

FROM PROPERTY ABANDONMENT TO PREDATORY EQUITY:  
WRITINGS ON FINANCIALIZATION AND URBAN SPACE IN NEW YORK CITY

by

DESIREE JUSTINA FIELDS

A dissertation submitted to the Graduate Faculty in Psychology in partial fulfillment of the  
requirements for the degree of Doctor of Philosophy,  
The City University of New York

2013

©2013

DESIREE JUSTINA FIELDS

All Rights Reserved

This manuscript has been read and accepted  
for the Graduate Faculty in Environmental Psychology  
in satisfaction of the dissertation requirement for the degree of Doctor of Philosophy

Dr. Susan Saegert

\_\_\_\_\_  
Date

\_\_\_\_\_  
Chair of Examining Committee

Dr. Maureen O'Connor

\_\_\_\_\_  
Date

\_\_\_\_\_  
Executive Officer

Dr. Manuel Aalbers  
Dr. David Harvey  
Dr. Tarry Hum  
Dr. Kathe Newman

\_\_\_\_\_  
Supervisory Committee

THE CITY UNIVERSITY OF NEW YORK

## Abstract

**FROM PROPERTY ABANDONMENT TO PREDATORY EQUITY:  
WRITINGS ON FINANCIALIZATION AND URBAN SPACE IN NEW YORK CITY**

by

Desiree Justina Fields

Adviser: Professor Susan Saegert

Financial markets, actors and imperatives are increasingly central to today's global capitalism, even in areas of the economy traditionally distinct from finance, such as real estate. This financialization changes the role of mortgage capital in urban space from building place-bound wealth to facilitating the extraction of value from place. This dissertation addresses questions about how financialization operates in the rental market, specifically its relation to: earlier processes of urban disinvestment, ongoing social and political struggles around urban space, the meaning of home and social reproduction. These questions correspond to broader theoretical debates about the contingent relationship between today's urban context and landscapes inherited at the end of the 1970s, the constraints and possibilities for today's community-based organizations and the consequences of finance's permeation into everyday life.

Using qualitative, archival and geographic methods, the research design revolves around a long temporal frame beginning with the 1970s urban crisis of property abandonment and continuing through the present. Geographic data was used to analyze relationships between property abandonment and private equity real estate investment. Archival data and interviews with veteran (n=11); mid-career (n=5); and emerging (n=9) nonprofit professionals provided insight

on community responses to disinvestment and financialization. Focus groups (N=5) with tenants (n=27) addressed social and psychological consequences of financialization.

Today's financialization of housing shapes uneven geographies of power: finance can make itself felt in property, but is often beyond the reach of community organizations and the city. Concentrated in low-income, minority neighborhoods, investors' financial risks undermined tenants' ontological security and social reproduction. Community organizations' development of discursive, data-driven and spatial tactics speaks to the political possibilities of contemporary community practice to contest financialization. The findings are relevant to efforts of community organizations to contest urban inequality, concerns about planning economically sustainable cities and policy approaches to affordable rental housing. This study contributes to research on geographies of financialization; in particular it responds to the need for critical attention to the socially and spatially uneven nature of processes associated with financialization of the domestic.

## ACKNOWLEDGEMENTS

I would like to acknowledge the support I have received during this project. First, this project has benefited enormously from the input of my committee members, particularly my mentor, Susan Saegert who has provided indispensable encouragement and critical feedback throughout all stages of this project and my doctoral training as a whole. I only hope that I can contribute to the intellectual development of future scholars with the spirit, generosity, dignity and respect Susan Saegert has extended to mine. To Kathe Newman, I thank you for the fortitude you showed as I worked through countless iterations of my dissertation proposal, for welcoming me to your academic family while encouraging me to think beyond its borders, and for asking the hard questions that have pushed the limits of my work. I have been fortunate for the contributions Manuel Aalbers brought to the project, especially his generosity as a career mentor and the attention paid to both the small details and the theoretical big picture that have improved the overall quality of the project. I am grateful to Tarry Hum for the patience and care with which she read this work and offered crucial suggestions for making it stronger. Finally I extend my appreciation to David Harvey for his own scholarship, which has provided many of the theoretical underpinnings of my own work, and for encouraging me to further explore questions of value in financialization.

In addition to my committee, I have many friends and loved ones to thank. First, to Kimberly Libman, one of the most creative minds I have ever known—everyone should be so lucky to have such a fantastic intellectual partner in crime, and I look forward to sharing many more conversations with you about theory, ethics and methods (over glorious meals, of course). Arlo and Christa Quint have been dear and steadfast friends, and this process would have been less punctuated by laughter and comfort had you not been a part of it. To my parents, Douglas

Fields and Laura Fields, I thank you for raising me to be an independent thinker, for your continued support and absolute certainty that I would succeed in this process, and for taking the time to learn about what I have been up to all this time. I certainly would not have made it this far without both of you. William Yackulic made a life with me in New York and has enriched my mind and heart with conversation, art, music and love. At times you have been surer than I about my work--I thank you for not letting me give up, and for all you have contributed to this process, which would have been infinitely more difficult and less rewarding without your partnership. Finally, I thank the city of New York for being its self, and letting me be my best self.

Statement of funding support: I gratefully acknowledge the Geography and Spatial Science program of the National Science Foundation for the Doctoral Dissertation Research Improvement grant (Award #1002780) that provided critical financial support for this research from 2010-2012.

## TABLE OF CONTENTS

ABSTRACT	iv
ACKNOWLEDGEMENTS	vi
LIST OF TABLES	xi
LIST OF FIGURES	xii
<b>INTRODUCTION</b>	<b>1</b>
Research design and methods	3
Data	5
Dissertation structure	9
<b>WRITING 1: From property abandonment to predatory equity: A genealogy of housing policy and community practice in New York City, 1976-2012</b>	<b>14</b>
Introduction	17
Background	22
‘Examining and situating the realized’	28
Fiscal discipline and the landlord of last resort	28
Spaces of abandonment	32
Temporality of responses to abandonment	36
Spatial resonances	72
Conclusions	76
Appendix 1.1	83
Appendix 1.2	84

	ix
<b>WRITING 2: The lived experience of predatory equity: Financialization and the meaning of home</b>	94
Introduction	96
Background	99
Research Context	107
Findings	111
Living conditions	111
Meaning of Home	115
Social reproduction	116
Tenants and politicization	120
Conclusions	124
<b>WRITING 3: Contesting the financialization of urban space: Community organizations and the struggle to preserve affordable rental housing in New York City</b>	136
Introduction	138
Background	140
Methods	152
Findings	154
Constructing a critical narrative	154
Strategic positivism	159
Reworking spaces of finance	162
Conclusions	167

**CONCLUSIONS**

x  
178

**BIBLIOGRAPHY**

202

## LIST OF TABLES

<b>WRITING 1: From property abandonment to predatory equity: A genealogy of housing policy and community practice in New York City, 1976-2012</b>	
Table 1.1: Characteristics of households in the <i>in rem</i> stock, 1981	35
Table 1.2: Housing rehabilitation and construction activities of 27 ANHD member organizations, 1965-1976	40
Table 1.3: Tenant assistance activities of 27 ANHD member organizations, 1975-1976	40
Table 1.4: DAMP program activity, year 1	46
<b>WRITING 2: The lived experience of predatory equity: Financialization and the meaning of home</b>	
Table 2.1: Participant demographic overview	108
Table 2.2: Ownership, investment and distress in predatory equity portfolios	109
<b>WRITING 3: Contesting the financialization of urban space: Community organizations and the struggle to preserve affordable rental housing in New York City</b>	
Table 3.1: Participating organizations	154

## LIST OF FIGURES

<b>WRITING 1: From property abandonment to predatory equity: A genealogy of housing policy and community practice in New York City, 1976-2012</b>	
Figure 1.1: Critical junctures and phases of policy and practice in responding to property abandonment	21
Figure 1.2: Number of <i>in rem</i> properties by borough, 1976-1981	33
Figure 1.3: Community districts with >500 <i>in rem</i> properties, 1976-1981	35
Figure 1.4: Structure of <i>in rem</i> program in HPD, 1979	45
Figure 1.5: Change in city-owned housing inventory, Giuliani administration	61
Figure 1.6: Race/ethnicity, poverty and unemployment of residents in high predatory neighborhoods versus city residents as a whole	73
Figure 1.7: Predatory equity, 2011 and community districts with >500 abandoned properties, 1976-1981	75
Figure 1.8: Geographic distribution of low-income cooperatives today relative to concentrations of abandoned properties, 1976-1981	79
<b>WRITING 2: The lived experience of predatory equity: Financialization and the meaning of home</b>	
Figure 2.1: Changes in multifamily property distress from 2008 to 2010	111
Figure 2.2: Change in distress from 2008-2010, Fordham/University Heights participants' buildings	112
Figure 2.3: Change in distress from 2008 to 2010, Hunts Point participants' buildings	113

Figure 2.4: Change in distress from 2008 to 2010, Crown Heights participants' buildings 113

**WRITING 3:** Contesting the financialization of urban space: Community organizations and the struggle to preserve affordable rental housing in New York City

Figure 3.1: Detail from *Predatory Equity: The Survival Guide* (CUP, 2009) 156  
explaining constraints for overleveraged buildings.

Figure 3.2: Cover of *Predatory Equity: The Survival Guide* 157

Figure 3.3: Ocelot portfolio tenants protesting Fannie Mae's sale of their homes on online auction forum for distressed debt. 165

## **CONCLUSIONS**

Figure 4.1: Neighborhoods with highest prevalence of overleveraged rental units against share and size of multifamily rental properties 184

**From Property Abandonment to Predatory Equity:  
Writings on Financialization and Urban Space in New York City**

This dissertation addresses the changing economic, social and political significance of housing finance and the implications this has for urban space. Mortgage market exclusion was of critical significance to 1960s and 1970s struggles for urban social justice: activists fought for access to mortgage capital to build wealth and gain more stability and resident control in low-income and minority communities. However neoliberal restructuring has made financial markets, actors and imperatives increasingly central to today's global capitalism (Fine, 2009; Harvey, 2005, 2011; Stockhammer, 2010). This financialization alters the relationship between mortgage capital and urban space: as the U.S. foreclosure crisis has shown, today once-underserved markets suffer from problems of "overinclusion", socially and economically destabilized by a flood of high-risk mortgage capital (Newman & Wyly, 2004; Wyly, Atia, Foxcroft, Hammel, & Phillips-Watts, 2006). Much of the high-risk lending seen at the height of the mid-2000s real estate bubble was driven by Wall Street demand for mortgage debt to be packaged as securities and derivatives, becoming financial products within circuits of global capital. Thus financialization creates new possibilities for extracting value from spatially fixed real estate, and can work against the interests of local stability and wealth creation (Aalbers, 2008; Gotham, 2009; Newman, 2009).

While the foreclosure crisis was taking shape, and in its wake, critical urban scholars in geography, planning and sociology have developed a strong knowledge base relating the integration of housing and financial markets to the reproduction of urban inequality (Aalbers, 2012b; Ashton, 2009; Crump et al., 2008; Immergluck, 2011; Sassen, 2009). Contributing to that knowledge base, this study extends the focus to rental housing, which is particularly relevant for

cities. The issues of inflated property values, weakened underwriting standards, rapid turnover and increased demand for mortgage-backed securities in the early to mid-2000s were not limited to the homeownership market; they also affected the rental market (Congressional Oversight Panel, 2010; Joint Center for Housing Studies, 2011; Parkus & An, 2009). For cities like New York, which took decades to recover from the urban crisis of the 1970s, these issues raise the specter of another prolonged period of rental housing instability and deterioration. Meanwhile ongoing but worsening problems of declining affordability and increasing housing insecurity for low-income renters mean that financialization threatens to perpetuate existing rental market inequalities by normalizing risk and heightening market volatility (Pike & Pollard, 2010).

Therefore this dissertation seeks to answer questions about how financialization operates in the rental market, specifically its relation to: earlier processes of urban disinvestment, ongoing social and political struggles around urban space, and the meaning of home and social reproduction. Focusing on multifamily rental housing in New York City, the study is structured around the city's crisis of property abandonment arising from the urban disinvestment of the 1970s, and the post-2008 collapse of a mid-2000s wave of aggressive private equity investments into its affordable rental sector. Housing advocates have termed the latter "predatory equity" based on the actors involved, the extractive motivations underlying the investments, and parallels to predatory lending in the homeownership market.<sup>1</sup> The questions motivating this dissertation correspond to broader theoretical debates about the contingent relationship between today's urban context and landscapes inherited at the end of the 1970s (Schafran, 2012), the constraints and possibilities of contemporary community practice in a neoliberal political economy

---

<sup>1</sup> More neutral terminology, such as "overleveraged" would also technically describe these purchases, which leveraged debt far beyond the property's rental income. I use the term predatory equity to retain the social and political significance of the investments, which relates to theories of accumulation by dispossession (cf. Harvey, D. (2012). *Rebel cities: From the right to the city to the urban revolution*. New York: Verso.)

(DeFilippis, Fisher, & Shragge, 2006; Leitner, Peck, & Sheppard, 2007), and the socio-cultural consequences of finance's permeation into everyday life (Allon, 2010; Martin, 2002). Empirically, this study adds to the knowledge base on geographies of financialization; in particular it responds to the need for critical attention to the socially and spatially uneven nature of processes associated with financialization of the domestic (French, Leyshon, & Wainwright, 2011; Pike & Pollard, 2010). As such the research findings are relevant to efforts of community organizations to contest urban inequality, concerns about planning economically sustainable cities and policy approaches to affordable rental housing.

I present the findings and interpretations from this dissertation in three manuscripts intended for publication in peer-reviewed journals. Each manuscript contains a discussion of the literature most germane to the main themes of the article; because each is meant to be a standalone piece the three manuscripts overlap somewhat, primarily in giving details of the housing crises around which the larger study is structured.

### **Research design and methods**

This study asks: How does the financialization of rental housing affect both tenants and the practices community-based organizations use to preserve affordable rental housing? It further asks: How does today's geography of financialization relate to the geography of the 1970s crisis of property abandonment? To answer these questions I employed qualitative and geographic research methods and a range of data sources, which I describe in some detail below after providing an overview of the general research design.

In relation to rental housing, I define financialization as:

- A new role for rental housing (and the associated debt) in strategies of capital accumulation by financial actors (e.g. hedge funds, private equity firms, issuers and traders of securities and derivatives), and;
- The application of capital market processes (e.g. rapid turnover of ownership), norms (high debt leveraging, managing risk through portfolio diversification) and imperatives (e.g. expectations for double-digit profit growth) to rental housing.

Tenants of rental properties do not purchase property as homeowners do; instead they make rent payments to a landlord. Therefore the financialization of rental housing may involve the more direct engagement of new financial actors or entities (such as Real Estate Investment Trusts, or REITs) in real estate through properties or mortgages, whereas the financialization of housing in the homeownership market is more commonly understood to involve securities and derivatives. In this study the financialization of rental housing involves private equity firms leveraging equity stakes and commercial mortgage loans to purchase multifamily rental properties, frequently buying out the smaller, more local owners that characterize the U.S. rental market (Savage, 1998). While a portion of the commercial mortgages that financed these purchases were securitized, I primarily focus on private equity-as-landlord, how this change in ownership entailed new assumptions about rates of profit and tenant turnover, and how it connected the built environment's fate to the fate of finance markets (Aalbers, 2008).

Despite the spectacle of high-risk lending, house flipping and feverish trading of toxic mortgage-backed securities that characterized the mid-2000s housing bubble, financialization is no recent phenomenon. Instead financialization is a recurring response to diminishing returns, increased competition and erosion of hegemony following a period of sustained expansion

(Arrighi, 1994; Krippner, 2009). Thus our most recent financial turn is deeply tied to the economic crisis conditions of the 1970s, which followed a long period of postwar economic expansion, and the neoliberal ideology and free market practices emerging from that crisis (Aalbers, 2012a; Arrighi, 1994).

Drawing on this insight, the design of the present study revolves around a long temporal frame that begins not with the housing boom of recent years, but with the 1970s urban crisis of disinvestment and property abandonment. Here Bent Flyvbjerg's (2001) emphasis on the production of historically contextualized social scientific knowledge informs my approach. Flyvbjerg (2001) argues that a long view allows for an understanding of how traditions with long historical roots influence current practices (p. 137). Concurring with this assertion, I use geographic and archival data and generationally segmented interviewing to examine how the spatial, social and political contours of the abandonment crisis and the neoliberal restructuring with which it coincides help produce both the current practices of financialization and the current tactics of community-based organizations. Finally, although scholarly interest in financialization has grown, our understanding of the social consequences of finance's new role in non-financial realms (French et al., 2011), especially domestic space (Pike & Pollard, 2010), is limited. To that end I conducted focus groups with tenants affected by predatory equity.

## **Data**

### **Geographic data**

**Property abandonment:** Most accounts of the city's property abandonment crisis highlight Harlem, the South Bronx and central Brooklyn as the most devastated areas; indeed this account is embedded in the city's collective memory. However few researchers have used Geographic Information Systems (GIS) technology to systematically document the geography of property

abandonment. One study of the Ten Year Capital Plan did map the concentration of housing units built or rehabilitated per capita under the plan at the community district level, finding a strong correlation between total Ten Year Plan activity and the district's amount of city-owned housing when the Plan began in 1986 (Van Ryzin & Genn, 1999). To address this gap I filed a Freedom of Information Law request with the New York City Department of Finance (DoF) for data on all real property transactions for the period covering 1976 (when the city's vesting of tax-delinquent property sharply increased due to the passage of a "fast foreclosure" law) through 1981 (when the city's number of vacant buildings peaked, according to Hackworth, 2007). I then filtered the data for deed transfers between the DoF and the City of New York to measure vesting of tax delinquent, abandoned property; this process indicated that 20,116 abandoned properties were taken into city ownership from 1976-1981. I used MapPLUTO tax block boundary files to geocode these data and then conducted a spatial join, creating a count of abandoned properties per community district for this period. The lack of digitized, archival tax-parcel level data on property characteristics (particularly number of dwelling units) prevents a calculation of the rate of abandoned properties per community district. Here I referred to data on the geography of New York's multifamily housing (Furman Center for Real Estate and Urban Policy, 2010) to contextualize the count of abandoned property in terms of the share of a community district's residential units in multifamily rental properties and the average number of units per property.

