

# Hands Off Our Homes

## The Financialization of Housing in Europe



EUROPEAN ACTION COALITION  
FOR THE RIGHT TO HOUSING AND TO THE CITY



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## Introduction

Everywhere in Europe, low income families, the unemployed, homeless people, Travellers, and middle class households have increasing difficulties accessing decent and affordable housing. Mortgages and real-estate loans, rising rents, energy, and water prices are the biggest monthly costs for most households.

Austerity policies were reinstated in many countries after the housing crisis of 2008. Banks, elites, investors and real estate developers have become even richer, while inequalities grow.

Foreclosures, forced evictions and homelessness increase through Europe as housing supply decreases and is privatized by investment funds. On the other hand, luxury apartments and office spaces are built, and stay empty. Housing has turned into a commodity.

The underlying causes of these processes are being uncovered and denounced; capital accumulation in our cities leading to commodification and the financialization of housing, to the benefit of the private sector and to the detriment of cities' inhabitants. Cities are used to create profit. Human rights to housing and to the city are violated.

In this brochure, we intend to carefully describe and shed a light on financialization of housing and propose different pathways for housing policy, away from financial speculation and big real estate interests.

We call all European housing movements, also wider society, to raise their voices against the financialization of our cities and homes. We demand decent and affordable housing for all.

**European Action Coalition for the Right to Housing and to the City**

## What is the financialization of housing?

The financialization of housing is the complete transformation of housing into a commodity on the real estate markets, but also on financial ones. This transformation allows speculation and, at the same time, the reduction of the social function of housing, both as an essential social need and as a fundamental human right.

The financialization of housing results from the expansion of neoliberal capitalism and its propensity for commodifying all spheres of life. The neoliberal deregulation and mixture of new laws favours the private sector by appropriating housing and turning it into a commodity.

### **Forms of financialization**

According to local and national experience, the financialization of housing in Europe occurs in three fundamental forms:

- ① Through mortgages (to access home ownership) that end up creating indebted families. Mortgages are sold as financial products by banks allowing for more speculation to take place. Further, easier availability of credit pushes up the price of housing.
- ② The direct and speculative investments of financial funds and corporations into real estate and housing market, which raise rents. High rent prices on the housing market make accessing housing or sustaining current housing more difficult.
- ③ Public-private partnerships, which have become a new form of city' governance where the private sector plays a crucial role in decision-making processes. Moreover the scenario seems to be always the same – the public sector carries all the risks and the private sector gets all the profit. Access to housing, built as result of these partnerships, is limited to certain segments of society and not those who are most in need. In this way these dwellings eventually pass into the speculative logic of the private sector.

### **Main political actors responsible for financialization**

Those actors responsible for the financialization of housing operate simultaneously at three different levels:

- ① Transnational/international actors (the European Union and its institutions, financial institutions, the International Monetary Fund, the World Bank, the European Central Bank).
- ② National States and their institutions.
- ③ Cities and/or local councils.

## **Consequences of financialization**

Consequences of financialization processes can be recognized everywhere, despite the wide variety of national context:

- almost total or ongoing privatization of public/social housing stock;
- increase of rents on the housing market;
- more and more empty buildings;
- land sold by States and local authorities for private development;
- increase of gentrification in neighbourhoods and the related residential displacements;
- touristification of city centres;
- intensification of the unequal development of “high and low income areas”;
- social segregation in cities;
- difficult access to affordable and decent housing;
- rising homelessness;
- widespread use of mortgages in order to access housing.

## The causes of the current situation

### **Economic crisis of 2008 and austerity policies**

Housing, as a profitable investment for capital, became a major target for speculation by banks and real estate companies in the last three to four decades. However, after the 2008 global economic crisis, which started with the bursting of the subprime mortgage bubble in the US, a wave of indebtedness spread across the globe and especially across Europe. Indebtedness, coupled with austerity policies, loss of social revenue and the contraction of the European economy, led to more predatory policies by banks and big real estate. They took an opportunity to invest in housing and to gain significant control over the available housing stock.

