neoliberal restructuring forms a major area of contention for contemporary community practice. With market liberalization deregulating the banking and finance industries and opening up global capital flows, financial markets and actors have become increasingly central to the workings of capitalism itself (Fine, 2009; Krippner, 2005; Stockhammer, 2010), and thus to the production of urban space (French, Leyshon, & Wainwright, 2011; Rutland, 2010; Weber, 2002). This financialization denotes an economic shift where growth revolves around financial markets, products and practices rather than industrial production (Krippner, 2005). Even where "real" commodities are involved, profits increasingly accrue through their monetization and integration in financial channels (Fine, 2009; Gotham, 2009; Stockhammer, 2010). This creates a new role for finance in non-financial realms: financial institutions and markets have a tremendous influence on contemporary economic, social and cultural life and individual subjectivities (Aalbers, 2008; Allon, 2010; French et al., 2011; Ron Martin, 2011; Rutland, 2010). With the extended reach of finance also comes the transmission of risk and volatility into the non-financial, participating in and potentially exacerbating already uneven geographies (Aalbers, 2008; Pike & Pollard, 2010).

Interest in financialization has grown in the aftermath of the foreclosure crisis and associated global financial downturn. Activist struggles for access to mortgage capital in the 1970s sought to build wealth in low-income and minority communities. However the role of mortgages has since changed, with mortgage debt serving as a means of financial production by providing the “raw materials” for asset-backed securities and derivatives (Newman, 2009). Thus the meaning of mortgage capital for local communities has also changed: rather than anchoring wealth in place via property, today mortgages facilitate global investment and the extraction of value from place-bound property (Aalbers, 2008).

In the foreclosure crisis, demand for financial yield associated with mortgage-backed securities drove high-risk and predatory lending practices, which in turn contributed exponentially to the severity of the foreclosure crisis and ensuing financial crisis and economic downturn (Aalbers, 2008; Ashton, 2009; Gotham, 2009; Newman, 2009). Furthermore, such high-risk lending practices intersected with older frameworks of racial inequality, so that the foreclosure crisis has disproportionately destabilized low-income and minority communities and African-American female-headed households (Wyly, Moos, Hammel, & Kabahizi, 2009). Meanwhile upstream actors have even profited from the housing market collapse (Morgenson & Story, 2009; Story & Morgenson, 2010). This state of affairs underlines how the financialization of housing has transferred the wealth of broad sectors of society to a narrow financial class (Aalbers, 2008; Harvey, 2003).

Despite the clear social, spatial and political dimensions of the financialization of housing, further critical attention to these concerns is needed among researchers at the intersection of society, economy and space (Aalbers, 2008; French et al., 2011; Pike & Pollard, 2010). This paper addresses these concerns by focusing on how community organizations engage with the process, actors and consequences of the financialization of rental housing in low-income urban neighborhoods. Here I turn to the case of "predatory equity" a mid-2000s wave of aggressive private equity investment in New York City's affordable rental stock that demonstrates the financialization of rental housing.

Predatory equity in New York City

New York is a city of renters (69% of its residents rent), and the majority (75%) of the city's rental units are located in multifamily dwellings (buildings with five or more units) (Furman Center for Real Estate and Urban Policy, 2010; Mazur & Wilson, 2011). Thus four in ten renters, or about 2.3 million people, are tenants in multifamily buildings (Furman Center for Real Estate and Urban Policy, 2010). Like the single-family market, in the mid-2000s the multifamily market also experienced inflated property values, weakened underwriting standards, rapid turnover, and increased demand for mortgage-backed securities (Congressional Oversight Panel, 2010; Joint Center for Housing Studies, 2011; Parkus & An, 2009). Also similar to the single-family market, since 2008 the multifamily market has undergone a rapid downturn and increased delinquencies and foreclosures (especially on securitized loans) (Congressional Oversight Panel, 2010; Joint Center for Housing Studies, 2011; Parkus & An, 2009). In New York these dynamics played out in the city's affordable rental sector through predatory investments by private equity firms, which I now address in detail.

By 2005, the combination of low stock market returns and flood of low-interest mortgage financing of the early 2000s with the city's historically tight rental market (the rental vacancy rate has been below 5% for over 40 years) pointed to multifamily rental housing as a frontier for capital in search of new investment opportunities. The city's rent-stabilized housing, which includes around a million units, was especially attractive to investors. State laws protect these units from the sudden and sharp rent hikes of the open market by limiting rent increases to a percentage set annually by the Rent Guidelines Board; however the laws were substantially weakened in the 1990s. "Luxury decontrol" made it possible to deregulate units once their monthly rent exceeds $2000 (this ceiling is being raised to $2500) while the introduction of other mechanisms, such as vacancy bonuses and major capital improvement increases, help facilitate deregulation. These respectively allow owners to increase rent 20% each time a unit turns over to a new tenant, and to pass on some of the costs of upgrading to tenants; oversight of the latter is notoriously weak and the program is subject to fraud (Association for Neighborhood and Housing Development, hereafter ANHD, 2009a). Wyly and colleagues (2010) argue that luxury decontrol, without an inflation adjustment, "has morphed into an automatic deregulation machine, liberating units whenever strong demand pushes rents high enough" (p. 2609).

This erosion of market protections mediating the landlord-tenant relation (Wyly et al., 2010) helped set the scene for the financialization of rent-stabilized housing by private equity funds. Private equity began to aggressively target the affordable rental sector around 2005, buying up 100,000 units (about 10% of the supply of rent-stabilized housing) by 2009 (ANHD 2009b). The purchases stood out not only because of the number of units affected, but because of their scale—multiple properties were assembled in package deals as large as 50 buildings, and firms paid extremely inflated prices based on "frothy" appraisals, gross overestimation of rental income and gross underestimation of operating expenses (ANHD, 2009b). Under these terms, the deals could only succeed by displacing tenants paying affordable rents and cutting back on maintenance costs. Advocates termed the investments "predatory equity" to highlight the actors involved and the extractive nature of the investments vis-à-vis the supply of affordable rental housing. The term also draws on heightened public awareness of the dangers of predatory lending in the homeownership market.