**Predatory equity:** The best available measure of predatory equity is a database of about 1072 properties covering 49,222 housing units. The list of properties was created inductively, through the on-the-ground work of community-based organizations as they engaged tenants, researched property owners, and followed market conditions. The Local Initiatives Support Corporation

then pulled all of this information together and integrated it with data from the Building Indicator Project (BIP). Using public data on building and housing code violations and liens, BIP calculates a holistic indicator of multifamily physical and financial distress. The result of combining the two data sources is a rich database, providing property-level information on housing characteristics and physical and financial distress. I used this database to calculate the percent of rental units affected by predatory equity in 56 of New York's 59 community districts (excluding Staten Island, which is not represented in the data). I created maps of the results with GIS, using slightly modified natural breaks to categorize neighborhoods as having 0%, .01-1%, 1.04-4.5% or 5-10% of their rental units affected by predatory equity.

### **Qualitative data**

**Generationally segmented interviews:** Whereas the geographic data afford a perspective on how property abandonment and predatory equity relate to each other spatially, qualitative data from interviews with veteran, mid-career and emerging nonprofit professionals and other key actors provide insight on changes over time in housing policy and community practice. The content of these interviews generally revolved around: how organizations initially responded to property abandonment and how their practice changed as community-based solutions were integrated into city policy<sup>2</sup>; the development of tactics to contest predatory equity investments; key challenges and successes associated with responding to both property abandonment and predatory equity, and; similarities and differences between the 1970s context of disinvestment and today's context of financialization.

Overall I conducted 25 interviews with nine emerging professionals (those doing front-line organizing and programming work), five midcareer professionals (those who began their careers in the 1990s and are now at the executive director or policy director level) and 11 veteran

---

<sup>2</sup> These topics were generally limited to interviews with veteran professionals.

professionals (those who have been engaged in affordable housing and community development in New York City since the 1970s). Participants represented six nonprofit organizations with a citywide focus and eight with a neighborhood-specific focus (I interviewed more than one individual from five organizations); I also interviewed several representatives from for-profit affordable housing developers, real estate think tanks, property management companies, financial institutions and the New York City Department of Housing Preservation and Development (HPD).

**Archival data, artifacts and gray literature:** Materials from the New York City Hall Library supplemented the generationally segmented interviews and geographic data. Key archival materials included HPD's annual reports on the inventory of city-owned property, the triennial report of the findings from the New York City Housing and Vacancy survey and reports issued by community organizations. I also employ recent articles from local newspapers and trade publications (e.g. Crain's New York Business), press releases issued by government officials and gray literature in the form of original research conducted by nonprofit organizations and think tanks (cf. Shultz, Perine, Bahchieva, & Dasgupta, 2012). Artifacts related to predatory equity such as pamphlets, blog posts and images from protests are an additional data source.

**Tenant focus groups:** Although there is a contingent of scholars pursuing a sociocultural approach to financialization, much of this work remains theoretical (cf. Allon, 2010), or situates these concerns in relation to the "assembly of everyday investor identities" (Langley, 2007, p. 67; Martin, 2002). This study considers how low-income tenants, who are at once distant from financial machinations and yet intimately affected by them, experience the financialization of rental housing. To that end I conducted a series of five focus groups (n=8; n=2; n=5; n=9; n=3) with a total of 27 tenants. All participants were recruited from properties in physical and

financial distress as a result of excessive debt leveraging. Focus group conversations addressed changes in participants' living conditions; the impact of housing deterioration on individual and household well-being, health and social relationships; how participants understood the distress they experienced in their buildings (i.e. why this was happening and whether they saw it as connected to changes in ownership); and action taken in response to housing distress.

Participants represented three different investment portfolios with a total of 20 buildings: 10 in the Northwest Bronx; four in the South Bronx; and four in central Brooklyn. Of these 20 buildings, 10 were represented in the focus groups (six from the Northwest Bronx portfolio, three from the South Bronx portfolio and one from the central Brooklyn portfolio). The sample was 65% female. All focus group participants were from minority racial/ethnic groups: 48% were African-American; 25% were from Mexico, Central America or South America; 19% were Dominican or Puerto Rican; and 8% were Afro-Caribbean American.

### **Dissertation structure**

I use these geographic and qualitative methods and data sources to address questions of how the financialization of rental housing relates to earlier processes of urban disinvestment, ongoing social and political struggles around urban space and the meaning of home and social reproduction. The findings are presented in three standalone writings, starting with the relationship between property abandonment and predatory equity, proceeding to the social and psychological implications of financialization and ending with the potential for community organizations to contest financialization.

The first piece is "*From property abandonment to predatory equity: A genealogy of housing policy and community practice in New York City, 1976-2012*". It draws on the geographic data on property abandonment and predatory equity, archival data from the City Hall

Library and generationally segmented interview data (primarily interviews with veteran and midcareer professionals) to trace a genealogy of housing policy and community practice developing from the problem of property abandonment. I attend to how different rhythms of neoliberal restructuring at the local and federal levels first cultivated a central role for community-based organizations in rehabilitating, owning and managing abandoned property and then facilitated a dramatic restriction of this role as the city privatized these properties entirely. Responding to the need to situate today's finance-led crisis in the neoliberal restructuring that began in the 1970s, I consider how, in a series of critical junctures, the decisions made about property abandonment also shape the possible routes for housing policy and community practice in response to today's crisis of predatory equity. I ground this temporal analysis in an overview of the geography of property abandonment and conclude with a discussion of how predatory equity intersects with property abandonment, including an analysis of the similarities and differences in the geography of disinvestment and financialization.

The second piece, "*The Lived experience of predatory equity: Financialization and the meaning of home*" analyzes tenant focus groups. Addressing a key gap in the literature on financialization, the article considers the socio-spatial consequences of the financialization of housing. The risk and volatility associated with financialization reproduce housing insecurity and undermine the meaning of home for low-income and minority renters. In making visible how financialization plays out at the level of lived experience, this piece contributes to recent efforts to theorize changing social relations of rent (Wyly, Moos, Hammel, & Kabahizi, 2009). It also speaks to the need to develop social, political and policy efforts that can hold financial actors accountable. This question increasingly relevant to the broader U.S. context, in which hedge

funds and private equity firms are encroaching into the landscape of foreclosed single-family properties to operate as large-scale rental housing (Gittelsohn, 2012).

The third and final substantive piece of this dissertation, “*Contesting the financialization of urban space: Community organizations and the struggle to preserve affordable rental housing in New York City*” is primarily based on analysis of the generationally segmented interviews as well as artifacts and gray literature. In many ways this article picks up where the first piece ends, focusing on how community organizations contend with financialization in their practice to preserve affordable rental housing. Mindful of the challenges and constraints neoliberalism poses for community groups, the piece analyzes their responses to predatory equity in terms of how organizations developed effective and innovative practices and forms of engagement as a means of contesting financialization. I offer a positive reading of the political possibilities for contemporary community practice, contributing to efforts to decenter neoliberalism in urban theory.

Following these articles I provide a brief concluding piece in which I consider the strengths and limitations of the study, its theoretical and empirical contributions and the questions this dissertation has generated for future research.

## References

- Aalbers, M. (2008). The financialization of home and the mortgage market crisis. *Competition and Change*, 12(2), 148-166.
- Aalbers, M. (2012a). Subprime cities and the twin crises *Subprime cities: The political economy of mortgage markets* (pp. 1-22). Oxford: Blackwell Publishing.
- Aalbers, M. (Ed.). (2012b). *Subprime cities: The political economy of mortgage markets*. Oxford: Blackwell Publishing.
- Allon, F. (2010). Speculating on everyday life: The cultural economy of the quotidian. *Journal of Communication Inquiry*, 34(4), 366-381.
- Arrighi, G. (1994). *The long twentieth century: Money, power, and the origins of our times*. New York: Verso Books.
- Ashton, P. (2009). An appetite for yield: The anatomy of the subprime mortgage crisis. *Environment and Planning A*, 41(6), 1420-1441.
- Congressional Oversight Panel. (2010). *Commercial real estate losses and the risk to financial stability*. Washington, D.C.
- Crump, J., Newman, K., Belsky, E., Ashton, P., Kaplan, D., Hammel, D., & Wyly, E. (2008). Cities destroyed (again) for cash: Forum on the U.S. foreclosure crisis. *Urban Geography*, 29(8), 745-784.
- DeFilippis, J., Fisher, R., & Shragge, E. (2006). Neither romance nor regulation: Re-evaluating community. *International Journal of Urban and Regional Research*, 30(3), 673-689. doi: 10.1111/j.1468-2427.2006.00680.x
- Fine, B. (2009). *Financialisation and social policy*. Paper presented at the Social and political dimensions of the global crisis: Implications for developing countries, Geneva.
- Flyvbjerg, B. (2001). *Making social science matter: How social inquiry fails and how it can succeed again*. Cambridge: Cambridge University Press.
- French, S., Leyshon, A., & Wainwright, T. (2011). Financializing space, spacing financialization. *Progress in Human Geography*, 35(6), 798-819. doi: 10.1177/0309132510396749
- Furman Center for Real Estate and Urban Policy. (2010). New York City's multi-family rental housing and the market downturn *State of the City's Housing and Neighborhoods*.
- Gittelsohn, J. (2012). Foreclosures draw private equity as U.S. sells homes Retrieved June 20, 2012, from <http://www.bloomberg.com/news/2012-01-31/foreclosures-draw-private-equity-as-u-s-selling-200-000-homes-mortgages.html>

- Gotham, K. F. (2009). Creating liquidity out of spatial fixity: The secondary circuit of capital and the subprime mortgage crisis. *International Journal of Urban and Regional Research*, 33(2), 355-371. doi: 10.1111/j.1468-2427.2009.00874.x
- Hackworth, J. (2007). *The neoliberal city: Governance, ideology and development in American urbanism*. Ithaca, N.Y. and London: Cornell University Press.
- Harvey, D. (2005). *A brief history of neoliberalism*. Oxford: Oxford University Press.
- Harvey, D. (2011). *The enigma of capital: and the crises of capitalism*: Profile Books.
- Immergluck, D. (2011). The local wreckage of global capital: The subprime crisis, federal policy and high-foreclosure neighborhoods in the U.S. *International Journal of Urban and Regional Research*, 35(1), 130-146.
- Joint Center for Housing Studies. (2011). Rental market stresses: Impacts of the Great Recession on affordability and multifamily lending. Cambridge, MA: Harvard University.
- Krippner, G. (2009). Giovanni Arrighi: An appreciation. *Trajectories*, 21(1), 4-7.
- Langley, P. (2007). Uncertain Subjects of Anglo-American Financialization. *Cultural Critique*(65), 67-91. doi: 10.2307/4539797
- Leitner, H., Peck, J., & Sheppard, E. (2007). *Contesting neoliberalism: Urban frontiers*: Guilford Press.
- Martin, R. (2002). *Financialization of daily life*. Philadelphia: Temple University Press.
- Newman, K. (2009). Post-industrial widgets: Capital flows and the production of the urban. *International Journal of Urban and Regional Research*, 33(2), 314-331.
- Newman, K., & Wyly, E. (2004). Geographies of mortgage market segmentation: The case of Essex County, New Jersey. *Housing Studies*, 19(1), 53-83.
- Parkus, R., & An, J. (2009). The future refinancing crisis in commercial real estate: Estimates of the magnitude of refinancing risk, equity deficiency and losses from maturity defaults *CMBS Research*. New York: Deutsche Bank.
- Pike, A., & Pollard, J. (2010). Economic geographies of financialization. *Economic Geography*, 86(1), 29-51. doi: 10.1111/j.1944-8287.2009.01057.x
- Sassen, S. (2009). When local housing becomes an electronic instrument: The global circulation of mortgages — A research note. *International Journal of Urban and Regional Research*, 33(2), 411-426. doi: 10.1111/j.1468-2427.2009.00868.x
- Savage, H. (1998). *What we have learned about properties, owners and tenants from the 1995 Property Owners and Managers Survey*. (H121/98-1). Washington, D.C.: U.S. Census Bureau.

- Schafran, A. (2012). Origins of an Urban Crisis: The Restructuring of the San Francisco Bay Area and the Geography of Foreclosure. *International Journal of Urban and Regional Research*, 37(2), 663-688.
- Shultz, H., Perine, J., Bahchieva, R., & Dasgupta, D. (2012). The impact of multifamily foreclosures and over-mortgaging in neighborhoods in New York City. New York City: Citizens Housing and Planning Council of New York City.
- Stockhammer, E. (2010). Financialization and the global economy. Amherst, MA: Political Economy Research Institute,.
- Van Ryzin, G., & Genn, A. (1999). Neighborhood change and the City of New York's Ten-Year Housing Plan. *Housing Policy Debate*, 10(4), 799-838.
- Wyly, E., Atia, M., Foxcroft, H., Hammel, D., & Phillips-Watts, K. (2006). American home: Predatory mortgage capital and neighborhood spaces of race and class exploitation in the United States. *Geografiska Annaler*, 88(1), 105-132.
- Wyly, E., Moos, M., Hammel, D., & Kabahizi, E. (2009). The Class-Monopoly Rents of American Subprime Mortgage Capital. *International Journal of Urban and Regional Research*, 33(2), 332-354.

Running head: FROM PROPERTY ABANDONMENT TO PREDATORY EQUITY

**WRITING 1**

**From property abandonment to predatory equity: A genealogy of housing  
policy and community practice in New York City, 1976-2012**

**Abstract**

In New York City, the significance of financialization cannot be understood without situating it in historical context of the disinvestment and abandonment the city faced in the 1970s and early 1980s. This paper concerns a mid-2000s wave of aggressive private equity investment into New York's affordable rental market (known as "predatory equity") and the genealogy of housing policy and community practice linking this moment with the city's 1970s property abandonment crisis. I draw on a wide range of data sources, including interviews with veteran, midcareer and emerging nonprofit professionals; archival data on property abandonment; and a contemporary database of overleveraged multifamily properties. The resulting analysis temporalizes the genealogy of housing policy and community practice as unfolding in a series of critical junctures that shaped a broad public role for the city and nonprofit organizations in developing affordable, often community-or resident-controlled housing from 1978 until the privatization of city-owned housing in 1995. Today's financialization of housing shapes uneven geographies of power: finance can make itself felt in property, while the territory of finance is frequently beyond the reach of community organizations and the city. This signals a new critical juncture and an imperative to develop new spatial tactics of contesting finance.

*Keywords:* temporality, financialization, community development, urbanization, power geographies

**From property abandonment to predatory equity: A genealogy of housing policy and  
community practice in New York City, 1976-2012**

*“There used to be a lot of abandoned buildings. And those slowly but surely, have all been renovated...And then, all of a sudden, you've got -- at least with the Ocelot buildings-- buildings going completely vacant, because they were so bad.”* (Gregory Lobo Jost, University Neighborhood Housing Program)

*“The entire Bronx is underwater [overmortgaged]... the number of buildings either in foreclosure or headed to foreclosure, or being re-specified on, or in horrible physical condition...it brings up memories of the 60s and 70s, the Bronx could easily get to that point.”* (Dina Levy, Urban Homesteading Assistance Board)

*“So, they had **this** much space to operate in [during the 1970s abandonment crisis]; now, we have **this** much space [much less, compared to the 1970s] to operate in.... And so, we're left with not being able to shape the solutions, but being able to kind of operate within the margins of the solutions that are shaped for us.”* (Benjamin Dulchin, Association for Neighborhood and Housing Development).

The New York City real estate market of the 2000s, with its development boom, bidding wars and historic deals,<sup>1</sup> seemed to speak to how far the city had come from the urban decay of the 1970s—the days of burning buildings, when “planned shrinkage” was on the policy agenda. Indeed, rather than being starved of real estate capital, in the 2000s the city’s multifamily rental market, which houses over two million New Yorkers, was awash with financing. From 2005-2009 private equity investors bought up 100,000 units of housing in the city’s private, rent-regulated market (roughly 10% of that sector’s supply) (Association for Neighborhood and Housing Development, 2009, hereafter ANHD 2009). Through buying up portfolios as large as 50 buildings, private equity investors quickly crowded out many longtime local operators. The

---

<sup>1</sup> Such as the \$5.4 billion sale of the Stuyvesant Town/Peter Cooper Village development (with almost 12,000 dwelling units total) in 2006, then the biggest real estate deal in the country’s history. The buyers, BlackRock Realty and Tishman-Speyer Properties, anticipated the properties’ income would triple within just five years of purchase, but defaulted on their mortgage obligations in 2010.

purchases were also heavily debt-leveraged, with prices inflated by the real estate boom, exuberance about continuously rising property values and by investors' expectations they would use tenant turnover and rent increases to move units out of rent regulations and secure market-rate returns (ANHD, 2009; Center for Urban Pedagogy, 2009). This strategy earned the investments the moniker "predatory equity", which advocates coined to highlight both the actors involved in the investments<sup>2</sup> and their extractive nature. The term also links this issue in the rental market to popular understandings of the dangers of predatory lending in the single-family foreclosure crisis. Many predatory equity investments were overleveraged (with mortgage debt far outweighing current rental income even when typical rates of tenant turnover are taken into account) *before* the 2008 economic collapse led to their financial unraveling, which has now caused physical distress and increased vacancies reminiscent of the 1970s in many buildings.

