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## **GUEST EDITORS' INTRODUCTION**

### **HOUSING POLICY IN CRISIS: AN INTERNATIONAL PERSPECTIVE**

**Desiree J. Fields and Stuart N. Hodkinson**

The 2008 financial crisis and its subsequent economic and political shockwaves are widely linked to housing policy failures in North America and Europe. Encouraging home ownership and asset-based welfare while failing to regulate high-risk lending fueled both an unsustainable housing boom and a toxic asset bubble in housing-backed financial instruments (Aalbers, 2016). The resulting housing crisis has been international in scope, headlined by housing market crashes across wealthy countries and the loss of millions of homes to foreclosure with the US and Spain hit the hardest (Beswick et al., 2016). What is striking, however, is that the geography of this global housing crisis extends far beyond the core capitalist countries affected by the 2008 financial crash: housing systems everywhere increasingly are prone to volatility, placing the sustained reproduction of economic and social life under threat.

The scale of the international housing crisis has been brought to light in recent years by the work of successive United Nations Special Rapporteurs on Adequate Housing (Rolnik, 2014; Farha, 2017). Their detailed reports, drawing on evidence from global north and global south in equal measure, reveal a depressing range of lived experiences. Indeed, as Wetzstein (2017) shows, the acceleration of housing expenses relative to wages and income in cities across the developed and developing world has made urban housing unaffordable at a global scale (see also Satterthwaite, 2014), leading to rising levels of homelessness and residential instability

for low-income owners and renters. Housing markets are working in dysfunctional and geographically imbalanced ways, causing the displacement of low- and middle-income households from higher value areas, and blockages in housing production that are keeping supply low and markets tight (Bardhan et al., 2012).

While the language of crisis evokes the sudden suspension of the "normal" functioning of a system (Roitman, 2014), over the past decade "the housing crisis" has become a motif for a seemingly enduring state of affairs in which rising evictions, overcrowding, unaffordability, substandard conditions, homelessness, and displacement have become the norm. The international housing crisis is thus "a feature, not a bug", less an emergency than a consistent aspect of a capitalist political economy predicated on private property, market exchange, and the capital accumulation imperative (Aalbers and Christophers, 2014; Marcuse and Madden, 2016). The state, with its central role in safeguarding and reproducing capitalist relations, is inevitably at the heart of the crisis of housing insecurity. Declining political commitments and, in some cases, fiscal strain, are producing policies that make housing less affordable and less secure for many segments of the population. And, as moments of spectacular suffering such as the 2017 Grenfell Tower fire in London attest, these policies are also making housing less safe for its inhabitants (Madden, 2017).

### **SPECIAL ISSUE OUTLINE**

This special issue of *Housing Policy Debate* critically explores the role of policy in both generating and potentially addressing the instability faced by housing systems globally. With an ambitious set of contributions focusing on Brazil, China, Ghana, Greece, India, Ireland, Italy, Spain, and the United States, the articles featured in this issue represent the most wide-

ranging collection of international research the journal has ever published. Moreover, they include several original international comparative studies that explore the geographical connections and contingencies of what could appear as national housing crises, yet share common structural foundations.

Attending to the relationship between economic crisis and social housing, the articles by Byrne and Norris, Khare, and Zhang et al each address the pitfalls of the increasingly close relationship between social housing provision and the private market. In the first article, “Privatization in an Era of Economic Crisis: Using Market-Based Policies to Remedy Market Failures”, Khare’s study of Chicago’s Plan for Transformation shows how large-scale market downturns like 2008 shape market-oriented efforts to restructure social housing. Initiated in 1999 to demolish and redevelop more than half the city’s public housing units through public-private partnerships, the Chicago Plan and the financial challenges to completing the project were left to the local state, which continued to pursue private market strategies with partners intent on extracting government incentives to recoup profits, rather than questioning its reliance upon financial capital and the private sector. In the second article, “A Crisis of Crisis Management? Evaluating Post-2010 Housing Restructuring in Nanjing, China”, Zhang, Moore-Cherry, and Redmond similarly highlight an intensification of neoliberal policy strategies in the context of the post-2008 economic downturn. Through an analysis of state-backed housing provision in Nanjing, China, the authors expose the tensions between using the urban built environment to stimulate economic growth and the provision of housing for low- and middle-income populations; namely the reproduction of displacement and unaffordable housing. In the third article, “Procyclical Social Housing and the Crisis of Irish Housing Policy: Marketization, Social Housing, and the Property Boom and Bust”, Byrne and Norris take a longer historical view to show how the decades-long restructuring of

Ireland's social housing funding system has fundamentally shifted the sector's relationship to the market cycles of private-market housing. Whereas social housing once counterbalanced the failings of the private market and effects of recession, its funding model now both subjects social housing to market volatility and makes it likelier to intensify such volatility.

Taking a critical look at state efforts to address informal housing in the Global South, the articles by Gillespie and Ren respectively analyze state promotion of self help and financial inclusion, and the factors that shape local policy initiatives directed at informal settlements. In the fourth article, "Collective Self-Help, Financial Inclusion, and the Commons: Searching for Solutions to Accra's Housing Crisis", Gillespie analyses how state and market failures to provide low-income housing have left nearly half of residents reliant on slum housing characterized by overcrowding and minimal access to basic services and infrastructure. Offering a grounded critique of market-based inclusion and community self-help strategies, the article cautions a state initiative promoting the formation of citizen cooperatives to access financing and implement self-help housing cannot succeed at the scale needed without subsidies for land and development. In the fifth article, "Governing the Informal: Housing Policies Over Informal Settlements in China, India, and Brazil", Ren adopts a comparative methodology to develop an analytic framework for studying variations in local policy responses to informal housing, and is informed by the author's research in Guangzhou, China; Rio de Janeiro, Brazil; and Mumbai, India. The piece looks beneath the dominant narrative of entrepreneurial governance to show how different combination of forces of intergovernmental relations' electoral politics, municipal finance, and civil society capacity produce divergent responses to informal housing, and thus different local outcomes.