Predatory equity demonstrates a broader financialization of the social realm, where public, common or collective goods serve as the materials for financial production and capital accumulation (Fine, 2009; N. Fraser, 2010). Of course, rental housing is defined by its dual nature as a business for owners and a home for tenants. This makes it important to clarify how predatory equity is an example of financialization specifically versus property speculation more generally. Here I address the aspects of predatory equity investments most characteristic of financialization: the new role of capital market actors, norms and processes in the affordable rental market (French et al., 2011; Pike & Pollard, 2010); the increased interdependence between finance and the built environment (Aalbers, 2008); and the interlocking of finance with "the lives, homes and households of ordinary citizens" (Allon, 2010, p. 373).

First, the encroachment of the financial into the non-financial: the city's affordable rental sector has largely been a "financial backwater" (ANHD, 2009b, p. 8) because of the non-liquid nature of the assets, which return moderate profits of 7-8% a year taken as income (not capital gains). This encourages long-term ownership, making for a low-pressure market (ANHD, 2009b). Moreover except in the case of properties with more than 50 units, multifamily property owners are mainly individuals or limited partnerships, not corporations or financial entities (Savage, 1998). By contrast predatory equity investments entailed the penetration of this market by private equity firms, which typically seek returns of 10-20% a year over relatively short investment terms of three to five years (Evans & Habbard, 2008; Froud & Williams, 2007). This highlights a "fundamental discrepancy" between "the expectations of capital markets for double-digit asset growth and the single-digit growth achievable in most real product markets" (French et al., 2011, p. 803). Firms sought to achieve these expectations through the high-risk leveraging typical of private equity. For example in a group of ten major investment portfolios covering 27,000 rental units, properties had an average of only 55 cents of income for every dollar of debt (ANHD, 2009b). Indeed many deals started out overleveraged, loaded with debt that far outweighed their rental income (Shultz, 2009).

This leads into the impact of finance in the everyday life of residents and the increased interdependence between finance and the built environment, which I address together here. The profit expectations and debt load associated with predatory equity deals were predicated on rates of tenant turnover in the range of 20% or more a year, whereas the typical turnover rate for rent-stabilized units is 5-10% a year (Rent Guidelines Board, 2009). Meeting these turnover objectives required efforts to "promote attrition", which entailed systematic harassment such as building-wide eviction notices, baseless lawsuits for unpaid rent, aggressive buy-out offers, refusal to make repairs inside units and threats to call immigration authorities (ANHD, 2009b; Morgenson, 2008; Powell, 2011). Such harassment represents some of the problematic social consequences that can come with the extended reach of finance into the realm of the non-financial. It also speaks to the uneven nature of processes of financialization (French et al., 2011; Pike & Pollard, 2010)[1]: New Yorkers living in multifamily rental properties have lower incomes and are more likely to be Hispanic than those living in other housing types (Furman Center for Real Estate and Urban Policy, 2010), putting these groups at disproportionate risk of the negative social externalities of financialization.

However the market crash of 2008 brought unsustainable debt on predatory equity deals to the fore, with many standing at risk of (or already in) default or foreclosure in the years since. In one example, a 47-building East Harlem portfolio purchased in 2007 by London-based investment firm Dawnay Day fell into foreclosure in 2009 as the firm found itself overexposed in the credit crunch. Financial distress in many predatory equity portfolios means that harassment has given way to rapid, extreme physical deterioration in living conditions. This illustrates how financialization increasingly ties the fate of the built environment to what happens in financial circuits (Aalbers, 2008). In turn these conditions compromise tenants' well-being, family and social relationships

[1] I address the neighborhood geography of predatory equity in more depth in other writing.

and housing security, once again along lines of race and class (Fields, in preparation).

Whereas predatory equity may have first been based on speculative motivations for the properties themselves (albeit with expectations of capital market-level returns), the market crash affords speculation of another kind—in debt. Many scholars have thought through securitization as an example of how financialization commodifies mortgages on the back end (see Gotham, 2009 for an overview), but most of the debt connected to predatory equity deals was not securitized. Still, mortgage finance can transcend real estate's spatial fixity by other means. For example, private equity firms operate through leveraging equity and debt to acquire assets: to a great extent profit depends not on the asset's condition (or location), but on the degree of credit capital leveraged (Linneman, 2004). Should the leveraged debt become distressed, it becomes its own financial product; indeed the private equity distressed debt market has evolved from a concept to a global investment market since the early 1990s (DuPonte, 2010).

As predatory equity investments have grown physically and financially unstable a market in distressed mortgage notes has emerged, putting properties at risk of an extended period of equity-stripping and physical decline. Here the financialization of rental housing is not simply aggressive speculation that bids up under-market *property* assets, but the creation of distressed *financial* assets that in turn resituates speculation in the circuits of finance.

As a case of the financialization of rental housing, predatory equity presents a call to action for New York City's infrastructure of community organizations, many of which were instrumental in responding to the city's earlier crisis of disinvestment and abandonment in the 1970s. However the dynamics of financialization also present potential obstacles to action. The actors involved in predatory equity deals are difficult to target and hold accountable because they are unfamiliar, diffuse and spatially removed. Meanwhile, navigating the intricacies of mortgage finance, note sales and the securities market calls for a set of legal and financial skills and nimble access to capital that even the most sophisticated nonprofit groups lack.

Within this context, community organizations face the challenge of "inventing spaces of action" (Miraftab, 2009). In the remainder of this paper I consider how community organizations have engaged with predatory equity, focusing on what their responses show about the possibility for multiple roles, spatial strategies and alternative knowledge production in community practice. To ground these findings I first offer a brief overview of research methods.