The financial and physical distress associated with overleveraged private equity real estate investment threatens the decades of work it took the city to recover from the disinvestment and decline of the 1970s. The quotes from affordable housing and community development professionals that open this paper show how the crisis of the present moment calls up fears of history repeating itself. However they also point to intervening processes that mark important differences between past and present—the slow but sure renovation of abandoned buildings by nonprofit organizations, as well as a constrained role for the same organizations in shaping solutions to today's crisis. The past is living in the present for the city's nonprofit housing and neighborhood organizations in a way that urges us to pay attention the simultaneities, interactions and inequalities through which past and present co-exist (Lefebvre, 2003 [1970]).

---

<sup>2</sup> While private equity firms were not the only actors using heavy debt leverage to purchase affordable rental properties, they represented a large segment of such activity in New York City, and a substantially new kind of actor to affordable housing and community development groups.

This paper uses today's finance-led disturbance of the urban housing market as a point of departure for analyzing how the character and direction of local housing policy and community practice developed out of New York City's landlord abandonment crisis, when the city became "landlord of last resort" for nearly 40,000 families. Occurring in the wake of New York's 1976 fiscal breakdown, this lineage is inextricable from neoliberal restructuring and the turn toward urban-led capital accumulation (Harvey, 2005; Lefebvre, 2003 [1970]). With urban space as both site and object of political economic strategy, parameters for local policy and development have emerged that privilege corporate interests, particularly developers and bankers (Brenner & Theodore, 2002; Lefebvre, 2003 [1970]; Moody, 2007; Sites, 1997; Sites, Chaskin, & Parks, 2007). Writing of "the urban problematic" in 1970, Lefebvre warned of the 'fragmented analytic tools' available to comprehend urban society. More than thirty years later, Neil Smith reflected on the stakes with the understandings and concepts developed since: "highly mobile global capital increasingly descends to and aspires to the remake of urban centers; at the same time there is a more seamless collaboration among property capital, the state, retail capital and financial capital than at any previous time" (Smith in Lefebvre 2003 [1970], p. xxi). From this vantage point, we are better equipped to "examine and situate the realized" (Lefebvre 2003 [1970], p. 23) and consider its significance for the present moment.

Neoliberal restructuring is rarely "pure"—instead, market-oriented reforms encounter specific geographic, political and historical contexts, entailing a range of uneven trajectories and outcomes in particular places (Brenner and Theodore 2002). Here I draw on Bent Flyvbjerg's (2001) view that such context-dependence "does not mean just a more complex kind of determinism" but "an open-ended, contingent relationship between contexts, actions and interpretations" (p. 43) that unfolds over time. This perspective informs my approach to crafting

a genealogy of housing policy and community practice from New York City's landlord abandonment crisis of the 1970s to today's crisis of predatory private equity investments. After McLeod and Thomson (2009), I use genealogy not as a linear, progressive narrative of history, but as a method to "problematize the present, examining the diverse contingencies, unpredictable events and conditions of possibility that enable and produce the present" (p. 49).

The remainder of this paper is organized as follows: first, I provide more background on the context in which the landlord abandonment crisis emerged from a confluence of global, national and local circumstances. Then I situate property abandonment in relation to the transition to a postindustrial urban economy and financialization, which leads into a more detailed explanation of the emergence of private equity real estate investment in New York City's affordable rental housing. With this background in place, I ground the discussion to follow in the geography of landlord abandonment, based on archival data provided by the NYC Department of Finance.<sup>3</sup> Finally I present the lineage of policy and practice connecting past and present. This is the heart of the paper, drawing on multiple data sources including:

- Interviews with veteran, midcareer and emerging affordable housing and community development professionals<sup>4</sup>;
- Reports and publications from the archives of the New York City Hall Library; and
- A range of secondary sources such as newspaper and magazine articles and academic research.

Temporally, organizational and policy and policy responses to landlord abandonment can be broken down into four periods: contestation and fragmentation (pre-1978); professionalization

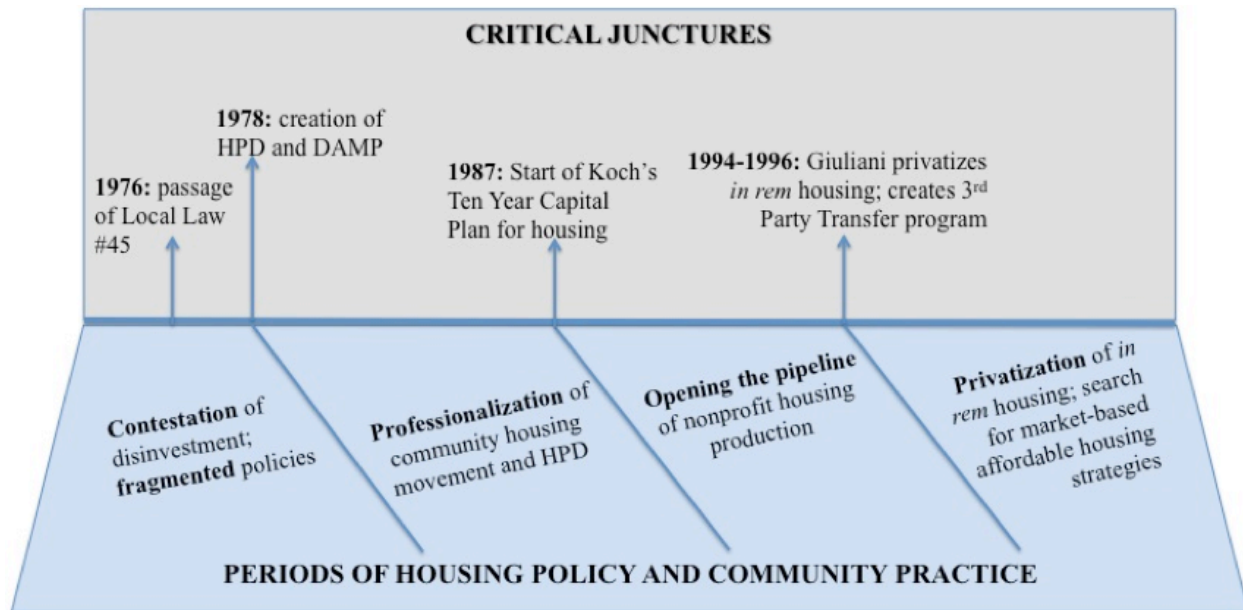
---

<sup>3</sup> Appendix 1 provides an overview of the methodology for defining and measuring property abandonment. is provided in Appendix 1.

<sup>4</sup> A complete list of interview participants is provided in Appendix 2.

(1978-1986); opening the pipeline (1986-1994); and privatization (1994-the present). I organize this genealogy around a series of critical junctures that mark key policy shifts in the city's approach to property abandonment (see Figure 1.1).

**Figure 1.1: Critical junctures and phases of policy and practice in responding to property abandonment.**



The practice of activists, community-based affordable housing organizations and community development corporations is (partially) constitutive of these shifts, and (partially) constituted through them. Here I use the idea of the critical juncture to indicate how local pressures intersect with broader social forces, market and economic conditions and political conflicts to prompt movements in policy. In presenting this lineage, I work to show that divisions between time periods are rarely ruptures so much as transitional spaces where the old and the new bleed into one another. I also attend to the ways in which both policy and practice stand in relationship to the temporal cycle of neoliberal restructuring at the federal level. Indeed the broader trajectory of housing policy and community practice from the 1970s to the present rests

in large part on contingencies between the rhythm and character of changes at the federal, state and local level. By way of conclusion I discuss points of social, political and spatial resonance where the past is very much present in thinking and action around predatory equity.

### **Background**

#### **Clearing the ground**

Occurring at a moment when cities were becoming “increasingly important geographic targets and institutional laboratories for neoliberal policy experiments” (Brenner and Theodore 2002, p. 368), New York City’s fiscal crisis made it an important test case for neoliberal reforms (Harvey 2005). Generally, deregulation (especially in banking and finance) and devolution of responsibility from the federal level and privatization of social welfare posed particular challenges for cities as federal aid declined and capital mobility increased (Brenner & Theodore, 2002; Hackworth, 2007; Peck & Tickell, 2002). This pushed localities to find new ways to attract and retain capital. In New York, the post-fiscal crisis restructuring of the city’s finances slashed public spending on social welfare (Tabb 1982) and devoted an increasing share of public money to assisting growing sectors of the economy: finance, insurance and real estate (Hackworth 2007).

By the 1970s the slow disaster of urban decline had been unfolding for decades, but economic and fiscal crisis placed the city’s housing stock under acute distress. As owning and operating a multifamily rental property became less economically viable, landlords sought to extract capital to reinvest elsewhere (Smith, 1979). At first this took the form of cutting back on maintenance and services, but many times equity stripping culminated in arson (to receive insurance money) or owners simply walking away and forfeiting property claims by defaulting on real estate taxes. This process created housing shortage as the worst units were removed from

the market (contributing to displacement and renters living in overcrowded or uninhabitable conditions). It also worsened New York's fiscal problems since then, as now, property taxes dominated the city's tax system (Edgerton, Haughwout, & Rosen, 2004). From 1970-1978, New York City lost 40,000 housing units a year to abandonment (Braconi, 1999), contributing to devastating blight, particularly in central Brooklyn, Harlem and the South Bronx.

Leaving the city with ownership of a vast underperforming market in land and housing, in some ways the abandonment crisis may be seen as an example of 'creative destruction' (cf. Brenner and Theodore 2002). Housing obsolescence and land depreciation cleared the ground at the turn to neoliberal urbanization, translating to profitable redevelopment possibilities and new investment opportunities (Smith, 1979; Weber, 2002). Rebuilding the city's neighborhoods would be integral to rebuilding the (postindustrial) urban economy--one oriented around global exports of finance, insurance and real estate services instead of goods (Hackworth, 2007; Moody, 2007).

Indeed economic liberalization has made financial markets and actors increasingly central to the workings of capitalism, as the state has deregulated the banking and finance sectors and opened up global capital flows (Fine, 2009; Krippner, 2005; Stockhammer, 2010). Aalbers (2008) argues that the process of financialization entails a switching of capital from the primary (manufacturing and industrial production), secondary (production and consumption of the built environment) and tertiary (investments in social infrastructure, e.g. science, healthcare, education) circuits of capital to a fourth, financial, circuit. The neoliberal restructuring undertaken as Western economic hegemony began to unravel in the 1970s was crucial to the financialization of the economy and promoting the rise of finance markets generally (Krippner, 2011); developments in federal banking and housing policy have especially contributed to the

restructuring of the housing and mortgage markets in ways that link them heavily with financial markets (Aalbers, 2008; Gotham, 2009; Immergluck, 2009). Thus demand for mortgages from which to develop securities and derivatives drove much of the high-risk and predatory lending practices that in turn contributed exponentially to the severity of the U.S. foreclosure crisis and ensuing global financial crisis and economic downturn (Aalbers, 2008; Gotham, 2009; Newman, 2009). The foreclosure crisis has been widespread, but profoundly uneven, intersecting with older frameworks of racial inequality to result in disproportionate impacts of high-risk lending for 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). The financialization of housing thus changes the role of mortgage capital in local communities from facilitating borrowers' access to credit to facilitating global investment (Aalbers, 2008).

These dynamics affirm Pike and Pollard's (2010) caution about the potential for financialization to reproduce existing structures of inequality, or create new ones. In this research I pursue concerns about financialization and inequality, but extend the focus of existing work to include multifamily rental housing (buildings with 5 or more dwelling units) affected by private equity real estate investment. Although many scholars have addressed this dynamic through mortgage securitization, there are many ways of employing mortgage finance to transcend real estate's spatial fixity, depending on the actors involved and the tools at their disposal. 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, this can be the basis of another financial product; indeed distressed debt market has evolved from a concept to a

global investment market since the early 1990s (DuPonte, 2010). Here I turn to the case of predatory equity to consider the dynamics of financialization in multifamily rental housing.

### **Predatory equity**

Like the single-family market, in the recent real estate bubble 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, 2011b; Parkus & An, 2009). Also similar to the single-family market, since 2008 the multifamily market has had a rapid downturn, increased delinquencies and foreclosures (especially on securitized loans), and a credit freeze (Congressional Oversight Panel, 2010; Joint Center for Housing Studies, 2011b; Parkus & An, 2009).

Instability in the multifamily market threatens to magnify renters' existing vulnerabilities. At \$33,000 a year, their income is half the national median, and falling: renters are increasingly at the bottom of the income scale. Racial income disparities persist within the category of renters: Hispanic renters' income is 15% lower than their white counterparts; for Black renters the disparity is 30% (Joint Center for Housing Studies, 2011a). The loss of homeownership to foreclosure and the impact of the Great Recession has increased the number of (financially stressed) renters; however there has also been an accelerated decline in rental affordability since 2001 (Joint Center for Housing Studies, 2011b and b). Nationwide more than a quarter (26%) of renters faced severe rental cost burden in 2009 (paying more than half of income for housing costs), up from 21% in 2001 (Joint Center for Housing Studies, 2011a). In light of the role financial practices played in the foreclosure crisis and global economic downturn, urban scholars must attend to how financial actors shape urban space, the social consequences of such transformations and how to work within (and contest) these conditions to create more just cities.

Beyond the foreclosure crisis, what is the relationship between the financialization of housing and the reproduction of urban inequality?

The case of predatory equity in New York City illustrates the growing role of financial actors in the rental housing market. In the mid-2000s stock market returns were low, and the real estate bubble had just about saturated other parts of the housing market--but a flood of mortgage financing was still available. Investors sought new investment opportunities, and rent-stabilized housing presented one such frontier for capital to expand into. State laws limiting rent increases to a formula set annually by the Rent Guidelines Board protect these units from the open market. However rent laws were weakened in in the 1990s, making it possible to deregulate stabilized units once their rent exceeds \$2000 (\$2500 as of 2011) and introducing mechanisms that help landlords move units toward deregulation, such as vacancy bonuses and major capital improvement increases.<sup>5</sup>

Private equity funds, which generally target undervalued or distressed assets, were especially attracted to the rent-regulated market: from their perspective, the regulations make multifamily housing an underperforming asset. Weakened rent laws provided a motivation (potential to deregulate) and a mechanism (vacancy bonuses and major capital improvements) for private equity to exploit untapped value, and funds began targeting the rent-regulated sector with aggressive purchases that added up to 100,000 housing units (10% of the total stock of rent-stabilized units) between 2005 and 2009 (ANHD, 2009). In short investors aimed to open up value by raising rents on units where legal protections kept rents below market value until the units were deregulated and investors could charge prevailing market rents.<sup>6</sup>

---

<sup>5</sup> Allowing owners to respectively increase rent 20% each time a unit turns over to a new tenant, and pass on some of the costs of upgrading to tenants but the program is subject to fraud (ANHD 2009b).

<sup>6</sup> In 2008 the average rent in multifamily buildings not covered by rent regulations was \$2700/month.

Of course, rental housing is defined by its dual nature as a business for owners and a home for tenants. But it is typically an illiquid investment with moderate profits spread out over many years—7-8% a year in rent-regulated housing, whereas private equity investors typically seek 16-20% annual returns over a period of 3-10 years. The purchases also stood out because of the extremely inflated prices investors paid. In fact many deals started out “overleveraged” (or underwater or upside-down): loaded with debt that far outweighed their income. In one example, a group of 10 major predatory equity portfolios covering 27,000 rental units had a debt-service coverage ratio of only 55 cents in income for every dollar of debt (ANHD, 2009).

This kind of high-risk leveraging is characteristic of private equity strategy, and loan underwriting documents clearly laid out plans to keep the deals afloat through promoting attrition and raising rents to market rates, and reducing maintenance and operating costs. Indeed, investors projected tenant turnover rates of 20-30% within a year after purchase, whereas the actual rate of attrition in rent-regulated housing is 5-6% a year. The anticipated income increases that would be achieved by flipping units out of regulation at this rate would only be possible through aggressively displacing tenants paying affordable rents. Community organizations found high rates of eviction, illegal rent increases, and systematic strategies of harassment aimed at hastening vacancies in properties that private equity funds purchased (ANHD, 2009; Chiwaya et al., 2011; Morgenson, 2008).

Since the market downturn in 2008, unsustainable debt has come to the fore as many deals have become financially unsupportable, standing at risk of (or already in) default or foreclosure (ANHD, 2009; Morgenson, 2008) In 2009 more than 70,000 units of New York City’s affordable rental housing (rent-regulated, former Mitchell Lama, and project-based Section 8) were potentially overleveraged (Shultz, Walsh, & Levy, 2010), with debt exceeding

net rental income. Financial distress has entailed physical deterioration, creating unsafe living conditions for tenants (Fields, in preparation). Banks have been reluctant to write down debts to more sustainable levels, but tightened underwriting standards limit the potential to refinance (Congressional Oversight Panel, 2010; Parkus & An, 2009; Shultz, 2009). Instead a market in distressed debt has emerged, contributing to market churning and piling more debt on an already overleveraged loan, thereby increasing the risk of further decline (ANHD 2009; Shultz, 2009).