Policies in which mortgages are converted into new financial assets to be sold on the global financial markets were also increased after the crisis. The EU, also national governments, have not acted upon social necessity; to put in place effective regulations that protect people from evictions.

Indebted households had to lose their homes for the sake of profit-seeking predatory banks and hedge funds like Blackrock, Blackstone or Altamira.

## Privatization

In certain countries, the privatization of social housing created the scenario in which owners cannot bear the service charges for maintenance of common areas and so are threatened with eviction. Additionally, it led people to make a financial commitment through loans and mortgages, which can also end up with the evictions, as the final result.

Housing became a financial asset rather than a social answer for a fundamental human need.

The privatization of (public) housing for the benefit of big companies leads to speculation and rent increases. Privatization is forcing people from their homes and converting them into financial assets in the hands of big real estate companies and wealthy individuals. This is why, in numerous places, many dwellings are vacant and many people have no housing.

## “Hands Off Our Homes”: A Call to Action

### Who we are

**The European Action Coalition for the Right to Housing and to the City** is a network of different movements, currently 28 in 19 countries, which share the political conviction that housing is an essential social need and that living in an adequate house is a fundamental human right.

We, the European Action Coalition, want to discuss and to oppose financialization as a way of treating our homes, and to oppose states reinforcing the position of financial actors. With our campaign against the financialization of housing we want to create “houses not for profit”.

Thus, our fight is radical because we fight not only against the effects of the housing crisis, but also against its first causes. We fight against the speculative economy of the real estate market which led to the financial crisis and all its practices. We draw the attention to the fact that the economy based on mortgages strengthens a new cycle of real estate boom and financial bubble today.

We have worked together on building a common understanding of financialization in all its forms, which has led to this initial text. As we launch our campaign, we are working on a longer text explaining some of the ways that financialization functions and what it means for us and our communities. The demands below are the result of these discussions.

## Our demands

**“Housing is a place to live, not a commodity – it is a fundamental right!”**

The European Action Coalition, within the framework of its campaign against the financialization, defined several demands for all actors involved in 4 main areas: public/social housing, private investments, high rents, real estate loans and mortgages. We demand:

### 1. Public/Social housing

- stop the privatization of public/social housing and public land;
- stop the financing of public/private partnerships;
- require the maintenance of public/social housing and its construction;
- support the development of new forms of housing: cooperative and collective housing, community land trusts, self-constructed housing, mobile living quarters;
- requisition vacant buildings for social housing;
- establish public financing of 2 % of the GDP for the construction of new public/social housing;
- integrate 30 % of housing built by private developers into the public/social housing stock.

### 2. Private investments

- tax multiple properties and use these taxes for the development of public/social housing;
- establish an effective taxation system of vacant and unoccupied dwellings;
- stop taxes for owner occupiers with low incomes;
- stop the sale of land reserves to private real-estate development.

### 3. High rents

- establish and remake the mechanisms of rent regulation, especially for the private sector;
- make rents affordable for all tenants;
- modify national legislations for greater protection of tenants, in particular in case of the threat of eviction.

### 4. Real-estate loans and mortgages

- stop the policies of access to mortgage credit and instead construct public/social housing;
- stop evictions and ensure the right to stay in one's home in the case of defaulting;
- cancel or reduce mortgage debt according to the financial situation;
- modify legislations for mortgage loans and make it possible to suspend the repayments of loans when a household is in financial difficulties;
- create a fund for support and insurance insecure households.

## Our demands could be summarised as:

- Stop the state sponsorship of banks and mortgages;
- Stop the privatization of public and social housing;
- Support the construction and maintenance of good quality public and not-for-profit housing;
- Stop all evictions
- Control the private rent system for the protection of tenants' rights.

## There are many ways to get involved – you could:

- Let us know about the housing struggles in your city or neighbourhood – write something for our bulletin.
- Come and meet groups fighting for housing justice to learn how they are organising (at a campaign meeting, or through our exchange program).
- Get support to set up a group locally.
- Take action in our coordinated action days.
- Find out about the other work we do as a coalition.

### **See:**

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