Methods

This paper analyzes responses to predatory equity by community organizations in New York City, focusing on what they show about political possibilities and challenges for community practice in relation to the financialization of rental housing. I conducted 26 interviews with veteran (11 participants), mid-career (6 participants) and emerging (9 participants) affordable housing and community development professionals. Participants were employed at a variety of longstanding and newer community organizations with neighborhood-specific and citywide missions. I also interviewed a handful of individuals working in housing policy, property management, for-profit affordable housing, and housing finance (**insert table 1 here**). Interviews focused on organizational responses to predatory equity and the challenges and successes they associated with these efforts; actual and potential outcomes of predatory equity; collaborations and partnerships with other organizations; and how predatory equity compared to recent waves of gentrification and 1970s-era disinvestment. I also draw on my ongoing contact with participants (e.g. through conferences, communication of findings); artifacts such as blogs and pamphlets related to predatory equity; and information found in local newspapers, the websites of investors and community organizations, and trade publications for the finance and community development sectors.

The findings reported here focus most closely on the efforts of mainly longstanding community organizations including the Urban Homesteading Assistance Board, the Association for Neighborhood and Housing Development, the University Neighborhood Housing Program (an offshoot of the Northwest Bronx Community and Clergy Coalition), Community Action for Safe Apartments (a project of New Settlement Apartments) and Tenants and

Neighbors; as well as newer grassroots organizing group Movement for Justice in el Barrio. The work of the Local Initiatives Support Corporation[2] and real estate think tank/advocacy group Citizens Housing and Planning Council of New York City (established in 1937) also played a role in these efforts.

Below, I present the findings in terms of what responses to predatory equity suggest about the potential for contemporary community practice to contest financialization. I organize the around three major analytics: constructing a critical narrative, practicing strategic positivism and reworking financial sites, spaces and structures.

Findings

Constructing a critical narrative

As predatory equity emerged around 2005 individual organizations struggled to make sense of both the sudden interest of buyers from out of the state and country in affordable rental properties, and the high prices they were paying. Neither the locations of the purchases, which were in places that seemed odd for foreign investment, nor the prices, compared to market prices and the realities of income and expenses in the properties, made sense. Coming together, a core group of longtime community organizations including the Northwest Bronx Community and Clergy Coalition (NWBCCC), the Association for Neighborhood and Housing Development (ANHD), the Urban Homesteading Assistance Board

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[2] The Local Initiatives Support Corporation is a national intermediary organization providing funding assistance and technical support to local nonprofits.

(UHAB) and Tenants and Neighbors collaborated to track the investments, finding that thousands of apartments were potentially overleveraged (Shultz, Walsh, & Levy, 2010).

However as community groups sought to confront buyers and financial institutions with this information (around 2006), they were also coming up against the dominant logic of the real estate boom. The entire country was caught up in buying and flipping property to build wealth. Investors framed predatory equity strategy in terms like “recapturing” value, and “repositioning and releasing” regulated units to the open rental market (Morgenson, 2010; Powell, 2011). Firms saw affordable rental properties as “having added value for investors”, arguing “revitalization would occur” with “an improved tenant base and increased rental income” (Milbank Real Estate, 2007). Countering this narrative was challenging because of the real estate boom, but also because of a view of housing advocates as hyperbolic, emotional and being politically exteme, and therefore not credible (interview with Dina Levy of UHAB, 2010).

Thus despite their long histories and well-established relationships with city agencies and financial institutions, it took UHAB and other core organizations more than two years of research and advocacy--and the 2007-2008 market crash--to legitimate predatory equity as a threat to affordable housing (interview with Dina Levy of UHAB, 2010). Still these experiences provided critical insight into the dynamics of financialization, such as banks’ ability to shed risk via securitization and sales of distressed mortgage notes. Using this knowledge and perspective, organizations developed a critical narrative of predatory equity that implicated the structures of global finance and key actors such as private equity firms and lending institutions, and reinterpreted the norms of finance in terms of the fallout of boom time speculation on the quality and supply of affordable rental housing. With these efforts activists made financialization legible and accessible for wider public understanding, and mobilization in subsequent organizing and policy campaigns.

Predatory Equity: The Survival Guide, a collaborative effort between UHAB, Tenants and Neighbors, and the Center for Urban Pedagogy exemplifies this narrative. The *Survival Guide* (Center for Urban Pedagogy, 2009, hereafter CUP) translates the complexities of predatory equity into everyday language and images understandable to the broader public (**insert figure 1 about here**). The *Survival Guide* explains the logic and strategy of predatory equity, analyzing the basic math behind how predatory equity leverages properties beyond what their net rental income can cover. Throughout the *Guide* imagery represents housing as a means of predatory financial production, such as a dollar sign formed by a snake squeezing two apartment buildings (**insert figure 2 about here**), and mortgage securitization as an assembly line. The *Survival Guide* also includes a “To Do” list identifying a variety of actors and what they can do to help stop predatory equity, including: advocates and housing experts; banks; elected officials; media;

private equity firms; tenants; and institutional investors. By framing predatory equity and solutions as inherently multi-sectoral and requiring action on many fronts, the *Guide* makes the set of stakeholders involved in predatory equity visible *and* makes claims on them by outlining "to-dos" for each.

By no means was the *Survival Guide* the only means of constructing a critical narrative of predatory equity; groups also used traditional press conferences, articles in affordable housing trade publications (cf. Levy, 2011) and policy advocacy that leveraged their existing networks. By 2008, the fallout of the broader housing and financial crisis was becoming clear and opinion leaders, government officials and academics began to acknowledge predatory equity as a crisis as well. Community organizations see the activist community as "extraordinarily successful in creating this term 'predatory equity' and really getting it out there to policymakers, the politicians and the press" (interview with Benjamin Dulchin of ANHD, 2011) crediting "the story we told" with mobilizing resources and support from the city.