Beyond the perils to current tenants' housing security and the potential for significant erosion of rent-regulated housing generally, predatory equity has also generated fears about housing deterioration and instability potentially setting off a larger and more prolonged cycle of neighborhood decline (c.f. Shultz, Perine, Bahchieva, & Dasgupta, 2012) similar to the crisis of the 1970s. Indeed, landlord abandonment looms large in narratives about financialization: in talking with affordable housing and community development professionals about predatory equity, many discussed today in terms of its connection to the past and their own personal, organizational and professional histories:

*“When I walked through some of these buildings, I'm doing this for so long, and I'm like oh my god, I feel like I rolled my life back 20 years-- there's not supposed to be buildings like this. I thought we fixed all these buildings.”* (Ismene Speliotis, Mutual Housing Association of New York)

### **‘Examining and situating the realized’**

#### **Fiscal discipline and the landlord of last resort**

There is good reason to fear a return to that time in the late 1970s, when the city's fiscal instability ultimately tipped property abandonment into a crisis. Because the city wouldn't repossess properties for property tax default for ten years, landlords frequently stopped paying taxes and providing services while continuing to collect rent (Shepard, 2012). As the city's fiscal

problems mounted in the early 1970s it reduced the number of years before it repossessed property—first from ten years to five years, then to three years (Shepard, 2012). The creation of the Emergency Financial Control Board, created by the state legislature to control the city's financial dealings as part of its rescue from fiscal crisis (Tabb, 1982) meant an onset of discipline, and the city passed Local Law #45 in 1976: abandoned buildings would revert to city ownership after only one year of unpaid property taxes. The law was primarily a fiscal measure to encourage delinquent property owners to pay their taxes and, failing that, to seize buildings and return them to the private market *before* they underwent prolonged disinvestment (Gliedman & Raymond, 1979). Instead the city became the landlord of last resort for thousands of properties overnight: by 1979 it owned 11,717 vacant and occupied residential properties, serving as landlord for 35,000 households; another 47,406 buildings were at risk of tax foreclosure, with three or more quarters of tax arrears (Gliedman and Raymond 1979).

Local Law #45 represents an initial critical juncture that would set in motion a series of developments in response to the problem of landlord abandonment and city-owned property. For nearly two decades after the law initially backfired, the city became *increasingly* involved in producing and preserving affordable housing—even as neoliberal austerity measures following the 1975 fiscal crisis dismantled (Brenner & Theodore, 2002; Peck & Tickell, 2002) many of the social democratic institutions that defined postwar New York (Freeman, 2001; Moody, 2007). The development of responses to abandonment and strategies for *in rem* housing is deeply intertwined with the process of neoliberalization, and with the urban community movements that emerged in response to disinvestment and austerity. As it alternately promoted and adjusted to neoliberal reforms, the city relied substantially on public-private partnerships with diverse stakeholders such as community-based organizations, activists and tenant associations, deploying

nonprofit and resident-controlled solutions to property abandonment (DeFilippis, 2003; DeFilippis, Fisher, & Shragge, 2006; Krinsky, 2006, 2011).

The sheer scale of property abandonment and its impact on neighborhoods necessitated dramatic intervention on the part of the city. While compelled to respond, it lacked the fiscal and organizational capacity to do so effectively, and turned to community organizations and activist groups that had been working to address disinvestment since the late 1960s and early 1970s as partners. Landlord abandonment thus had a tremendous influence in subsequent housing policy and urban development, and social and political organization around housing. Today, it is the local structures, institutions and organizations emerging from the abandonment crisis that are tasked with responding to the problem of predatory equity, while the city has developed structures to avoid becoming the owner of last resort again. This lineage paints a “more complex and complicated picture” (Jessop, 2002, p. 464) of New York City’s restructuring in the neoliberal era, in which some institutions were dismantled while others were (re)constructed, revealing how “roll-back” and “roll-out” reforms are but facets in the same process (Krinsky 2011), unfolding at different speeds at different scales and in different sectors.

Before proceeding with a discussion of how housing policy and community practice developed in and beyond the landlord abandonment crisis, I set this history in geographic and social context using archival data from the New York City Department of Finance on transfers of property vested to city ownership under *in rem* proceedings, and from City Hall Library on the demographics of residents of city-owned property.<sup>7</sup> This paper does not offer a systematic analysis of neighborhood change over time in relation to housing policy and the practice of nonprofit affordable housing and community development organizations. Nevertheless the

---

<sup>7</sup> For further information on these data and methods, see Appendix 1.

abandonment crisis had strong geographic dynamics that were important in developing policies and programs to address disinvestment. Moreover the uneven contours of property abandonment intersect with broader processes of urban change in recent decades, and today still coincide with enduring problems of racialized poverty, housing insecurity and health risks. Later in the paper, I return to the geography of property abandonment to consider its relationship to the spatial contours of predatory equity investments today.

Having established the geographic and social context of property abandonment I turn to the heart of this piece. I trace a genealogy of housing policy and community practice in order to better understand its significance in today's context of financialization. In the years leading up to and just after the passage of Local Law #45, the community determination movement contested the impact of disinvestment and state austerity in low-income and minority communities. These efforts were largely fragmented from the city's approach to property abandonment, which was mainly fiscal in orientation until 1978, when it began to incorporate community and resident-controlled housing into policy, forming the Division of Alternative Management Programs (DAMP). The creation of DAMP also entailed the professionalization of the neighborhood housing movement. The Ten Year Capital Plan (1986-1997) to rebuild housing and neighborhoods augured the further professionalization and expansion of the nonprofit sector, and also widened the city's role in developing affordable housing. City capital funds from the sale of municipal bonds, federal Low-Income Housing Tax Credits and foundation funding all shaped a housing development pipeline for community-based organizations in this period. In 1994 a fourth critical juncture abruptly changed the tack of previous iterations of the city's approach to abandoned property: Mayor Rudolph Giuliani privatized the inventory of city-owned housing, removed development concessions to community-based organizations, and crafted new

governance structures to ensure that a return to the city as “landlord of last resort” would not be possible.

Rather than a linear historical narrative, I am interested in temporalizing shifts in strategy, tactics and assumptions about the *in rem* housing stock, and articulating their relation to broader, concurrent processes of (urban) political economic restructuring. This genealogy heeds Haydu’s (1998) caution that the choices emerging from critical junctures don’t only tack in one direction or another, but “may also precipitate later crises, structure available options and shape the choices made at those junctures” (p. 353). While presented as a chronology, this analysis doesn’t view critical junctures as “stations along a historical track” (Haydu 1998, p. 353) but as moments of contingency producing multiple paths through history’s “dynamic and cluttered field of eruptions, forces, emergences and partial formations” (Brown 2001, quoted in McLeod and Thomson 2009, p. 50). Thus the narrative to follow doesn’t treat earlier moments as wholly deterministic of subsequent ones, and I work to convey some of the messiness with which different moments and rhythms of change intermingle.

### **Spaces of abandonment**

Few neighborhoods were untouched by property abandonment, but within the first two years of *in rem*<sup>8</sup> vestings, losses were worst in the south and west Bronx, upper Manhattan, and central Brooklyn. From the enactment of Local Law #45 to 1979, more than 20% of units in south and west Bronx community districts 1-6 (40% of units in district three), Manhattan districts 10 and 11 (Central and East Harlem) and Brooklyn district 3 (Bedford-Stuyvesant) were taken into city ownership after property owners walked away (Gliedman and Raymond 1979).

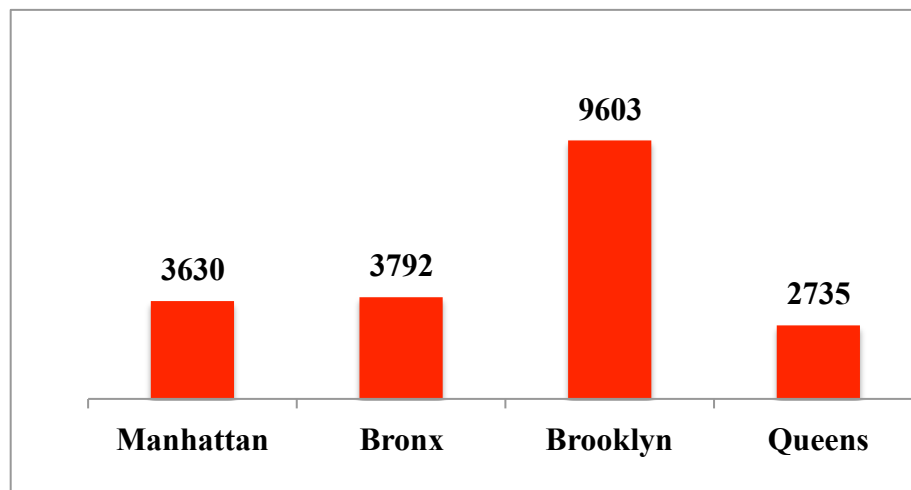
Based on archival data on real estate transactions from 1976-1981, the city completed tax

---

<sup>8</sup> *In rem* is Latin for “against the thing”. This is a legal term describing the exercise of court power over property as opposed to the person.

foreclosure and seized more than 20,000 (20,164) parcels from delinquent owners within five years of the passage of Local Law #45. Brooklyn had the greatest number of abandoned properties<sup>9</sup> by far (9603), followed by the Bronx (3792) and Manhattan (3630), then Queens (2735) (see Figure 1.2).

**Figure 1.2: Number of *in rem* properties by borough, 1976-1981**



Unfortunately data limitations do not allow for an analysis of the rate of abandoned properties or percentage of rental units taken into city ownership. However it is important to note that higher-density buildings are concentrated in the Bronx and Manhattan and thus abandonment's impact was probably greatest in these boroughs in terms of the share of housing units affected. Some Brooklyn and Queens neighborhoods had more than a thousand abandoned properties, but the housing in these boroughs is generally lower-density, especially Queens where most of the city's single-family homes are located (Furman Center for Real Estate and Urban Policy, 2010a). This reflects the historical geography of the city's boroughs, with large old buildings concentrated in

<sup>9</sup> The data is at the tax lot level. While it is possible for a lot to have more than one property on it, generally New York City tax lots have one residential property. In the case of condominiums, each unit is treated as an individual tax lot; however condominiums didn't take hold in New York until the 1980s. Thus I refer to tax lots seized for nonpayment of real estate taxes as "abandoned properties".

working class parts of the Bronx and Manhattan near major subway lines (and to a lesser extent, Brooklyn).

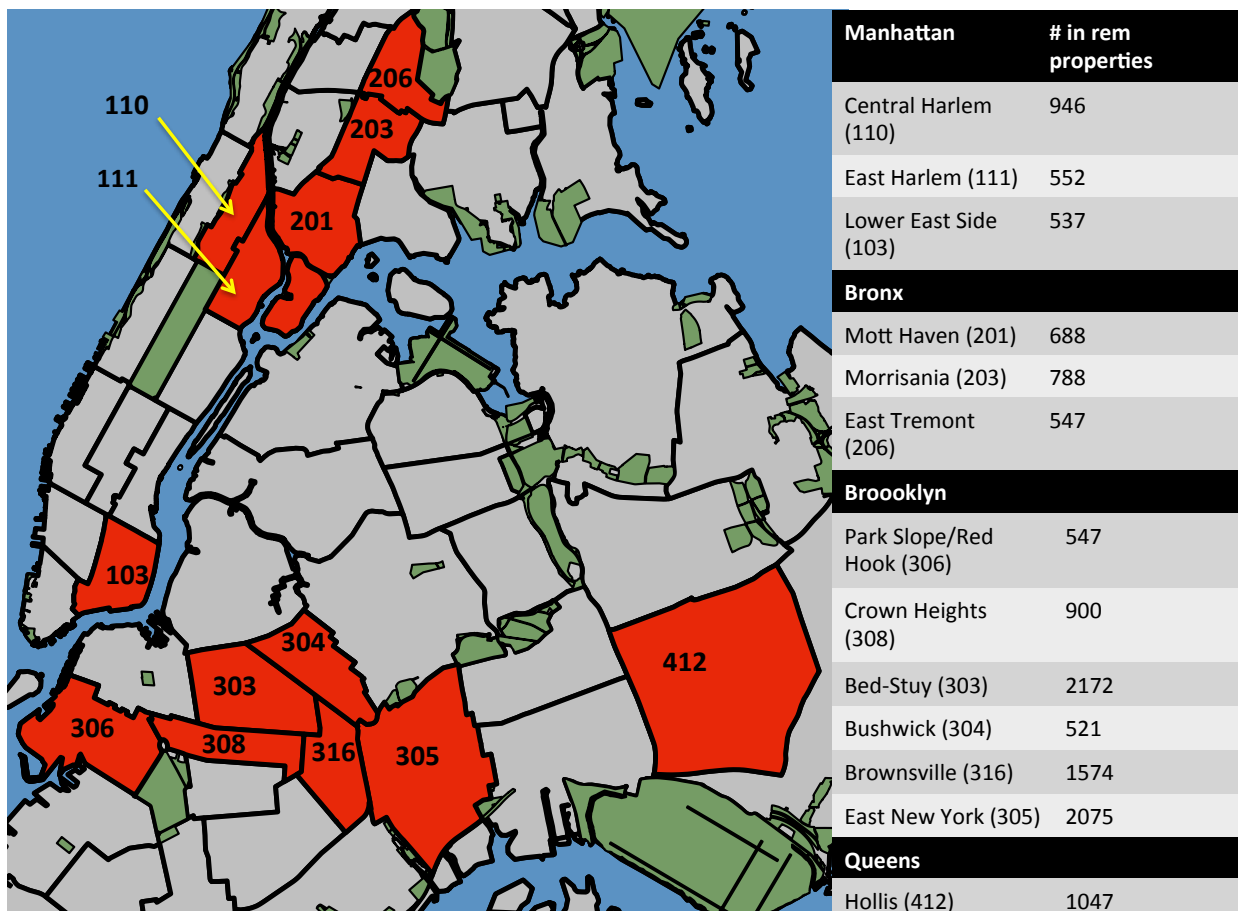
As shown in Figure 1.3, of the city's 59 community districts, thirteen had more than 500 properties (ranging to more than 2000) seized in this period, accounting for 12,894 properties overall, or almost two-thirds (64%) of the total number of abandoned properties citywide. Six of these neighborhoods (Carroll Gardens/Park Slope, Bedford Stuyvesant, East New York, Brownsville, Crown Heights, Bushwick and) are in Brooklyn, fanning across the center of the borough into its eastern border with Queens. Only one community district in Queens—Hollis, in Southeast Queens, had more than 500 properties abandoned from 1976-1981. Manhattan had three such neighborhoods: Central and East Harlem in upper Manhattan, and the Lower East Side. In the Bronx, the strip of three community districts running straight up the center of the borough all had more than 500 abandoned properties: from Mott Haven in the South Bronx to Morrisania, and stretching up to the Bathgate and East Tremont sections of the borough around Crotona Park.

Highlighting upper Manhattan, the South Bronx, central Brooklyn and southeast Queens as areas where the city was most active in taking ownership of abandoned properties, this analysis is consistent with most accounts of landlord abandonment and the areas emphasized in subsequent city policies and housing programs (Braconi, 1999; Schill, Ellen, Schwartz, & Voicu, 2002; Schwartz, 1999; Van Ryzin & Genn, 1999). As shown in Table 1.1, residents of occupied *in rem* housing were overwhelmingly African-American (53% vs. 23%) and Puerto Rican (24% vs. 14%) compared to the share of minorities among renters as a whole, and were much more likely to be in poverty, receiving public assistance, burdened by housing costs, and living in overcrowded conditions (Stegman, 1981).

**Table 1.1: Characteristics of households in the *in rem* stock, 1981** (Source: New York City Housing and Vacancy Survey 1981)

Percent of households that are...	<i>In rem</i> renters	All renters
White	18.6	57.1
Black	53.5	23.4
Puerto Rican	24.1	13.1
Female-headed	57.9	46.9
Living with at least one child	41.5	28.5
Living in overcrowded conditions	16.1	8.2
Receiving public assistance	29.7	13.3
Earning income below the federal poverty line	45.8	25.3
Burdened by housing costs and not receiving public assistance	34.1	31.2

**Figure 1.3: Community districts with > 500 *in rem* properties, 1976-1981.** Data: NYC Department of Finance (via a Freedom of Information Law request).



**Temporality of responses to abandonment**

**Contestation and fragmentation (pre-1978).** Although abandonment accelerated rapidly under Local Law #45, owners had been walking away from their properties for several years prior to the law's passage. Initially treating abandonment as a fiscal issue, the city's Department of Real Estate resold buildings taken into city ownership at auction. This was an attempt to recoup lost tax revenues but given many properties' marginal economic quality after years of decline plus a context of high inflation, high maintenance costs (especially the cost of heating oil) and lack of financing, the auctions didn't attract buyers with an eye to long-term investment. Further, the city didn't require new owners to improve property conditions, which only added to housing deterioration (Sierra, 1992). This approach turned out to be costly, as it was not unusual for new owners to purchase a building, pocket several months of rent payments, and then walk away without ever paying real estate taxes. This process of equity stripping came to be known as "milking the building". After being milked, abandoned properties often fell back into city ownership vacant, further deteriorated and with additional unpaid taxes and liens (Gliedman & Elstein, 1975; Gliedman & Raymond, 1979).

Amidst this churning at the bottom of the rental market, tenant organizers, community organizations and activist professionals had been building a movement to keep tenants in buildings, improve living conditions and hold landlords accountable since the early 1970s and before (Schur & Sherry, 1977). New York City has a long history of tenant and community activism around housing. Tenants had been employing different forms of rent strikes since the early 1900s, but as housing abandonment and neighborhood decline spread in the 1970s, tenants became both more organized and more frustrated: rent strikes simply couldn't be effective in improving conditions if there was no landlord (Lawson 1984). In the vacuum formed by

disinvestment and the city's failure to act on the housing crisis, this meant a turn toward more direct control of buildings by tenants, and the emergence of community organizations taking on basic neighborhood preservation work (Lawson, 1984; Schur & Sherry, 1977; interview with Roger Hayes, 2011). The self-help housing movement (known alternately as the community determination movement, or the neighborhood housing movement) of the 1960s and 70s emphasized community and resident-controlled nonprofit housing in disinvested neighborhoods (DeFilippis 2003). Reflecting the geography of property abandonment and the demographics of *in rem* housing residents, the class and racial politics of the movement were deeply local and rooted in the struggles of poor African-American and Latino tenants.