The articles by Rosenblatt and Sacco, and Alexandri and Janoschka, offer fascinating insights on the role and impact of financing regimes and housing investors - non-occupying purchasers of housing - before and after the crisis respectively. In the sixth article, "Investors and the Geography of the Subprime Housing Crisis", Rosenblatt and Sacco investigate the scale and spatiality of investor activity in Chicago and Cook County, Illinois, in the years leading up to the subprime crisis. They find that investor lending was characterised by geographically distinct and racially segmented submarkets, with subprime investment significantly clustered in low-income, majority Black neighborhoods. Significantly, the article shows how the type of financing on offer may help shape investor behavior with delayed-interest mortgages encouraging investors to increase their leverage and engage in property flipping. The article demonstrates that the crisis was not confined to "overreaching" homeowners, but extended to investors taking out subprime loans for speculative house buying. In the seventh article, "Who Loses and Who Wins in a Housing Crisis? Lessons From Spain and Greece for a Nuanced Understanding of Dispossession", Alexandri and Janoschka compare the different experiences and mechanisms of housing-related dispossession in arguably the two worst affected countries in Europe. Focusing on the winners and losers of the housing crisis following the post-2008 restructuring of housing markets, they show how the crisis in both countries was met with the pro-finance government interventions, steered by the European Union, designed to restructure the banking sectors and in effect rescale sovereign and commercial debt down to the individual. Large state bailouts of the banking system followed by austerity policies have massively increased ordinary Spaniards and Greeks' indebtedness and created Europe's highest rate of foreclosure in Spain and the world's highest rate of non-performing loans in Greece. The authors show that the policies of mortgage lending and bank regulation in Spain were in many cases illegal, akin to "dispossession by political fraud"; while in Greece, huge, unpayable tax increases now

generating the auctioning of people's homes and other forms of property amount to "dispossession by odious taxation". Significantly, as in the US experience, it is international investors - private equity firms, hedge funds and sovereign wealth funds - that are acquiring these dispossessed assets. Overall, the article's detailed comparative analysis offers a remarkable picture of two European countries following different path dependencies yet simultaneously governed by the dominant logic of rentier capitalism.

In the final article, "The Prehistories of Neoliberal Housing Policies in Italy and Spain and Their Reification in Times of Crisis", Di Feliciano and Aalbers argue that the policy roots of the current housing crisis - the global neoliberal drive to spread homeownership and the ideology of asset-based welfare from property speculation - were laid much earlier than commonly thought. Through their comparative analysis of the historical development of housing policies in Italy and Spain, they show how the DNA of neoliberal housing policies was in fact embedded during the twentieth-century fascist-dictatorial regimes of Mussolini and Franco. The promotion of homeownership and the liberalisation of the construction industry were key levers of fascist political economy, helping to drive capital accumulation and economic growth in the context of autarky. But the aspirational discourse of owner occupation as the natural outcome of hard work was also a core political technology of fascist hegemony, reinforcing a social hierarchy whilst bringing more people into the mortgage relation that was seen as a deterrent to radicalism and social disorder in the context of authoritarian rule. By helping us to understand how deeply rooted the ideology of home ownership is in different countries, the authors also reveal why, despite the clear negative economic and social consequences of promoting home ownership at all costs revealed with the 2008 financial crisis, it remains an ongoing policy commitment by governments across the world.

## IMPLICATIONS

Overall, this special issue suggests that since 2008, the “policy-outcome gap” between state ambitions and results for the public has significantly widened with policymakers largely relying on market friendly solutions that only entrench housing inequalities (Wetzstein, 2017). Indeed, rather than representing a turning point against neoliberalism, the post-2008 world has witnessed an intensification up of the neoliberal project. The outcome everywhere is the reassertion of housing privatisation policies alongside welfare state retrenchment, producing greater precariousness of work, income, and shelter, whilst boosting the power of rentiers to extract unearned income from property and land ownership. However, what is now different about the urban landscapes of Europe since the 2008 financial crisis is the rise of a new threat to secure, decent, and affordable housing from outside the nation-state in the shape of global financial actors scouring the planet for profitable opportunities. These include "global corporate landlords" (Beswick et al., 2016), primarily private equity firms like Blackstone and Goldman Sachs, acting like vulture capital to accumulate wealth from the urban dispossession of hundreds of thousands of households losing their homes from mortgage defaults by buying up repossessed homes and mortgage loan books from troubled banks. In turn, this is creating a market opportunity for institutional investors to engineer new dynamics of financialization (see Fields, forthcoming). The idea that Wall Street is now landlord to many thousands of tenants, including former homeowners, in both the US and Spain, opens up not only a bitter irony, but a major political problem of how to regulate and hold to account opaque private equity firms headquartered thousands of miles away. Global finance is also embodied in the institutional investors and sovereign wealth funds who attend the annual international and European real estate fairs held by MIPIM looking to exploit what

Tom Slater (2017) has called "planetary rent gaps" through acquiring, redeveloping, and gentrifying devalued public housing and land from indebted city governments.

As always, however, people are fighting back in innovative ways that point us in the direction of effective resistance that can also generate alternative housing models and social relations to the for-profit system - based on solidarity, dignity, and need. The emergence in recent years of international days of action against real estate fairs and global corporate landlords are hugely significant developments in the creation of cross-border organising networks and campaigns. Such international housing activism is essential in combating a global housing crisis in which government policy continues to move in the wrong direction.

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