Media, politicians and city officials reproduced the terminology community groups used and began framing the issue similarly. For example, the New York City Council created the Predatory Equity Task Force, describing the problem as community organizations did: "At the height of the housing boom, a large number of equity investor groups purchased multifamily rental properties using unrealistic revenue expectations and taking out loans that could not be supported by existing rent rolls" (New York City Council, 2009). New York State Senator Charles Schumer also got on board, highlighting the role of banks and parallels to subprime lending in the homeownership market: "Speculators have been unjustifiably raising their estimates for how much rent they will take in after they buy the property and low-ball how much maintenance costs will be in order to get a larger mortgage from the bank. The larger the loan, the larger the fees the bank can take in, and then, similar to a subprime loan, the bank securitizes the mortgage on the secondary market" (Schumer, 2008). And from 2008 to 2011, the *New York Times* ran 23 articles including the term "predatory equity", several of them in the business pages (cf. Bagli, 2008; Dolnick, 2010; Morgenson, 2008).

Constructing and circulating a critical narrative of predatory equity that got taken up in public discourse was an accomplishment. The struggle to get predatory equity acknowledged as a crisis also led community organizations to rethink their role in public discourse, cultivating a sense that advocates alone could not reframe the conversation. Instead lobbying opinion leaders and "people who are seen as credible in these much bigger universes of economic real estate finance" to "come out early and say what needs to happen" (interview with Dina Levy of UHAB, 2010) has become integral to disseminating alternative narratives produced by community groups.

Strategic positivism: Interweaving data, claims-making and policy advocacy

Community organizations invented spaces of action not only in their narratives around predatory equity, but by producing a body of empirical knowledge. Difficulty in developing and accessing accurate data has complicated efforts to study the extent and severity of the foreclosure crisis in the owner-occupied/single family market (Newman, 2010), which suggests a key role for data and knowledge production in critical urban practice (Wyly, 2009). In this section of the article I consider how community organizations engaged in strategic positivism through constructing data and indicators to document predatory equity, evaluate investment risk and link investment practices to housing distress. Here I am interested to bring out the ways in which community-based organizations and activists produced and engaged with quantitative data, and how this body of knowledge afforded socio-political action.[3]

Developed by the University Neighborhood Housing Program (UNHP) in response to indicators that the multifamily market was heating up (rising sales prices, flat operating income) in the early 2000s, the Building Indicator Project (BIP) provides a holistic indicator of potential physical and/or financial distress for all multifamily rental buildings in New York City. It brings together several

[3] Strategic positivism entails a complex set of methodological, political and epistemological commitments that also sit in conversation with other traditions of critical knowledge production and socio-political action, such as that of militant research. In this paper I employ strategic positivism as one analytic for getting at the ways in which all interpretations of the world involve action. In this view the production of knowledge through science doesn't yield knowledge that is separate from socio-political practice; instead research (radically) reorganizes social and political relations. The analysis in this paper does not preclude other readings of the activities described.

public data sources on housing and building code violations and city-issued liens (water/sewage, back taxes, emergency repairs), and then indexes these data to create a single weighted score. A score of 800 or more “warrants examination to confirm probable physical and/or financial distress” (University Neighborhood Housing Program, 2011). With this monitoring tool UNHP and a variety of community organizations have put pressure on banks with irresponsible lending and asset management practices, shaped tenant organizing efforts, and influenced city policy.

The data was especially effective in shaping a broad, multi-pronged campaign against New York Community Bank (NYCB), which financed 85,000 units of multifamily housing that were in distress, twice that of any other entity (University Neighborhood Housing Program, 2011). By connecting NYCB to its role in funding the 2007 purchase of 51 Southwest Bronx buildings for $300M by the private equity-backed partnership SG2 and BlackRock Realty Advisors, BIP data aided Community Action for Safe Apartments in their tenant organizing campaign to protest the bank’s involvement in predatory equity. In the Urban Homesteading Assistance Board’s (UHAB) decision to narrow their predatory equity campaign to one bank rather than diluting their efforts across multiple institutions, BIP data helped them select NYCB. Under the bank’s watch, 34 multifamily buildings (nearly 800 rental units) were in foreclosure and had a total of over 5000 housing code violations, meaning that tenants were living with an average of more than six violations per unit.[4] On *The SurReal Estate,* UHAB's blog chronicling ongoing struggles around predatory equity, a feature called "Picture This!" showcased tenant-submitted photos of distressed physical conditions in overleveraged properties financed by NYCB.

As a result of these and other efforts, the bank's Community Reinvestment Act rating was downgraded from "outstanding" to "satisfactory" in 2012, in part due to concerns about how well it could ensure that multifamily borrowers could fulfill mortgage obligations and properly maintain properties (Federal Deposit Insurance Corporation, 2011). In its evaluation of the bank's performance, the FDIC reviewed and considered BIP data (Federal Deposit Insurance Corporation, 2011). BIP has also influenced the city's approach to distressed multifamily properties. After being shocked by the deteriorated physical conditions in buildings that were part of a portfolio in the Northwest Bronx, housing officials looked to BIP as the inspiration for the city's new Proactive Preservation Initiative. The initiative will develop indicators based on BIP to identify distressed multifamily properties and target emergency repairs in order to prevent such severe distress in the future.

Community groups have also used strategic research to inductively create a rich quantitative database of predatory equity activity. Member organizations of the Association for Neighborhood and Housing Development, UHAB, Tenants

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[4] Housing organizers view three violations per unit as inhumane.

and Neighbors and UNHP all tracked market activity, researched property owners and organized tenants. These efforts created individual organizational lists of overleveraged properties that LISC then compiled, resulting in a master list of about 1100 buildings. Cross-referencing the master with a variety of other data sources including BIP, property value assessments, geographic building information, foreclosure filings, and Department of Finance data on deeds and debt instruments yielded the final database, which participating organizations continued to update with new data. Covering over 50,000 housing units owned by investors engaging in irresponsible real estate practices, it is the best measure of a phenomenon that is difficult to measure.