Race was a major context for the realities of urban life in the 1970s. Midcentury urban renewal projects (such as the construction of the Cross-Bronx Expressway, Lincoln Center and public housing in Harlem) had (further) divided the already-segregated city by race and class, displacing minority residents and communities from the urban core (Berman, 1982; Zipp, 2010). In the 1960s the city experienced massive white flight as 700,000 white residents departed, often induced by the rental market speculators cutting back on maintenance, subdividing units and renting to low-income and minority tenants (Sanjek, 2000). New York's minority population also grew that decade, adding 500,000 African-American residents; in 1970 25% of the city's black residents were living in poverty as the economic opportunity that drew many migrants from the South evaporated (Sanjek, 2000). Growing joblessness associated with deindustrialization, and the loss of housing units associated with demolition, arson and abandonment both dramatically increased the need for affordable housing among minorities. Even as these residents faced unemployment, violent racism (incidents sparking riots in Harlem and Crown Heights) and inferior housing, reforms imposed in the wake of the city's fiscal crisis led to a withdrawal of

public support for minority communities. Sanitation, police and fire services were all decreased; public health resources including hospitals, neighborhood health centers, drug treatment programs and TB-screening clinics closed; programs for youth and senior citizens scaled back; public library hours curtailed; tuition was imposed at the formerly free City University of New York; subway fares hiked; and public sector workers were laid off or had their wages frozen (Sanjek, 2000; Tabb, 1982; Wallace & Wallace, 1998).

The self-help housing movement thus emerged “out of desperation” at the awareness that “there was going to be no substantial government intervention, private sector was running away” (interview with Harry DeRienzo, 2011). The movement involved a broad spectrum of tenants, but especially low-income and minority New Yorkers, particularly women (Lawson & Johnson, 1986; Leavitt & Saegert, 1988). Unlike top-down approaches to Model Cities and War on Poverty approaches to community development, the movement sought a path for African-American and Latino communities to move toward autonomy. This included organizing tenant associations, pressuring landlords to improve building security, maintaining buildings and/or providing building services, and collecting rents (interviews with Jim Buckley and Roger Hayes 2011). Self-help was seen as both a means of fulfilling material needs and in political terms, as “a critique of austerity and marginalization” (Katz & Meyer, 1985, p. 21) hollowing out low-income, minority neighborhoods such as the South Bronx, Bedford-Stuyvesant and Harlem.

While the self-help housing movement revolved around the needs of low-income African American and Hispanic tenants, the leaders of many community-based organizations were mostly activist clergy and white, educated, middle-class male professionals (Lawson and Johnson, 1986). Indeed many veteran nonprofit professionals participating in this study, who were founding members of groups like Banana Kelly and the Northwest Bronx Community and

Clergy Coalition, were white male lawyers, urban planners and political science students bringing in a different level of expertise than low-income neighborhood constituents. However, community residents, particularly women, often went on to replace these leaders and consistently played crucial leadership roles in organizing tenants and communities (Lawson and Johnson, 1986; Leavitt and Saegert, 1988).

With city auctions failing to draw responsible new private owners, community organizations and tenants sought ownership of abandoned properties. Activist clergy and professionals sponsored the conversion of abandoned buildings to tenant-owned cooperatives as early as the 1960s (Lawson and Johnson 1986). By the 1970s some groups were thinking about forming housing companies to take title to abandoned buildings, while others engaged in “sweat equity” homesteading, where tenants and community members secured stakes in an abandoned building by putting time and work into its rehabilitation. Although not the focus of this research, in several neighborhoods, most notably Manhattan’s Lower East Side, activists made more informal claims on abandoned properties through squatting them (see Dobbz, 2012; Sites, 2003). New housing groups formed rapidly in the early 1970s, mostly in low-income as well as moderate-income and transitional areas; in this period five groups in Brooklyn, six in Manhattan and three in the Bronx all emerged (Schur and Sherry, 1977).

In 1974 eight such groups formed the Association for Neighborhood and Housing Development (ANHD) as a federation to share ideas and experience, provide mutual and technical assistance and develop mechanisms to promote housing programs and garner public sector support (Schur & Sherry, 1977). Within two years ANHD included 27 neighborhood-based housing groups; there were over 20 additional housing groups not affiliated with the federation, but doing similar work (Schur and Sherry, 1977). Among ANHD member

organizations activities included housing rehabilitation and construction; property management; providing assistance to tenants associations and support for tenant management; and facilitating the development of rehabilitation and transfer of ownership plans for tenant cooperatives (Schur and Sherry, 1977) (see tables 1.2 and 1.3). The self-help housing movement represents a potent moment in the orientation of tenant and community activism in which the object shifted from getting landlords to take responsibility for housing conditions, to tenants and activists preserving and improving housing and stabilizing neighborhoods themselves.

**Table 1.2: Housing rehabilitation and construction activities of 27 ANHD member organizations, 1965-1976** (Source: Schur and Sherry, 1977)

	<b>Completed</b>	<b>In progress</b>	<b>Planned</b>	<b>Total</b>
<b>Rehabilitation</b>	1093 units (in 161 buildings)	546 units (in 82 buildings)	2458 units (in 433 buildings)	4097 units (in 676 buildings)
<b>New construction</b>	196 units	445 units	2041 units	2682 units
<b>Total</b>	1289	991 units	4499 units	6779 units

**Table 1.3: Tenant assistance activities of 27 ANHD member organizations, 1975-1976** (Source: Schur and Sherry, 1977)

<b>Activity</b>	<b># of buildings/units</b>
Assisting tenants associations	2229/4748
Serving as 7A administrator	28/665
Providing assistance for tenant management	105/2138
Supporting development of rehabilitation and transfer of ownership plans for tenant cooperatives	217/1979
<b>Total<sup>10</sup></b>	579/9530

<sup>10</sup> Exclusive of individual-level assistance provided to 20,000 tenants and homeowners experiencing housing problems.

The self-help housing movement wasn't entirely divorced from local policy, and at times converged with the city's Housing Development Agency (HDA) policies. For example in 1970 HDA provided some support to its Office of Special Improvements to explore low-income tenant cooperatives; when activist lawyer Robert Schur (the soon-to-be founder of ANHD) was appointed head of this office he used the city's existing Municipal Loan Program and the federal Model Cities program to provide low-interest purchase and rehabilitation loans to tenant groups that wanted to purchase an abandoned property (Lawson and Johnson, 1986). Through using existing programs in new ways, the number of buildings entering the process to become low-income cooperatives (incorporating as a Housing Development Fund with income restrictions) expanded. Unfortunately financial scandals among private owners in the Municipal Loan Program led to the program's suspension and new, more stringent regulations (Lawson and Johnson, 1986). Another key tactic of formalizing the role of community housing groups in deteriorated properties was the Article 7-A receivership program, in which tenants of buildings in dangerous disrepair can petition for a court-appointed administrator. Many community groups started to organize around this process, receiving training from the city to be 7-A administrators and then taking on the responsibilities of ownership and undertaking low-level repairs with the limited funds available; several groups in the Northwest Bronx and Harlem got their start this way (interviews with Harold Shultz and Harry DeRienzo, 2011).

Overall though, the city's efforts to preserve housing quality were sporadic and inadequate to the levels disinvestment and abandonment had reached by the 1970s, when any viable private market in multifamily housing had essentially collapsed. For example, while the city had initiated a small-scale Community Management Program based on self-help housing strategies in 1972, the program was vastly underfunded relative to need, understaffed, and had

restrictive eligibility criteria (excluding vacant buildings entirely) (Schur and Sherry, 1977). From 1970-1978, the city had been losing 40,000 housing units *a year* to abandonment (Braconi, 1999). Although community organizations had the desire, energy and constituencies to take on responsibility for property management and ownership, they lacked the capital, expertise and long-term planning capacity to address this scale of disinvestment (interview with Roger Hayes, 2011). Meanwhile political will and funding support (locally and federally) for low-income housing and communities were limited: budgetary concerns, fiscal crisis and political conflict tended to fragment the efforts of community organizations from federal and local policy. President Nixon imposed a moratorium on federal assistance for local housing and community development in 1973. Funding for many social and community housing programs collapsed as a result of the city's 1975 fiscal crisis. New York housing commissioner Roger Starr was notoriously hostile toward community groups and the problems of low-income neighborhoods, in 1976 proposing a policy of "planned shrinkage", in which city services would be withdrawn from blighted neighborhoods.

The city's main policy response to abandonment (auctions to new private owners), sought (unsuccessfully) to extract fiscal responsibility from an increasingly unaccountable private sector. This led to community outcry as buildings deteriorated further and displacement pressures on tenants intensified (Sierra, 1992). At this point the ramifications of property abandonment for tenants and neighborhoods pointed overwhelmingly to the city's responsibility to create a centrally planned and regulated disposition program for abandoned properties (Gliedman & Raymond, 1979; Sierra, 1992) The self-help housing movement would be essential to this strategy (Katz and Mayer, 1985). Indeed as Krinsky (2006) notes "many tenant organizing

groups, having fought to get the city to force their delinquent landlords to make repairs, found themselves managing their buildings when the city took them into tax foreclosure” (p.161).

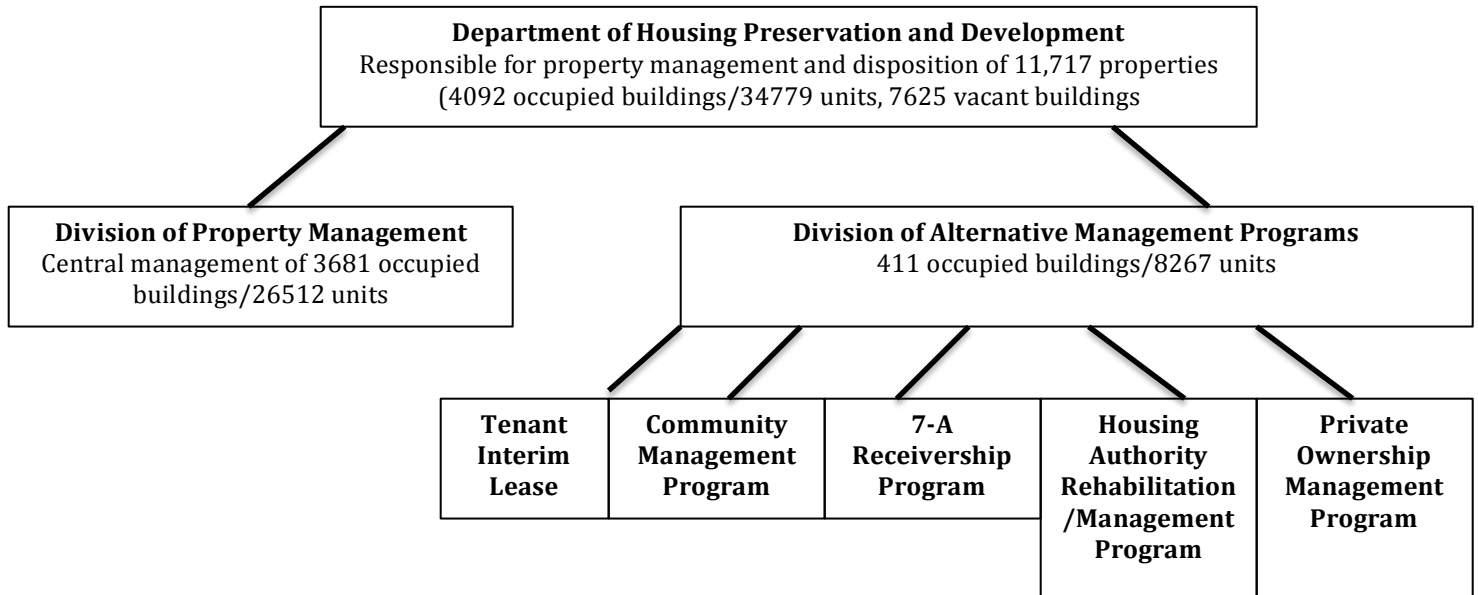
**Professionalization (1978-1986).** Based on pressure from community groups and advocacy within HDA itself to treat city-owned property as a housing issue rather than simply a fiscal one (Sites, 1997; Katz and Mayer, 1985), a 1978 change to the agency’s charter created the department of Housing Preservation and Development (HPD) (Gliedman and Raymond, 1979; interview with Harold Shultz, 2011). Creating HPD and giving it the authority to manage, upgrade and dispose of city-owned residential properties signaled a change in attitude toward abandoned properties within the Koch mayoral administration: an acknowledgement that the *in rem* stock required a long-term approach (Gliedman and Raymond, 1979; interviews with Harold Shultz and Harry DeRienzo, 2011). This represents a **second critical juncture**, following the initial juncture of Local Law #45 in 1976. The creation of an agency devoted to housing preservation and development formalized an expansion of the city’s role in housing, despite the austerity measures it was concurrently imposing in other domains of social reproduction (Krinsky, 2011; Freeman, 2001). The move also set in motion a period of the city’s reliance on and partnership with community-based organizations as major stakeholders in affordable housing production and preservation, which would persist for nearly two decades.

Once HPD took over the *in rem* stock, the only public entity in the country that owned more housing was the New York City Housing Authority (Braconi, 1999). The city’s first imperative was to “stop the bleeding” by interrupting the cycle of housing loss and neighborhood decline, which meant holding properties rather than auctioning them. However HPD lacked the professionalized management structure, direct federal subsidy, standardized construction and tight clustering of buildings enjoyed by other housing authorities. This constituted a challenge to

even getting a handle on the inventory, much less staving off additional decline (interview with Harold Shultz, 2011). With very few *in rem* properties *not* in need of immediate and costly major repair (Gliedman and Raymond 1979), the Division of Property Management (DPM) was stretched thin from the start—DPM representatives were frequently responsible for managing 60 or more buildings (interview with Jim Buckley 2011). The city was not prepared for this challenge, especially considering the depth of abandonment in some areas (such as Harlem, South Bronx, Bedford-Stuyvesant), and its breadth across the city’s neighborhoods and housing types.

A second imperative was to dispose of properties by means other than the private market, which had failed thus far. Thus the Division of Alternative Management Programs (DAMP) was created within HPD. This is where the self-help housing movement came in: without many programs of its own, the agency sought to scale up earlier efforts of community management and low-income tenant co-operatives, institutionalizing the movement into local policy. The federal government encouraged this, providing significant additional Community Development Block Grant (CDBG) funds to increase the number of buildings in DAMP and take advantage of opportunities for disposition to private ownership by tenants and community partners (Katz and Mayer 1985). In the first year of the *in rem* program (1978-1979) DAMP took on management and disposition for 411 occupied buildings, a small fraction of the city-owned housing stock; the Division of Property Management was responsible for managing the majority of 4092 occupied city-owned residential properties (as well as nearly 7000 vacant buildings) (see figure 1.4).

**Figure 1.4: Structure of *in rem* program in HPD, 1979** (Source: Gliedman and Raymond 1979)



From 1978-1986 DAMP would take in over a thousand properties, the bulk of them directed toward tenant-owned cooperatives (under TIL, the Tenant Interim Lease program) or community management (under CMP, the Community Management Program). Both TIL and CMP were based on the low-income cooperatives and community ownership models developed by the self-help housing movement. A sizeable minority of DAMP properties was also under management by private owners (POMP, the Private Ownership Management Program) and court-appointed receivers (Article 7-A), and small numbers were under the management of the New York City Housing Authority (see table 1.4 for a breakdown of DAMP properties by program in 1978-1979).

**Table 1.4: DAMP program activity, year 1<sup>11</sup>** (Source: Gliedman and Raymond 1979)

<b>Sector</b>	<b>Program</b>	<b># of buildings/units</b>
Tenant co-operatives	Tenant Interim Lease (TIL)	170 /4463
Community management	Community Management Program (CMP)	138 /3274
	Management in Partnership Program (MIPP)	40 /1200
Private market	Private Ownership Management Program (POMP)	19 /836
NYC Housing Authority	Housing Authority Rehabilitation Program (HARP)	68 /1442
	Housing Authority Management Program (HAMP)	42 /923
Receivership	Article 7-A	57 /1730
<b>Total</b>		532 buildings/12,808 units

Over this period, HPD had to professionalize its staff and partners in order to meet the imperatives of stopping housing loss and disposing of properties. The agency needed to develop internal competencies in program development and management, the technical and financial aspects of giving loans and rehabilitating buildings, and being “landlord of last resort” for some 100,000 residents (as of 1979) (Gliedman and Raymond, 1979; interview with Harold Shultz 2011). Basic issues, such as keeping track of the number of properties the city acquired and accounting for their identity, condition, and tenancy were hampered by the lack of systematic records. This allowed some landlords to continue collecting rent after losing their buildings to the city, caused inconsistencies with rent collections (sending rent bills to vacant buildings and failing to send bills to some tenants), and in some cases led to the city finding itself in possession of buildings it didn’t know it owned because of poor administrative records (Cohen, 1979).

Beyond recordkeeping, the agency had to develop workable programs. For example, its early efforts to scale up sweat equity projects and “dollar sales” (where groups could literally

<sup>11</sup> Note that DAMP program activity total in table 5 is higher than the number of buildings in DAMP shown in table 4 (411 buildings), although data for both tables is drawn from the same source. The program activity data may include some unspecified vacant properties in addition to occupied DAMP properties.

purchase abandoned properties for \$1) showed HPD that it needed to provide funds and oversight for the rehabilitation process to ensure that work moved forward successfully and buildings didn't languish and decline further (interview with Harold Shultz, 2011). These lessons led HPD to take a stronger and more direct role in rehabilitating properties in the Tenant Interim Lease (TIL) program, which provided a pathway toward forming limited-equity housing cooperatives<sup>12</sup> for tenants of abandoned buildings. Once the problem of burnout among tenant leaders and the difficulty of developing a strong cooperative governance structure in TIL properties emerged, HPD turned to the Urban Homesteading Assistance Board to provide training and technical assistance to TIL tenant-cooperators, as the organization had been doing in the community since the early 1970s.

Starting in 1978 with essentially no structure for doing so, HPD underwent a period of intense professionalization to manage and dispose of city-owned properties and stabilize neighborhoods. Rebuilding neighborhoods was seen as vital for the city's eventual recovery, and would be critical in order to retain people who work downtown, and as a resource for businesses that might want to be in the city (interview with Harold Shultz 2011). The aim of neighborhood stabilization (and the city's lack of capacity to effectively manage the scope of *in rem* properties on its own) required the input, labor and constituencies of community-based organizations that made up the self-help neighborhood movement. Professionalization within HPD would also extend to the tenants, community organizations, and receivers participating in disposition efforts, reshaping the self-help movement that had emerged throughout city neighborhoods to contest disinvestment. Ultimately the self-help movement's grassroots critique of the state was functional for the fiscal crisis-ridden city's rebuilding efforts (Katz and Mayer, 1985).

---

<sup>12</sup> Limited equity cooperatives are a form of cooperative ownership with income and resale-restrictions that aim to ensure permanent affordability for low-income households.

The incorporation of the self-help movement into local political structures also initially appeared to offer an opportunity to the activists, advocates and tenants who had been trying to get the city to combat disinvestment since the 1960s. That is, something was better than nothing, given the severity of disinvestment and the deterioration of housing and neighborhoods in the areas hit hardest by abandonment (Katz and Meyer, 1985). However compliance with new requirements and responsibilities associated with DAMP programs was overwhelming, and limited the constituency-mobilizing work that had built and sustained the movement. Groups managing buildings found that tenants needed more and different kinds of support, such as paying bills, making repairs, buying oil, establishing credit and a bank account, maintaining basic security and negotiating with creditors and municipal agencies (Katz and Mayer, 1985). For tenant groups who wanted to become a limited equity cooperative, the paperwork requirements to join the TIL program were also a hurdle that required organizations to provide further technical assistance (interview with Jim Buckley, 2011). As Bockmeyer's (2003) study of Adopt-A-Building on Manhattan's Lower East Side shows, such managerial concerns can quickly replace mobilization efforts.

Between responding to public sector requests for proposals for CDBG funds and the time and labor required for bookkeeping and reporting, community groups *had* to develop new management skills to cope with the rise of bureaucracy (Bockmeyer, 2003). The requirements of the Community Management Program (CMP) also served to distance neighborhood organizations from tenant constituents. CMP contracts shifted the movement away from self-help to service provision. For example neighborhood groups were prohibited from subcontracting tenants' associations for basic maintenance and management; the program stipulated other divisions of labor that didn't correspond to groups' existing structures (Katz and Mayer, 1985).

Soon, community groups were negotiating, packaging and implementing complex housing rehabilitation deals including joint ventures with private developers and large in-house management and construction companies: neighborhood organizing became physical development carried out on behalf of the city (Katz and Mayer, 1985; interview with Harry DeRienzo, 2011).

By 1986 tenants or local CBOs managed 90% of 593 buildings/12,611 apartments in DAMP (Crotty & Moncrief, 1986). Another 502 buildings/13,138 apartments had been upgraded and sold, a majority as low-income tenant co-operatives or nonprofit rentals, producing \$2.6M annually in taxes (Crotty & Moncrief, 1986). Additional DAMP programs would be introduced and terminated over time but as of 1986 TIL, CMP and POMP were the largest disposition programs, returning more than one hundred buildings to private ownership from 1978-1986 (see table 5) (Crotty & Moncrief, 1986). Even at this early moment, contradictory tendencies may be observed in neoliberal urban practice: rollbacks in New York City's historic social welfare provisions occurred at the same time as the city started actively partnering with local social movement actors, and cultivating participation as a means of offloading some burden for disinvestment and revitalizing property markets. The formation of HPD and especially the Division of Alternative Management Programs points to the critical role the community housing movement played in responding to property abandonment and rebuilding the private housing market, a trend that could also be seen in the national community development movement.

**Opening the pipeline (1986-1994).** In 1986, the total *in rem* inventory stood at nearly 10,000 buildings, almost the same as it had been in 1978. The amount of housing HPD owned was exceeded only by New York's own public housing authority (NYCHA) and those in Chicago and Puerto Rico (Schwartz, 1999), but was more difficult to manage because it was scattered

throughout so many neighborhoods, despite heavy concentrations in some areas. More than half (5,959) of city-owned properties were standing vacant. While community organizations had been enlisted to dispose of properties in the Division of Alternative Management Programs, only 600 of 3700 occupied *in rem* properties were held in DAMP; the Division of Property Management was responsible for the remaining 3100 occupied buildings, plus vacant ones (Crotty & Moncrief, 1986; Schwartz, 1999).

At this time several factors prompted a **third critical juncture** in the city's approach to the *in rem* stock. First, the city's financial health had improved dramatically since the fiscal crisis thanks to increased tax revenue from a booming stock market. Secondly, housing affordability was under intense pressure: the city's new economic vitality caused rapid escalation in house values and rents, extremely low vacancy rates and high rent-to-income burdens (Schill et al., 2002; Van Ryzin & Genn, 1999). The backlog of buildings at HPD and the city's inability to keep pace with vesting properties for tax arrears diminished and deteriorated the supply of affordable private housing (DeRienzo and Allen, 1985, cited in Henderson, Saegert, Sierra, & Sullivan, 1993). Third (and in tandem with the city's affordable housing problem), homelessness was rising in the 1980s as Reagan put in motion federal cuts to funding for local government and low-income housing subsidies (Dreier, 2004). In an unusual 1981 ruling, the New York Supreme Court mandated the city to provide housing to homeless individuals and families (instead of placing them in welfare hotels and armories), a decision that particularly rankled given the role that erosion of federal support played in worsening the city's homelessness problem. Finally the continuing accumulation of tax-foreclosed housing, and the city's inability to effectively manage and rehabilitate properties was shaping criticism of the Koch administration and leading to calls for public intervention to stem neighborhood deterioration (Sites, 1997). Many city-owned

buildings were sitting vacant and decaying, while occupied properties were in need of serious and costly rehabilitation.

The neoliberal regime shift at the national scale also added to the city's problem of deteriorated housing as the Reagan administration substantially cut or terminated all the main pre-1980 federal programs that assisted community-based housing organizations (Henderson et al., 1993). The community development block grants that had been DAMP's major funding source were reduced, and new restrictions came into play on remaining funds (Crotty & Moncrief, 1986). The flexibility of community development funds, which could be used for rehabilitation, training and technical assistance; salaries for CMP organizations; and operating and maintenance subsidies, had been integral to DAMP (Crotty & Moncrief, 1986). The changes at the federal level posed a major challenge to improving city-owned housing.

Physical deterioration and mismanagement made it unlikely that buildings under central management for a decade or more would ever be placed in DAMP. These properties came to be known as the "irreducible minimum" based on the notion that they would remain in central management indefinitely (Sierra, 1992). Community groups also advocated that the city should focus on this housing as a *permanent* resource for affordable housing (DeRienzo and Allen 1985, cited in Henderson et al., 1993). Even those properties that were under the purview of alternative management programs struggled under the weight of completing major rehabilitation with limited funds. As a veteran nonprofit professional and organizer working in the Bronx recalled:

*"What you could get out of the city was two systems or \$2,500 a unit, and I think at some point, it went up to \$5,000 a unit. But it was kind of tough doing what you needed to do in the building. And then, kind of arguing about what you needed to do in the building...the procedures to get to it [funds for rehabilitation] were difficult"* (interview with Jim Buckley, 2011).<sup>13</sup>

---

<sup>13</sup> According to Schwartz (1999) the TIL program provided less than \$3000 per unit for rehabilitation from its 1978 inception through 1986.

However residents of properties in DAMP tenant management programs and those that completed the co-op conversion process tended to rate their housing as more secure, cleaner and better managed than residents of centrally managed properties, as well as those living in DAMP private management programs and buildings returned to private, for-profit ownership (Henderson et al., 1993). Furthermore, tenant-managed buildings had higher levels of social capital, which contributed to lower crime and better housing quality and security compared to surrounding buildings (Saegert & Winkel, 1998).

Under pressure to address its chronic shortage of affordable housing, ongoing deterioration of city-owned housing and growing homeless population with dwindling federal support, the city had two crucial resources: its improved fiscal health, and the *in rem* housing stock itself. With its access to capital markets restored the city could sell tax-free municipal bonds in order to finance capital projects (Van Ryzin and Genn, 1999). Meanwhile the *in rem* inventory enabled vast opportunities of scale (due to the concentration of abandoned properties and vacant lots in certain parts of the city), and the ability to undertake development without the cost of land acquisition (Schill et al., 2002). These resources meant the city could house the homeless population, add to the supply of affordable housing and address the image problems associated with city-owned properties—all while circumventing the decline in federal funding. With this confluence of factors and two crucial resources at his disposal, Mayor Ed Koch announced the Ten Year Capital Plan in 1985. Taking effect in 1986, Koch's housing plan would ultimately commit more than \$5 billion (more than 80% provided by the city), to build or renovate 250,000 units (though it ultimately resulted in only 182,000 units) over more than 14 years (Schill et al., 2002; Schwartz, 1999; Van Ryzin & Genn, 1999).

The Ten Year Plan (TYP) represents a third critical juncture in the city's approach to *in rem* property, once again expanding its involvement in affordable housing provision, with more reliance on the nonprofit sector to develop, rehabilitate and manage housing than ever before (Van Ryzin and Genn, 1999). Building on the work of previous years, the Plan represented **1)** a dramatic upswing in the city's capital commitment, which went from \$8400 per unit in 1987 to upwards of \$30,000 a unit from 1988 to 1996 and **2)** an expanded scale of rehabilitation and development (Schill et al., 2002), including a large role for alternative disposition programs. After rehabilitating 13,138 units of *in rem* housing from 1978-1986, DAMP rehabilitated 77,886 units from 1987-1996 (Schwartz, 1999).<sup>14</sup> Building dramatically on the alternative management and ownership programs started in the 1970s, community-based organizations became major stakeholders in housing production in accordance with the Plan's secondary goal of neighborhood revitalization (Ellen, Schill, Schwartz, & Voicu, 2003). In fact "not a single comprehensive plan in the traditional sense, the 10-Year Plan is rather a shifting assemblage of individual programs, several of which had already been operating for years by 1986" (Schwartz, 1999, p. 843).

With much of the Plan left unspecified (such as locations of new housing production, the method of selecting tenants, the role of private sector actors and concessions they would receive in return) (Fainstein, 1994), unlike earlier top-down urban renewal programs, the city's most important strategy was HPD's ability to tailor projects to the local community through working with nonprofit organizations (interview with Walter Roberts, 2011). The neighborhoods with the highest rate of *in rem* properties (the South Bronx, upper Manhattan and Central Brooklyn) were the sites of the most rehabilitation and construction activity under the Plan (Van Ryzin and Genn,

---

<sup>14</sup> Not including city funding of new construction and rehabilitation of private properties, which brings the total to 150,681 units.

1999), and DAMP was critical in identifying the local partners who would help shape and implement the city's strategy. Ultimately the TYP would include "a vast array of programs" (Schill et al., 2002) developed for specific neighborhoods, housing stocks (city-owned, privately owned, large multifamily, brownstones, etc.), tenures (rental vs. homeownership), and project type (e.g. moderate rehabilitation, gut rehabilitation, new construction) (Schwartz, 1999; Van Ryzin and Genn, 1999).

With the Plan's infusion of capital and expanded scale, ideas that had been floated and tested in HPD's earlier years as the agency professionalized became the basis of "a process that was programmatic and pipeline-driven" (interview with John Warren, 2011). This generated a nonprofit housing industry: the number of nonprofit organizations actively involved in housing production increased from about twelve at the start of the Ten Year Plan in 1986 to over a hundred organizations by 1994 (former HPD commissioner Felice Michetti, quoted in Schill et al., 2002, p. 535). Nonprofit social service providers were also folded into the pipeline: HPD often turned to them for property disposition in communities where there were no strong housing groups (interview with Walter Roberts, 2011). This worked well for the city in terms of property disposition and provided cash flow for the organization; however the implications for tenants are less clear in terms of how effective social service agencies were as property managers (interview with Walter Roberts, 2011).

Under the TYP nonprofit owners, developers and managers carried out nearly all of the construction of new units and much of the rehabilitation work on vacant and occupied units (Van Ryzin and Genn 1999). The city also continued a track of private for-profit partnerships alongside and integrated with nonprofit disposition and development; this was critical to meeting the Plan's objectives. For example, in the cross-subsidy program on the Lower East Side the

proceeds of sales of vacant land and buildings to market rate developers financed the rehabilitation of properties by nonprofit groups (Sites, 2003; interview with Walter Roberts, 2011).

Foundations motivated to “ride the wave” also supplemented government funding and programs by undertaking small demonstration projects in the hope the government would scale them up (interview with Harry DeRienzo, 2011). By then established as the vehicle through which a lot of housing could happen” nonprofits were positioned to “take a large chunk” of foundation funding (interview with Harry DeRienzo, 2011). Much of the funding that became available for community-based organizations incentivized housing production, and was thus contingent on managing buildings and developing properties. As nonprofit organizations successfully completed projects they could count on further developer fees in the future, “a very important thing to build up the infrastructure of the organizations” (interview with John Warren, 2011).

Beyond expanded foundation, private mortgage capital and municipal funding, federal changes also cultivated nonprofit groups’ involvement in development. In 1987 the Low Income Housing Tax Credit (LIHTC) program began offering tax credits to incentivize private development and management of affordable multifamily rental housing, a bright spot in an otherwise bleak landscape of federal commitment to low-income housing (Swanstrom, 1999). As a Treasury-controlled tax measure, the LIHTC program helped “dismantle HUD’s capacity to act as a policy maker” (Kochinsky, 1998, p. 122). This signaled a break with direct federal funding of housing and move toward indirect subsidies, with private investors providing capital for development projects by purchasing tax credits (Swanstrom, 1999). In return developers (nonprofit or for-profit) take on less overall debt to complete the project; these savings are

passed on to future residents in the form of lower rents. Since rehabilitation of existing buildings, but not land acquisition costs are eligible for credits, the LIHTC was ideal for creating a pipeline for the thousands of vacant city-owned buildings that had become an ongoing source of concern and struggle for the city, and is thus an important element in the TYP.

The stringent rules, complex nature and competitive basis of the LIHTC program disciplined community organizations and increased their reliance on private financing (Bratt, 2012; Kochinsky, 1998). Developers (nonprofit and for-profit) who wanted more buildings had to be good at administering the program and adhering to its stipulations:

*“You've got to follow the rules. You've got private investors who are requiring you to follow the rules. There's a lot of due diligence there. Syndicators have got to pay attention. And there was a lot of oversight, so -- and it was repetitive. Every year you've got to do certain things. So, it built in a lot of discipline just based on the fact that you had to -- using these monies, you had to follow a set of rules. If you didn't know, you had to learn.”* (interview with Walter Roberts, 2011).

This disciplined routine, and the sophistication and understanding of market conditions organizations required to compete for allocations translated to staffing needs and new expectations for asset management capacity (to manage the physical building and conduct preventive maintenance, carry out administrative duties, and manage cash flow) (Bratt, 2012; interview with Walter Roberts, 2011). Groups needed an organizational infrastructure in place to deal with the regulatory requirements of a tax credit building, multiple funding streams and the reporting that went along with each funding source. The disciplining process was a lot of work, especially for small groups and those whose core mission was not property management, for whom these duties could be a distraction from service delivery and other programming (interview with Walter Roberts, 2011).

National intermediary organizations, such as the Local Initiatives Support Corporation (LISC) and Enterprise Community Partners, emerged to channel capital and technical expertise to the local nonprofit development sector from corporate and philanthropic funders seeking income tax reduction through the LIHTC (Bratt, 2012; Swanstrom, 1999; Kochinsky, 1998). Intermediary organizations are associated with a dramatic increase in the nonprofit share of the LIHTC program, from 9% in 1988 to 27% in 1994 (Kochinsky, 1998). While instrumental in securing investments, advancing grants and loans and assisting with the complexities of the LIHTC (Bratt, 2012), technical assistants stand in complicated relationship to community organizations. Intermediary groups serve as “both friend and policeman” (Katz and Meyer, 1985), offering community-based nonprofit developers support and lending them credibility with private investors, but also overseeing their activities (Bratt, 2012).

The Ten Year Plan emerged under pressure from the public to address neighborhood deterioration, increased homelessness and a chronic shortage of affordable housing. With newly restored access to capital markets, the city pledged to build or rehabilitate 100,000 units over ten years, largely from the stock of occupied and vacant *in rem* housing. As the city again expanded its role in housing production, earlier alternative management programs were massively scaled up. These became the basis of development pipelines for community management, tenant ownership and private management/ownership. Having undergone professionalization as its strategies were institutionalized into city policy under the Division of Alternative Management Programs, housing groups became full-fledged developers as they implemented the Ten Year Plan’s neighborhood-specific programs. In this “pipeline” period, community organizations became major stakeholders in affordable housing production as the process itself changed, becoming increasingly characterized by market dynamics and private sector actors. As the self-

help housing movement built up the capacities this process demanded, some organizations also became distanced from earlier ideals of neighborhood control and permanent affordability.

The TYP is closely tied in with the neoliberal regime shift at the federal level: diminished federal support for affordable housing and community development contributed to the city's need to find other means of financing development of the *in rem* stock. The reconfigured federal role in affordable housing production, from a direct subsidy via the Department of Housing and Urban Development to an indirect subsidy system with the LIHTC represents a roll-out of 'new technologies of government' (Peck and Tickell, 2002). The program opened up the pipeline for rehabilitating vacant city-owned properties under the TYP. Its rules and complexities also required new levels of discipline and market sophistication from nonprofit developers, bringing the interests of community organizations in line with those of corporations and investors in search of reduced tax burden. In this pipeline period the municipal and federal government, intermediary groups and foundations positioned nonprofits "as alternative market organizations, laying the groundwork for future private investments in formerly disinvested neighborhoods" (Kochinsky, 1998, p. 124).