Using the database, the Citizens Housing and Planning Council applied some of the analytic techniques used in the study of single-family foreclosure to examine the impacts of multifamily foreclosure and overmortgaging on the surrounding community.[5] CHPC's analysis showed that buildings within 500 feet of overleveraged properties are more likely to be physically deteriorated and have more housing code violations; those within 250 feet are more likely to have serious housing code violations requiring emergency repair intervention by the city (Shultz, Perine, Bahchieva, & Dasgupta, 2012).

[5] Such as the work by Dan Immergluck and Geoff Smith in research in Chicago, which evaluated the impact of foreclosure filings on property values and crime in the surrounding area. See: The External Costs of Foreclosure: The Impact of Single-Family Mortgage Foreclosures on Property Values *Housing Policy Debate, 17*(1), 57-79; The Impact of Single-Family Mortgage Foreclosures on Neighborhood Crime. *Housing Studies, 21*(6), 851-866.

The database of overleveraged properties has also supported policy advocacy by LISC. The intermediary organization contributed public comments to the Federal Housing Finance Agency on the proposed structure for evaluating (under post-crisis government conservation) Fannie Mae and Freddie Mac's duty to underserved communities. LISC held that the government-sponsored enterprises should also preserve affordability in rental housing that they have previously financed, which may be overleveraged or at risk of loss because "current financing was based on unsustainable assumptions about rent growth, property values and other economic conditions" (O'Donnell, 2009, p. 3). The overleveraged property database affords the production of spatial knowledge about the geography of predatory equity and its potential neighborhood impacts that is at once rooted in the day-to-day work of community organizations, and can speak to policymakers.

The examples considered in this section demonstrate how community-based actors drew on quantitative and geographically-grounded methodologies as a means of documenting relationships between investors, financial institutions, debt, and physical and financial distress. In turn, these facts have contributed to the struggle—on the ground, in policy circles, and in academe--against the destabilizing impacts of financialization. This speaks to Wyly's assertion that positivist research methodologies are not inextricably linked to oppressive, elite and exclusive politics: alternative knowledge production projects like BIP and the overleveraged properties database suggest the power for “rigorous, radical analysis to expose the injustices of predatory capitalism and accumulation by dispossession” (Wyly, 2011, p. 907) and interweave meaningfully with claims-making and policy advocacy.

Reworking financial sites, spaces and structures

Finally I turn to how community organizations took up financial structures as spaces of practice, re-inscribed hidden links between property as a distressed asset and property as distressed housing and traced networks of activism through global capital flows. Some of these examples, particularly the first two, could also be cast as akin to the strategic research practices considered in the previous section. Rather than being mutually exclusive, the analytics of strategic positivism and reworking finance might be better seen as potentially complementary. However, in this section of the paper, I want to emphasize how the rise of financial capitalism leaves a particular trail of artifacts and also produces spaces (and flows between them) that activists and community groups might enter in unexpected ways.

The first case builds on the discrepancies between expectations for double-digit profits in a single-digit growth sector, and between projected and actual tenant turnover rates discussed earlier. ANHD uncovered these insights through mining underwriting documents for a sample of nine property portfolios covering nearly 10,000 rental units[6] purchased by private equity firms and subsequently securitized in commercial mortgage-backed securities (CMBS) (ANHD, 2009b). For securitized loans borrowers must report revenue, expenses and vacancies to the loan servicer, who tracks this data against underwriting assumptions in the prospectus filed with the SEC. Thus while public data sources don't typically provide information on financing terms and underwriting assumptions, ANHD accessed loan servicer reports compiled in an industry data service to undertake this analysis. Based on these data, each unit faced a discrepancy of $605 per month; across all 9876 units this makes for a shortfall of $6 million *a month* and $71.7 million *a year* (**insert table 2 about here**). Data on tenant turnover assumptions is less readily available, but in three major portfolios, underwriting was based on assumptions that 20-30% of units would turn over within a year of purchase—actual turnover rates in rent-stabilized apartments range from 5-10% a year (Association for Neighborhood and Housing Development, 2009b; Rent Guidelines Board, 2009).

Here financial artifacts provided a means of juxtaposing financial logics (as outlined in CMBS prospectuses) with measures grounded in the realities of the city's affordable rental sector. In this way, ANHD employed the structures of

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[6] ANHD's analysis included a 10th portfolio: Stuyvesant Town/Peter Cooper Village, which is an outlier from other portfolios because of its large size (11,227 units) and largely middle-class residents. I excluded the portfolio from my analysis for this reason.

finance to produce evidence of the risk and potential fraud involved in predatory equity purchases.

The second example deals with how community groups entered a space of finance in order to reconstitute the link between housing as a financial asset on one hand and the materiality and use value of housing as home on the other. In this case, in 2007 government-sponsored enterprise Fannie Mae purchased a $29 million note from Deutsche Bank for a portfolio of 19 properties (261 units) originally purchased by New York-based firm Ocelot Capital in partnership with Israeli real estate developers Eldan Tech (along with six other buildings) in 2005. It was only later that Fannie Mae found the note did not meet their underwriting standards. Ocelot went bankrupt soon after Fannie Mae purchased the debt and abandoned the properties, which deteriorated severely over the next two years before the mortgage went into foreclosure early in 2009.

As tenants and community groups sought to hold the government-sponsored enterprise accountable for improving living conditions in the properties, Fannie Mae sought to dispose of the loans through “DebtX: The Debt Exchange”, an online auction site for large financial institutions and institutional investors to trade debt, which one advocate referred to as the “eBay of distressed debt” (interview with Dina Levy of UHAB, 2010). Fannie Mae argued this was the most transparent means of disposing of the debt and transferring the properties to new, more responsible owners. However advocates feared the dynamics of an auction would perpetuate the properties' physical decline by bidding up to a sale price that didn't reflecting existing problems and needed repairs. In the case of the Ocelot portfolio, community practice made tangible the connections between financial mechanics on the one hand and the physicality of properties as homes inhabited by people on the other, resituating what was happening in abstract online debt exchanges in the properties themselves. Learning that as many as 70 potential bidders had requested bid packets in the first day, the Urban Homesteading Assistance Board and Northwest Bronx Community and Clergy Coalition launched into action: tenant associations held press conferences in front of buildings, posted signs to investors saying "don't buy here" and "speculators keep out" in their windows (**insert figure 3 about here**), and conducted guided tours of deteriorated building conditions for politicians and the press (Levy, 2011). These efforts engaged Senator Charles Schumer and Congressman Jose Serrano, who publicly pressured Fannie Mae to help tenants and brought the city onboard with substantial funds to offset renovation costs for a discount sale to a preservation buyer.[7]

Finally, some activists reworked spaces of finance through building solidarities in the tracks of global capital flows. Movement for Justice in el Barrio

[7] The properties were eventually sold to affordable housing developer Omni New York at a significant discount.