**Privatization (1994-the present).** The primary objective for city-owned housing stock was always to return properties to private, tax-paying ownership. Yet through the Dinkins administration, many within HPD believed some amount of the "irreducible minimum" would always remain, envisioning an ongoing and substantial commitment to community-based housing by the city (interviews with John Warren and Harold Shultz, 2011; Sites 2003). After the 1980s stock market boom heated up the city's real estate market and led to concerns about gentrification in some neighborhoods, the 1987 stock market crash led to the late 1980s/early 1990s recession, which put downward pressure on sales and prices, halting or slowing new

construction citywide (Smith & DeFilippis, 1999). *In rem* takings had ebbed in the mid 1980s, but property tax defaults ticked up again in the recession, adding to the inventory of city-owned housing.

David Dinkins stepped into this context when he became the city's first African-American mayor in 1990. From the start, Dinkins faced a split between demands from black and Latino constituents to improve housing, schools, employment and health; and from white constituents concerned with fiscal stability (Thompson, 2006). Aiming to reconnect with a political base alienated after the layoff of 10,000 public employees and cutbacks in social services, Dinkins supported community housing initiatives that would direct funds away from HPD's "coterie of nonprofit technicians and toward community organizations committed to citizen participation and voter mobilization" (Thompson, 2006, p. 212-213). Spending more than \$200 million for housing in Central Harlem in just four years and involving more politically engaged organizations in the process was meant to both address concerns about housing in poor, minority neighborhoods, and hopefully increase their votes for Dinkins (Thompson, 2006). Giving more control of *in rem* housing to community organizations and politically engaged churches did not sit well with local elected officials, and slowed ambitious housing development efforts in Central Harlem and Brownsville (in Brooklyn), which ultimately worsened Dinkins' credibility in Black and Latino communities (Thompson 2006). Dinkins' expansion of subsidies for corporate development was also at odds with his alternative vision of development and community renewal (Thompson, 2006).

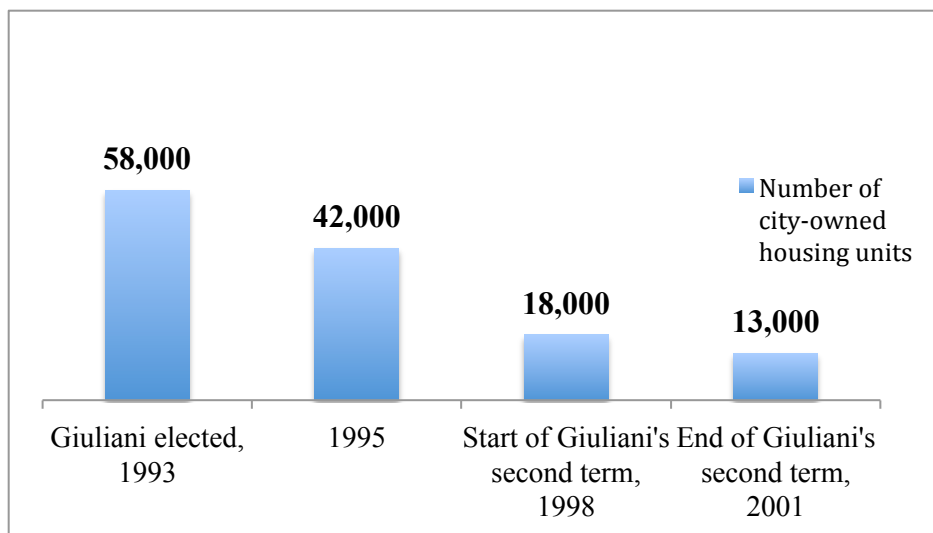
The irreducible minimum was untenable by the time Rudy Giuliani defeated Dinkins in his 1993 reelection bid and the city was devoting \$220 million a year, nearly all of its federal community development funding, to maintaining the 5458 *in rem* buildings it still controlled.

Many remained in poor condition despite the efforts of the Ten Year Plan (Sites, 2003). Properties remained in city ownership for an average of 19 years, making the cost of acquiring, managing, rehabilitating and disposing of *in rem* properties (\$2.2 million per building on average) far greater than the tax arrears (\$36,000 on average upon vesting) for which they were seized (Andersen, 1995; Allred, 2000). Unable to keep up with the increase in property tax default in the late 1980s, the Dinkins administration had opened a queue for property vestings: Giuliani's HPD Commissioner Deborah Wright was shocked to find there were 8000 buildings (40,000 units) waiting to be added to the city's existing stock of 58,000 housing units (Barr, 1995). At this point the city quietly stopped vesting properties, which added to tax enforcement problems (interview with Harold Shultz, 2011; Office of the Mayor, 2001).

By the mid 1990s, as neighborhoods and housing improved, government ownership was seen as inefficient and slow to adapt to changing market conditions, thus a potential obstacle to private investment (Allred, 2000; Andersen, 1995). Moreover buildings remaining under, or eligible for, city ownership continued to be the most distressed (Perine, Shultz, & Marazzi, 2011). Giuliani enacted a dramatic shift in the city's approach to both the *in rem* housing stock and the larger issue of property tax default. In a **final critical juncture**, the city would return *all* the properties it owned to the private market (to both nonprofit and for-profit developers), breaking the path of a wide public role that had prevailed since the late 1970s. This was consistent with Giuliani's larger project of "reinventing government" (based on the 1992 David Osborne and Ted Gaebler book of the same name) in a more efficient and entrepreneurial fashion. Giuliani was part of a broad movement in 1990s municipal governance to follow on Reagan's privatization, deregulation and rollback of social welfare at the local level. Repudiating the notion of city-owned property as a continuous resource to address the chronic affordable

housing shortage, Giuliani's commitment to trimming the city's public sector entailed privatizing as much of the *in rem* stock as possible, thereby cutting off the pipeline. The city shed over 10,000 housing units and more than a thousand buildings in just two years, going from 58,000 city-owned housing units in 1993 to 42,000 in 1995, and to 13,000 units when Giuliani left office in 2001 (see figure 1.5) (Barr, 1995; Mayor's Press Office, 1999; Murdock, 2001).

**Figure 1.5: Change in city-owned housing inventory, Giuliani administration**



The TYP had made significant inroads into the stock of city-owned housing before abandonment ticked up again in the early 1990s. Giuliani's signature program, "Building Blocks!", was therefore designed to exploit remaining economies of scale by selling clusters of buildings (rather than individual properties). It targeted blocks with multiple occupied and vacant city-owned properties for disposition to TIL, the Neighborhood Entrepreneurs Program (NEP) and the Neighborhood Rehabilitation Program (NRP), the latter two reiterating earlier private/for-profit and community/non-profit disposition tracks. Given the ineffectiveness of large developers participating in POMP (uncontrolled cost overruns and low productivity) NEP was to build the capacity of minority-owned architecture and contracting firms. This would shift city-

owned properties to private, for-profit owners who were “rooted in their communities”, so as to recirculate city funds in the local economy (Orlebeke, 1997, p. 165).

Privatization opened up “a tremendous pipeline” for the formation of limited equity cooperatives (interview with John Warren, 2011).<sup>15</sup> Previously only available to tenants of buildings that did not require rehabilitation, once even “crummy buildings” could enter the program, TIL became a default option and expanded dramatically (interviews with John Warren and Walter Roberts, 2011). In earlier iterations, tenants may have been better able to accept the challenges and responsibilities that came with co-op living; later, the people and the types of buildings “were not the same as those early pioneering buildings” (interview with Walter Roberts, 2011) Examples such as buildings that never left the TIL program to form a cooperative show how strategies developed in the early stages of the abandonment crisis sometimes morphed into a problem later on (interviews with Walter Roberts and John Warren, 2011).

Veteran affordable housing professionals have mixed views about the privatization of the *in rem* stock. In one view, creating an infrastructure for private development by minority-owned businesses within neighborhoods supported community development, potentially promoting innovation and not simply privatization (interview with John Warren, 2011). From another perspective cutting off the pipeline entailed restructuring existing programs in such a way that changed their direction, reduced their size, and eventually moved towards supporting private investment in the city’s housing and neighborhoods at the expense of nonprofit and community control (interview with Bruce Dale, 2011). Another layer here is the extent to which privatization would squander fifteen years of capacity building work within the nonprofit community. Having undergone extensive professionalization and discipline through their work rebuilding housing

---

<sup>15</sup> Previously only available to tenants of buildings that did not require rehabilitation, now even “crummy buildings” could enter the program (interview with John Warren 2011).

and neighborhoods, many organizations had come to rely on working continuously in partnership with the city—and the development and management fees and low-cost financing that were part of this relationship. Privatization would force nonprofit organizations to find new projects on the open market (and squeeze out smaller groups not able compete in the market). Another danger of operating outside of the pipeline is the risk of organizations expanding too much, too quickly, mismanaging their assets or getting far afield from early mission, (e.g. developing \$1M condos), especially in the 2000s real estate boom (interview with Richard Conley, 2011).

Cutting off the pipeline is clearly aligned with Giuliani's efforts to reduce the size and scope of government, improve efficiency, enhance competition and privatize government resources to outside contractors. The Giuliani administration was also known to be unwilling to work with nonprofit groups critical of its policies around housing, welfare and policing (Krinsky, 2011; Smith, 1998). Indeed the city terminated contracts with the Harlem Restoration Project (a group that rehabilitated buildings in Harlem to operate as affordable housing) and Housing Works (an activist AIDS service organization that addresses homelessness and HIV/AIDS as a dual crisis for poor people) after they openly dissented with Giuliani (Dwyer, 2005; Smith, 1998). In some sense, privatization would expediently limit the growth and influence of oppositional politics by low-income housing advocates, simply by cutting off their funding. This coincided with efforts to dismantle rent regulation laws, which resulted in high-rent luxury decontrol.

Without disputing Giuliani's revanchist tendencies, the privatization of city-owned property was also pragmatic: it returned abandoned properties to the private market. This may have come at the expense of nonprofit organizations' ability to effectively improve and engage marginalized communities in a mission-consistent manner, but this was not the *in rem* program's

primary aim. Rather, the program sought to bring properties back onto property tax rolls, and revitalize distressed neighborhoods that undermined the city's economic livelihood. Lacking a strong private, for-profit market throughout the 1970s and 1980s the city was reliant on community-based organizations to dispose of properties, but by the 1990s these groups may have outlived their usefulness. The private market was returning as economic activity and immigration sharply expanded. Nonprofit organizations became less important players in negotiating financing and coordinating neighborhood development:

*“People started realizing that yes, the Bronx was going to survive, and no, they didn't really need the signoff of the Northwest Bronx Community Clergy Reinvestment Project to make these deals happen” (interview with founding member of the Northwest Bronx Community and Clergy Coalition Jim Buckley 2011).*

The city's low-income neighborhoods were revitalizing due to a confluence of local and national-level factors. The Ten Year Plan had begun to bear fruit: housing construction and rehabilitation reduced numbers of boarded up buildings and vacant lots; housing conditions improved; and housing demand, rents and property values all went up (Bram et al., 2003; New York City Department of City Planning, 2004). In the Highbridge section of the Bronx and Central Harlem gains in housing quality were particularly large (Bram et al., 2003; Schwartz, 1999; Van Ryzin & Genn, 1999). The city's influx of almost a million (legal) immigrants from Asia, Mexico and Latin America, the Caribbean, Eastern Europe and the former Soviet Union and Africa over the 1990s reversed the population decline of previous decades, further increasing housing demand in low-income neighborhoods (Bram et al., 2003). Crime declined dramatically in the nation's urban neighborhoods in the 1990s (Bram et al., 2003; Moody, 2007): so too, New York generally became more livable in the 1990s, with the largest crime and housing improvements in the city's poorest communities (Ellen & O'Regan, 2008). Fewer vacant

buildings also meant fewer spaces offering shelter for drug dealing, drug use and other clandestine activities, while immigrants' informal housing, labor and care economies also helped prevent crime (Moody 2007).

Since the 1970s fiscal crisis, New York's image to the out-of-towner had become a political strategy (Greenberg, 2008). Giuliani's tough stance on crime, which often punished the poor under the guise of appealing to tourists, made the city "safer" for private capital. An expanded police force and improved surveillance and security technology, coupled with Giuliani's "zero tolerance" approach to petty crime and criminalization of homelessness, panhandling and squatting all helped make Manhattan's urban core more palatable for real estate development interests (Moody, 2007; Sites, 2003; Smith, 1998). With much of the funding for his successful 1997 reelection bid coming from realtors, developers, bankers and corporate interests, Giuliani worked earnestly on their behalf. His policies continued and expanded Dinkins' tax breaks for developers; lowered taxes on commercial real estate while increasing rates on single-family and small apartment buildings; and subsidized the redevelopment of Manhattan's business districts (Moody, 2007; Sites, 2003).

Along with these changes, which mostly benefited Manhattan's real estate market, other national trends contributed to 1990s improvements in low-income urban neighborhoods, not least the country's stock market and consumption-fuelled economic expansion that decade. The Clinton-Gore administration also followed an agenda of "reinventing government"<sup>16</sup> to make it more businesslike. One application of this kind of entrepreneurial governance is the advancement of market-based solutions for social problems (Harvey, 1989; Peck & Tickell, 2002). Thus whereas Reagan-era policies drastically cut federal assistance to community-based

---

<sup>16</sup> So much so that the administration created the National Partnership for Reinventing Government, with David Osborne (a co-author of the book *Reinventing Government*) serving as a key advisor.

housing groups, Clinton increased federal support for (market-oriented) community development. This approach emphasized market inefficiencies as causal mechanisms in issues like housing access and poverty, and was effective in shifting attention from the role of power inequalities and social and spatial exclusion that the urban social movements of the 1960s and 1970s had emphasized (Newman & Lake, 2006).

Clinton strengthened the 1977 Community Reinvestment Act; expanded the role of the government-sponsored enterprises and government-backed loans; contributed to the expansion of the secondary mortgage market; and increased multifamily lending activity (Ellen & O'Regan, 2008; Wyly, Atia, Foxcroft, Hammel, & Phillips-Watts, 2006; Wyly, Atia, & Hammel, 2004). The New Markets and Community Renewal Initiative, passed in 2000, consolidated and built on these efforts, providing tax credits and other incentives (such as exemptions from capital gains taxes and payroll tax breaks) to encourage investment in low- and moderate-income urban (and rural) communities (The White House, 2000). It also expanded Empowerment Zones, which provide tax breaks and funding for social services to revitalize underserved communities; Clinton created 40 Empowerment Zones altogether from 1993-2000, including one in Harlem (Lemann, 1994; The White House, 2000). These efforts characterize the shift to community economic development as the dominant approach to poverty alleviation, in which increasing for-profit initiatives in low-income neighborhoods would produce economic transformation and community empowerment (Cummings, 2002).

Signs of the pitfalls of opening up new markets had already opened up in the 1990s. Nationally, in a precursor to the racially exploitative subprime lending boom of the 2000s, a wave of subprime refinance loans stripped equity from elderly African-American owners, who were often “house-rich but cash-poor” (Ashton, 2012; Immergluck & Wiles, 1999; Ludwig,

2007; Stein, 2001). There were also precursors for the kind of overleveraging seen in New York's multifamily housing today. Government-sponsored enterprise Freddie Mac, operating in the secondary market, purchased the debt for a group of 35 multifamily properties in the Northwest Bronx without completing due diligence on their physical and financial conditions (Groarke, 2004).<sup>17</sup> Weak controls increased opportunities for fraud and abuse: inflated appraisals over-leveraged properties, and deception about neighborhood conditions underestimated risk (Groarke, 2004; United States General Accounting Office, 1991).

The articulation of neoliberalism's creative and destructive tendencies was critical to the 1990s move away from community-based housing programs and toward the revival of the private, for-profit real estate market in New York City. Giuliani's orientation to limiting government is consistent with a broader move in local politics to deploy Reagan's small-government neoliberalism municipally (Weikart, 2001). This approach may be contrasted with the municipal socialism that defined many postwar U.S. cities but none more than New York (Freeman, 2001; Moody, 2007). The *in rem* privatization agenda benefited from the positive legacy of Koch's big-government capital housing plan, the increased housing demand from new immigrant populations and national economic growth. Privatization also coincided temporally with the transition to a reformulated, constructive neoliberalism. This increased federal emphasis on (and support for) private capital in neighborhood revitalization led the way from Giuliani's withdrawal of capital funding and public commitments for housing in his first term to the pursuit of an a more direct role in land-value escalation in the urban core in his second term. Rather than completely dismantling community-based housing programs, Giuliani simply withdrew earlier

---

<sup>17</sup> There were similar problems nationally.

concessions to community interests (Sites, 2003), allocating concessions to private developers instead.