(MFJ), a group whose constituents are predominantly Mexican immigrants,[8] has been one of several neighborhood-based organizations addressing predatory equity in East Harlem. MFJ links itself to the Other Campaign, a Mexican Zapatista political program fighting against neoliberalism and for self-determination. One of MFJ's key tactics is to link housing problems experienced in East Harlem with land struggles around the world (Maeckelbergh, 2012). The group globalizes solidarity through annual *encouentros* (encounters) that bring together social justice actors at a variety of spatial scales, including New York City neighborhood organizations and international activist groups. Recent *encuentros* have included live feeds with the Shack Dweller's movement in South Africa, visited a community in Mexico that successfully halted the state's effort to evict them, and connected with New Orleans residents who organized against post-Katrina eviction.

In 2007 local landlord Steve Kessner, branded as one of the city's ten worst landlords of 2006 by the Village Voice (Borrero, 2006), sold a group of 47 East Harlem properties containing 1100 apartments to UK investment firm Dawnay Day for $225M. In the British press, the firm boasted of the profits it would make once they displaced tenants, and began pressuring longtime tenants to move, charging for basic repairs, and asking the predominantly immigrant

[8] Mexican immigrants have changed the face of the traditionally Puerto Rican *barrio* of East Harlem: Henry Serrano of Community Voices Heard, observed that "all the *cuchifrito* [Puerto Rican fried foods] places have become *taquerias"* since the influx of immigrants from Puebla, Mexico started in the 1980s.

Latino residents for their Social Security numbers. The experiences of MFJ constituents under Dawnay Day's ownership motivated MFJ to formalize transcontinental alliances they had been building up before. The group elected to take up activism in the UK in order to generate support on the Dawnay Day's own turf.[9] Meeting with over 30 organizations in Europe allowed MFJ to present films about their experiences with predatory equity and receive pledges of solidarity. This tactic illustrates the group's understanding that East Harlem's housing problems and displacement are intimately bound up in flows of global capital, and the ways financial actors can mobilize these flows in service of real estate development. Again highlighting the linkages between the fate of financial markets and the built environment, tightened credit markets led to Dawnay Day's closure amidst insolvency in 2008, and the East Harlem portfolio officially went into foreclosure in 2009; their disposition remains unresolved. Nevertheless the point remains that MFJ's approach to activism builds transnational alliances and solidarities across what could be otherwise distinct nodes within globalized flows of capital, underscoring how social struggles around land and housing can also circulate globally.

Conclusions

This paper has addressed how community organizations whose work focuses on affordable housing contend with the financialization of housing. The

[9] Maeckelbergh (2012) provides more in-depth analysis of MFJ's mobilizing against displacement.

neoliberal political economy more broadly and new financial practices in the housing market specifically present challenges to the practice of such organizations. Therefore I have focused on the potential for organizations to cultivate effective and innovative practices to contest the financialization of affordable rental housing. The study dealt with a wave of high-risk private equity investment in New York City's rent-stabilized market during the mid-2000s real estate bubble, and the tactics community organizations developed in response. The findings highlighted how organizations constructed a critical narrative of predatory equity, used strategic positivism to study its geography and impacts and reworked financial sites, spaces and structures. In conclusion I discuss the first two tactics as part of a strategy of alternative knowledge production. Then I discuss the third tactic (reworking financial sites, spaces and structures) as suggestive of how contesting finance might draw on the dynamics of fixity and liquidity to enter financial terrain in unexpected ways.

Alternative knowledge production

Financialization operates at the level of investments and securities but also entails cultural and discursive strategies by which financial norms of risk and investment are disseminated throughout society (Allon, 2010; Randy Martin, 2002). Private equity firms often framed their real estate investment strategies in terms of affordable rental properties as assets to be liberated onto the open market. Developing a politically compelling narrative of predatory equity thus became an important and powerful tactic to counter the dominant discourse of finance. The media, politicians, academics and other opinion leaders ultimately took up the critical framing and terminology of predatory equity that community organizations constructed. However it was a struggle to legitimate this narrative, because community organizations are still largely viewed as activists, a view that persists despite political and economic constraints on activism by such groups. This struggle yielded insights about the importance of influencing key opinion leaders who can effectively sanction and circulate alternative narratives, underlining how contemporary community practice calls for organizations to take up multiple roles (Elwood, 2006; Larner & Craig, 2005; Majic, 2011).

The role of critical narratives in contesting financialization speaks to how rhetorical framing strategies can work to challenge the "discursive naturalization" of market logic, and chart alternatives (Hackworth, 2007, p. 200). Here the contemporary variety and accessibility of media helped transcend some of the limits community groups face on (re)framing issues in the dominant sphere. *Predatory Equity: The Survival Guide* was produced through Making Policy Public, an initiative to engage designers in social debates and allow advocates to better reach their constituents through design (Making Policy Public, 2013). Professional graphic production created a visual identity for the issue, allowing activists to playfully present critical debate about predatory equity to tenants, the press, policymakers and other opinion leaders. The textual and visual narrative made claims on tenants to mobilize and engage in activism, and on elected officials and financial institutions to recognize and take action on the problem. I would argue it was most successful in advancing a politicized public discourse of injustice (cf. Elwood, 2006; D. Martin, 2003) that explicitly linked predatory equity to the dynamics of the real estate boom, weakened underwriting standards and the role of securitization in allowing banks to shed risk. Literally framing the issue of predatory as a matter of survival for tenants and affordable rental housing more broadly, this discourse provided "crucial vocabularies and framing devices" (Wolf-Powers 2009 163), adding nuances about finance as extractive and predatory to a public and political conversation emphasizing a liberatory and constructive financial world.

Alternative knowledge production does not only operate through rhetorical tactics; data-driven tactics contribute facts to "the war of ideas". As a practice of alternative knowledge production, strategic positivism can be understood as both *destructive* of neoliberal practice and imperatives (e.g. critical mapping, insurgent quantitative practices and radical statistics that hold neoliberalism accountable and document its injustices), and *creative* of emancipatory alternatives to neoliberalism (Wyly, 2011). This paper detailed three examples of the former approach. With the Building Indicator Project and the overleveraged property database, community organizations drew on public data and their own on-the-ground work to develop quantitative and geographic knowledge about predatory equity that has informed organizing campaigns and policy advocacy as well as further research (including my own). Although discussed under the rubric of reworking spaces of finance, mining underwriting documents of CMBS also served as a mode of strategic positivism. The juxtaposition of assumptions about rental income, operating expenses and tenant turnover with real-world metrics exposed how the financial logics underlying predatory equity deals necessitated harassment and displacement (ANHD, 2009b).

Community organizations are also using critical and strategic research to develop alternative approaches to land and housing that interrupt such real estate practices. For example Picture the Homeless has enumerated vacant property and housing with expiring subsidies as a means of substantiating claims for a community land trust (Picture the Homeless, 2012), demonstrating how such inquiry provides a starting point "to make better urban worlds possible and real" (Wyly, 2011, p. 908). Thus rather than being antithetical to insurgency, the analytic of strategic positivism shows how the acquisition of professional and technical skills and competencies can serve to destabilize normalized relations of neoliberalism. By producing and marshaling evidence to make injustice visible and measurable, the practice strategic positivism both supports rhetorical framings of social justice issues, and can independently mobilize action to achieve justice (Wyly et al., 2010).

Entering financial terrain

Financialization entails a real production of space and artifacts, offering both challenges and possibilities for community practice. Through transcending property's spatial fixity, financialization produces a territory of housing finance that, like urban space, can be unevenly developed (Gotham, 2009, drawing on Lefebvre, 2003). For example, in the run up to the financial crisis mortgage-backed securities built up this territory; in its wake that space can be selectively reconstructed through the commodification of distressed assets. The case of predatory equity illustrates how financial actors are able to make use of both fixity and liquidity to meet objectives for yield. That is, a strategy that may have begun with the idea of upgrading and deregulating properties to capitalize on rental demand can become the basis for a market in distressed debt when that strategy fails. This insight affirms Allen's (2011) assertion that space and spatiality make a difference in the ways power can be brought to bear (p. 291).

The financialization of housing thus calls for new spatial strategies to achieve justice. More specifically, to contest financialization, community organizations and activists must develop powers of reach for both the territory of finance and material urban space. In this paper, I found that community organizations made innovative use of the dynamics of fixity and liquidity to contest financialization. For example, some efforts sought to reassert housing's fixity (and therefore its use value) by entering spaces and structures of finance and bringing them into relation with the material conditions of property and experiences of tenants. Thus mining underwriting documents and juxtaposing financial logics with actual income, expenses and tenant turnover draws our attention back to the fact of property as bricks and mortar. In the case of the Ocelot portfolio, community groups leveraged these material conditions to draw tenants' experiences of property decline into the territory of finance. Tenants and community organizations reasserted the physicality of property and its ontological status as home in response to Fannie Mae's attempt to sell distressed mortgage debt in an online debt exchange.

This relates to tactics that make use of financial liquidity to move social and political action into the territory of finance. Movement for Justice turned global capital flows into circuits of solidarity, reaching social movement actors in the UK in order to lift out their activism from East Harlem and re-embed it on Dawnay Day's own turf. Tracing liquidity in this way uses the spatial form of capital flows to develop and maintain new political alliances.

Financialization poses new challenges, both technical and strategic, for community organizations engaged in affordable housing work. Motivated to understand the political possibilities for contemporary community practice, this paper has addressed a gap in emerging literature on the geographies of financialization. It contributes detailed empirical knowledge about efforts to contest the financialization of housing and home, and offers a positive reading of the potential of these efforts. Further research might continue to address how strategies of alternative knowledge production can work to denaturalize and challenge financial hegemony. Of special importance to developing new political strategies is developing a better understanding of finance itself as a space, and how its sites and artifacts can be colonized and taken up by activists and community groups in order to contest financialization.

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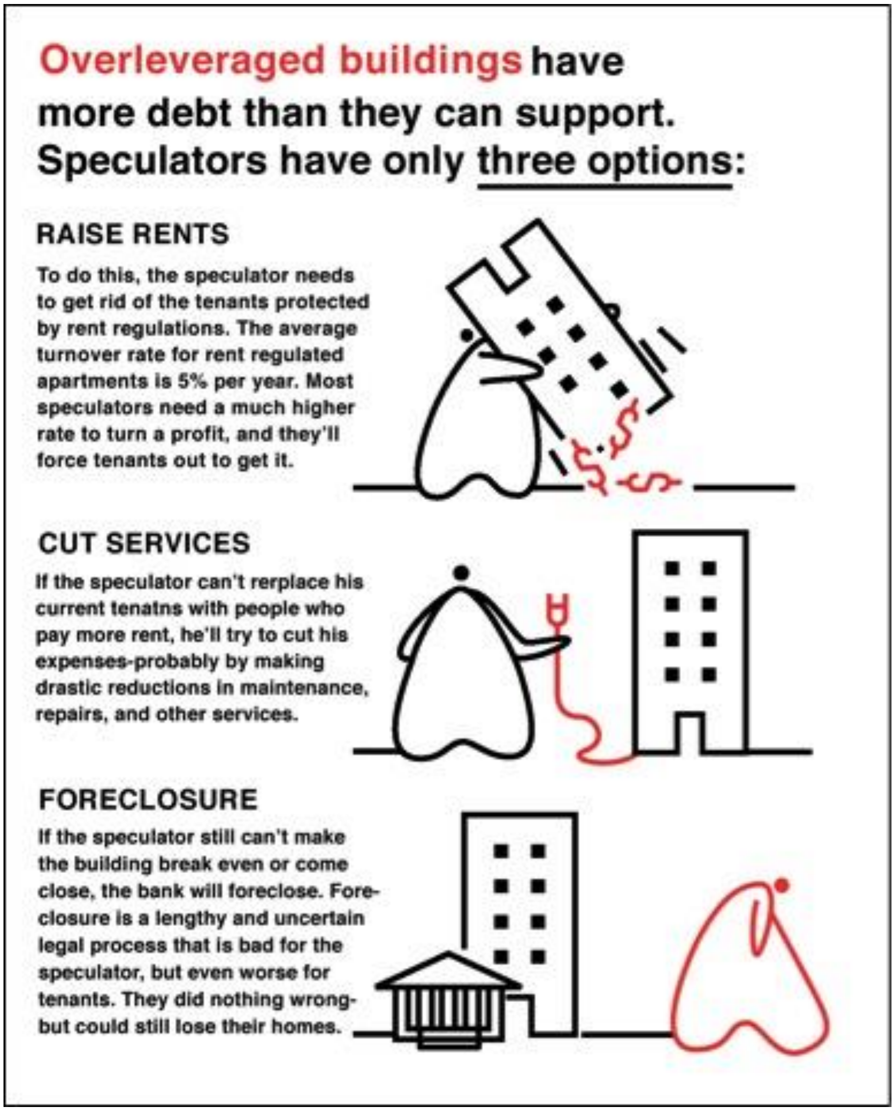
Overleveraged buildings have more debt than they can support. Speculators have only three options:
RAISE RENTS
To do this, the speculator needs to get rid of the tenants protected by rent regulations. The average turnover rate for rent regulated apartments is 5% per year. Most speculators need a much higher rate to turn a profit, and they'll force tenants out to get it.
CUT SERVICES
If the speculator can't rerplace his current tenatns with people who pay more rent, he'll try to cut his expenses-probably by making drastic reductions in maintenance, repairs, and other services.
FORECLOSURE
If the speculator still can't make the building break even or come close, the bank will foreclose. Fore-closure is a lengthy and uncertain legal process that is bad for the speculator, but even worse for tenants. They did nothing wrong-but could still lose their homes.

Figure 1

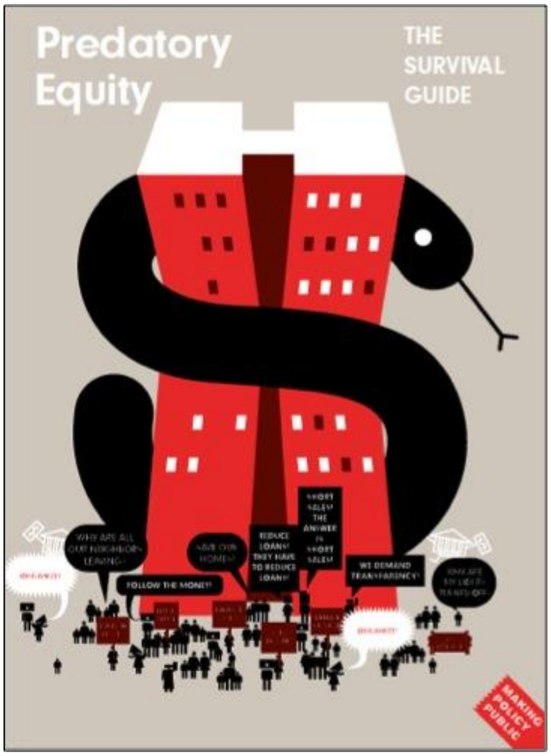

Figure 2

Figure 3

Table 1: Participating organizations		
Citywide organizations	**Neighborhood-based organizations**	**Housing policy, housing finance, property management, think tanks, for-profit affordable housing**
Association for Neighborhood and Housing Development	Banana Kelly Community Improvement Association	NYC Department of Housing Preservation and Development
Urban Homesteading Assistance Board	Northwest Bronx Community and Clergy Coalition	Neighborhood Restore
Tenants and Neighbors	University Neighborhood Housing Program	PWB Property Management
Community Preservation Corporation	Community Action for Safe Apartments/New Settlement	Federal Home Loan Bank of New York
The Parodneck Foundation	Movement for Justice in el Barrio	Workforce Housing Advisors
Mutual Housing Association of New York	Community Voices Heard	Citizen's Housing and Planning Council
	Hope Community Inc.	
	Catholic Migration Office	

Table 2: Discrepancy between underwritten and last reported net rental income for 9 major predatory equity portfolios. Source: ANHD, 2009b.

Number of portfolios (units)	9 (9876)
Rent revenues as underwritten (per unit per month)	$1404 ($12640/9 portfolios)
Last reported rent revenues (per unit per month)	$842 ($7576/9 portfolios)
Discrepancy between revenue as underwritten and last reported revenues (per unit per month)	$562
Operating expenses as underwritten (per unit per month)	$604 ($4834/8 portfolios) *Data not available for 1 portfolio
Last reported operating expenses (per unit per month)	$647 ($5178/8 portfolios) *Data not available for 1 portfolio
Discrepancy between operating expenses as underwritten and last reported operating expenses (per unit per month)	$43
Total discrepancy between net rental income as underwritten vs. last reported (per unit per month)	**$605** **(Shortfall for all units: $6m/month; $71M/year)**