Completing the city's withdrawal from taking ownership of tax-delinquent properties required new technologies of government, and new modes of fiscal discipline. After it officially stopped vesting tax-delinquent properties in 1995, the city developed the Third-Party Transfer (TPT) program to convey tax-foreclosed properties to a third party owner—the nonprofit Neighborhood Restore, which it created to administer the TPT program. Neighborhood Restore completes interim maintenance and management in the one to two years it takes to work with HPD-approved nonprofit and for-profit owners to make improvements, secure financing and transfer the property to new private ownership (Mueller, 2003; Perine et al., 2011). The properties must be operated as affordable housing, but definitions of affordability based on area median income are notoriously out of sync with neighborhood income levels (vacant units can also be leased at market rates) (Allred, 2001). In a vestige of the earliest approaches to property abandonment, tenants may also elect to form a limited-equity housing cooperative. From 1996 to 2008, Neighborhood Restore transferred 363 properties (4600 housing units) to new owners, costing the city only \$74,000 a building (compared to the \$2.2 million per building prior to 1996) and \$34 million a year (compared to \$220 million a year prior to 1996); this public investment is used to leverage additional private funding (Perine et al., 2011)

However only properties that are extremely tax-delinquent and/or severely physically distressed enter TPT (Allred, 2000; Perine et al., 2011). Tax-delinquent properties are first evaluated for tax lien sales—liens for the most marketable properties are bundled and sold, while the most troubled properties enter TPT (New York City Comptroller, 2012). The remainder becomes part of a tax lien sale, a policy Jersey City started in the 1990s that became a popular

local strategy: New Haven, Atlanta, Washington D.C. Puerto Rico, upstate New York and Philadelphia have all securitized tax liens. The Department of Finance can securitize tax liens of properties that are in arrears but are not distressed (about 85% of tax-delinquent properties) (Perine et al., 2011; Rao, 2012). The city sells the liens to a trust, which uses them as collateral to issue bonds to investors for cash; the cash is then used to pay the city for unpaid tax revenues (Perine et al., 2011). Eventually, if owners do not pay back taxes, the liens (and thus the properties) are sold at public auction to recover unpaid debt. Since implementing TPT and tax lien sales, the city has recovered \$1.55B more in real estate taxes (for the period 1997-2008) than they would have if tax collection rates remained at pre-1996 levels (Perine et al., 2011). The city has also generated surplus revenue of \$89.3 million (beyond the value of arrears) from tax lien securitization; in one example \$54.7 million worth of tax liens has generated \$2 million beyond the value of the liens, with potential for more revenue (Perine et al., 2011).<sup>18</sup>

After two decades of a wide public role in the management and disposition of tax-foreclosed properties, the inventory of city-owned property was privatized under Giuliani. Further changes in housing and tax policy (creation of TPT and use of tax lien sales) ensured a circumscribed public commitment to management, maintenance and sale of tax-delinquent residential property going forward. These moves coincided with the 1990s economic boom, fueled in large part by explosive stock market growth and the rise of the technology and information economy. With Wall Street responsible for much of its 1990s economic expansion, New York City became more dependent on the finance industry than ever (Moody 2007; Sites 2003). Employment and income growth in the financial and legal services industries increased

---

<sup>18</sup> It is important to note that the sale of tax liens has recently come under criticism for unfairly affecting vulnerable homeowners, especially the elderly. This is a concern because tax foreclosure has been on the rise recently due to the mortgage foreclosure crisis, unemployment and the weak economy (Rao 2012).

housing demand and rents, with (largely, but not exclusively) white professionals especially gentrifying old working class areas accessible to Manhattan's urban core (e.g. Harlem, the Lower East Side, and Williamsburg) (Newman & Wyly, 2006).

In the emerging bifurcated service economy, low-wage retail, restaurant and hotel jobs were at the other extreme from high-paying business and financial services positions (Moody, 2007). Low-wage positions contributed most to increased employment in the 1990s, and the loss of public sector and production and shipping jobs hit the city's longstanding minorities especially hard: blacks and Latinos fell out of middle- and upper-income groups, and they were competing with immigrants for lower-income jobs (Moody, 2007). In 2000, more than a third of New Yorkers were foreign-born: as immigrants changed the face of the once primarily white, black and Puerto-Rican city, new and old groups of whites, blacks, Latinos and Asians all struggled for space (Moody, 2007; Sanjek, 2000). Poorer residents priced out of the urban core flowed into the further reaches of Brooklyn and Queens, heightening the spatial differentiation of inequality: poor and minority residents without access to public, subsidized or rent-regulated housing were consolidated in the outer boroughs, and the urban core became increasingly aligned with educated and affluent workers in financial production and associated support services (Newman & Wyly, 2006; Sassen, 2000)

The revival of the city's real estate market eased property abandonment, but increased problems with housing affordability. Over a million units of affordable housing were lost from 1996-1998 alone, and few of the 50,000 housing units built from 1994-1999 were affordable (Moody 2007). Another factor in the decrease of housing affordability was the 1990s weakening state-level rent-regulation laws, contributing to the deregulation of 100,000 rent-stabilized units from 1994-2002 (New York City Rent Guidelines Board, 2003). In 1999, nearly a quarter of

New York City renters paid more than half of their income for rent (Daniels & Schill, 2001; Sites, 2003). One in five households had a severe housing affordability or housing quality problem, with the worst problems in the Bronx (Highbridge and University Heights in the west Bronx and Morrisania/Belmont and Parkchester/Soundview in the South Bronx), as well as East Harlem. By 2000 city residents and advocates were calling for a new, capital-budget housing plan (Sites, 2003). However without a ready supply of land and housing, the city would need to find new ways to do affordable housing.<sup>19</sup>

A transition occurred in the 1990s in which low-income neighborhoods came to be seen as “underperforming assets” and “incomplete markets”. The city’s investment under the Ten Year Plan and Giuliani’s decision to privatize city-owned housing fit neatly with this change, making once “no-go” neighborhoods safe and attractive for private capital and real estate development. With increased housing demand, development made affordable by low interest rates and a steady flow of mortgage capital thanks to the growth of the secondary mortgage market, New York experienced a building boom from 2000-2008. The city’s number of authorized residential building permits doubled from 10,000 to 20,000 between 1998 and 2004, then edged above 30,000 a year in 2006 (Furman Center for Real Estate and Urban Policy, 2010b). Today, private, for-profit development has become central to the New Housing Marketplace, Bloomberg’s affordable housing strategy, with nonprofit organizations competing in the same market. However much of the development under the New Housing Marketplace is unaffordable to the residents of the neighborhoods receiving new housing (ANHD, 2013)

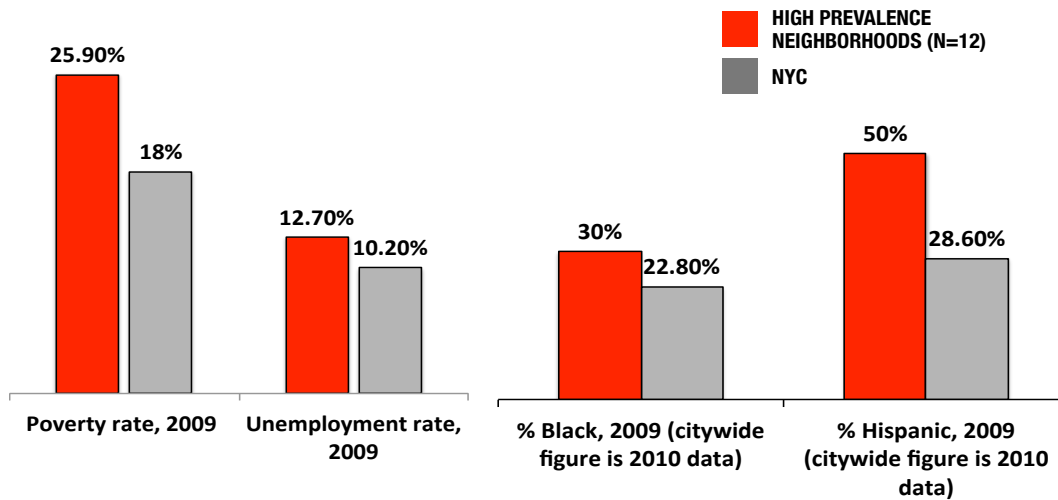
---

<sup>19</sup> This is not to say that New York City’s only source of affordable rental housing is/was city-owned housing. New York has the largest stock of public housing in the country, and much of the development of city-owned housing was done as affordable housing with long regulatory agreements.

**Spatial resonances**

In many ways the 1970s crisis of disinvestment and abandonment cleared the ground for restructuring the city around finance, insurance and real estate. As Rachel Weber (2002) notes, “At various points in the circulation of capital the built environment is junked” (p. 521), the better to be subsequently revalorized (Smith, 1979, 1984, 1996). This observation brings us back to today’s crisis of predatory equity, which represents a new round of “junking” the urban environment that is at once familiar and strange, as it gives new substance to the relationships among property, community, finance and local government. Here I turn back to the geographic considerations that grounded the preceding temporal analysis in an effort to consider predatory equity in relation to spaces of abandonment. Many of the veteran and midcareer nonprofit professionals participating in this research understood predatory equity through the landlord abandonment crisis. The overleveraged, distressed buildings brought up memories of the 60s and 70s, and this shaped concerns about rolling back the slow, hard work of rebuilding in the wake of abandonment: some argued that the overmortgaging, foreclosure, re-speculation and horrible physical conditions associated with predatory equity could easily have the same kind of impact on neighborhoods as the abandonment crisis, especially in the Bronx (interview with Dina Levy 2010). Like property abandonment, predatory equity is concentrated in low-income and minority neighborhoods (see Figure 1.6 for demographic information about residents of neighborhoods with the greatest prevalence of predatory equity) in upper Manhattan, the Bronx and central Brooklyn.

**Figure 1.6: Race/ethnicity, poverty and unemployment of residents in high predatory equity neighborhoods versus city residents as a whole.** Data: Furman Center 2009.

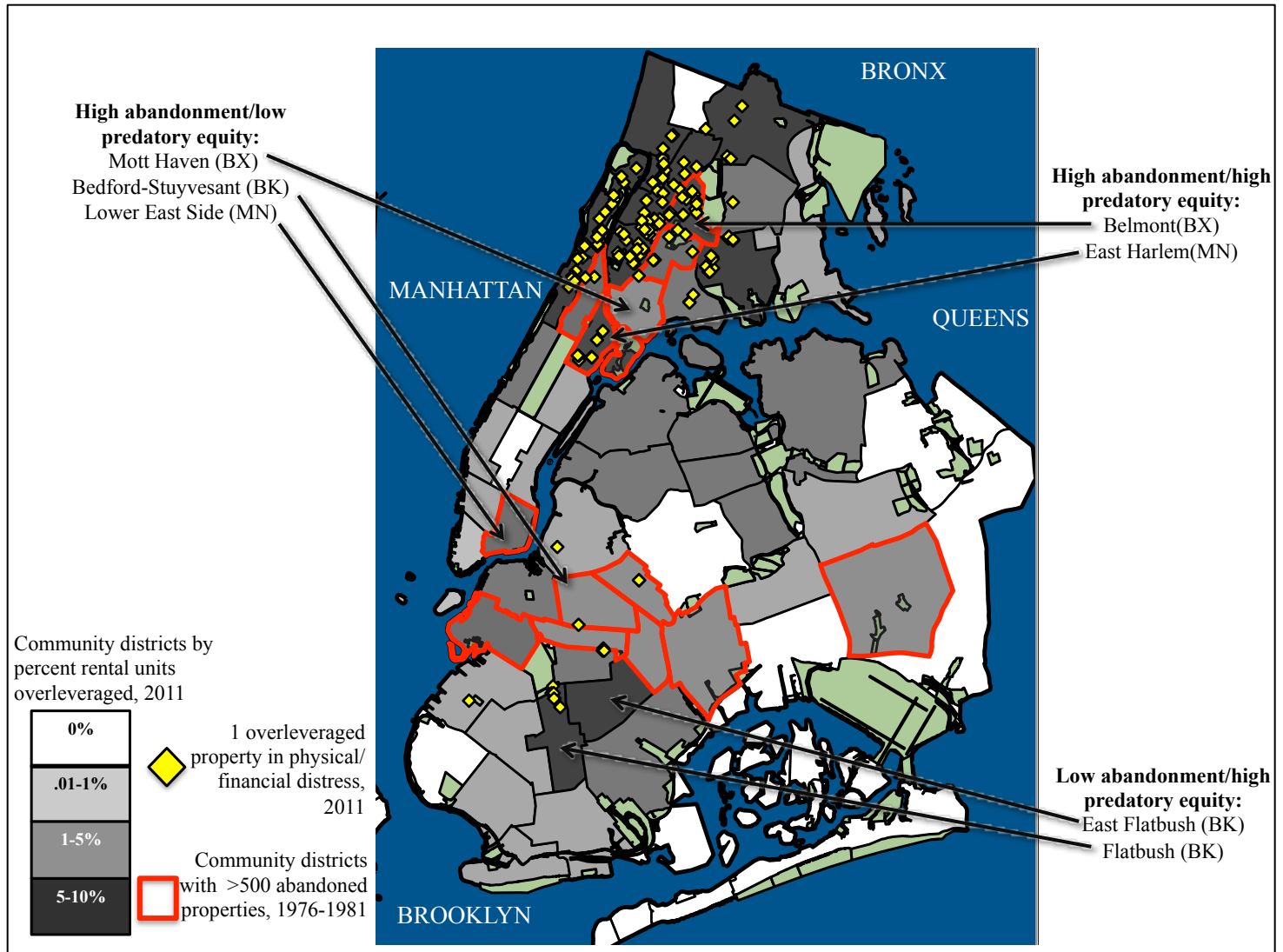


However the geography of predatory equity relative to abandonment is complex (see figure 1.7). It is true that two neighborhoods, East Harlem and Belmont/East Tremont, are in the highest categories for both property abandonment and predatory equity (more than 500 abandoned properties from 1976-1981 and more than 5% of their rental housing currently overleveraged as a result of private equity real estate investments). But many of the other neighborhoods that experienced the worst property abandonment in the 1970s—Manhattan’s Lower East Side; Mott Haven in the South Bronx; Brooklyn’s Bedford-Stuyvesant, and Hollis in Queens—all have around 1% or less of their rental housing in financial distress (1.04% in the case of the Lower East Side). Even within this category (high abandonment and low predatory equity) there are divergent explanations. The Lower East Side, located in Manhattan’s revived urban core, is already heavily gentrified and still has a large amount of market-protected housing (public and other subsidized units), thus may not have been targeted, or private equity investments may have been less likely to collapse there. Bedford-Stuyvesant and Hollis have

both been a major site of high-risk lending to homeowners, with the highest foreclosure rates in the city (Armstrong et al., 2009, p. 12). Because of the concentration of Ten Year Plan activity in the South Bronx, Mott Haven may have a greater amount of its rental housing under nonprofit ownership or management or a long-term regulatory agreement.

Some community districts, such as Flatbush and East Flatbush in Brooklyn, never had large amounts of abandoned property but now have among the highest rates of overleveraged rental units. Both contain smaller areas (Ditmas Park in Flatbush, Prospect-Lefferts Gardens in East Flatbush) positioned as Brooklyn's new frontiers of gentrification with their more affordable prices, proximity to Prospect Park, appealing housing stock and express subway lines into Manhattan (Higgins 2013). Indeed residents of these neighborhoods have faced strong displacement pressure as gentrification has pushed outward from the urban core (Wyly, Newman, Schafran, & Lee, 2010).

**Figure 7: Predatory equity, 2011 and community districts with >500 abandoned properties, 1976-1981.** Data: NYC DoF and Local Initiatives Support Corporation.



Considering property distress levels adds another layer to the interpretation of these data.

Not all properties affected by predatory equity are in distress<sup>20</sup> (yellow diamonds in Figure 7).

Instead we see that while East Flatbush and Flatbush have high levels of predatory equity,

<sup>20</sup> Measure of distress is based on the property’s Building Indicator Project score, calculated with public data on building and housing code violations and liens. Buildings with scores of 800 or higher are in probably physical and/or financial distress.

relatively few of the properties caught up in these investments are in distress; Inwood/Washington Heights in upper Manhattan and the entire Grand Concourse corridor in the West Bronx also have high levels of predatory equity and in these neighborhoods, the properties are in distress. This discrepancy may suggest that multifamily housing in the latter set of neighborhoods is set to be junked for subsequent revalorization.

The spatial complexities of predatory equity's relationship to property abandonment and the uneven geography of distress among predatory equity deals offer no simple explanations. Instead we might understand this spatiality as characterizing redrawn relations among property, community, finance and local government, changes that are situated in the urban restructuring begun in the 1970s.

### **Conclusions**

To paraphrase the observations that opened this paper, today's crisis of predatory equity might seem to signal the distance New York City has come since its property abandonment crisis of the 1970s. In this paper I have focused not so much on what is different (or the same) about past and present, but on how trajectories of social, spatial and political action provide for meaningful connections between these moments—how past becomes present. Encountering the financialization of urban space requires that we problematize the present; here I have attempted to do so through careful attention to the choices made over time in response to property abandonment and how they structure available options, precipitate later crises and shape choices made at critical junctures (Haydu, 1998). I have also worked to situate these choices in broader processes of neoliberal urban restructuring, especially how choices at the federal level about funding for cities, community development and affordable housing alternately serve to pressure or to afford changes in direction at the local level. Thus the dismantling of federal support in the

early 1980s pushed the city to dramatically retool its approach to disposition of *in rem* housing, while the 1990s reformulation of community development around opening up “underserved markets” to capital allowed the city to pursue the rapid privatization of the *in rem* stock.

By way of conclusion, I want to bring this analysis more fully into the present, considering how the changing relationship between urban property and housing finance also entails shifting geographies of power (Allen, 2011). In this topological approach, power relationships “compose the spaces of which they are a part” (p. 284),<sup>21</sup> playing out in “how different actors act upon and respond to the contingency of what confronts them” (p.291). Here power works spatially not through fixed scales of distance and location (topography), but through the ability to make one’s presence felt—this could operate through drawing distant others within close reach, or placing oneself beyond reach (Allen, 2011). Power topologies are useful for understanding the contingencies confronting community organizations and the city as finance capital has become the dominant force in urban growth and change since the 1970s (Harvey, 2003; Lefebvre, 2003 [1970]).

This is especially relevant to the real estate market, where financial actors, tools and imperatives have addressed the problem of spatially fixed commodities by developing processes (such as securitization) that convert illiquid material assets to liquid resources exchangeable in global investment markets (Gotham, 2009). This capability generates opportunities for investment that are beyond, or even distinct from, the property itself (Aalbers, 2008; Gotham, 2009; Lefebvre, 2003 [1970]; Newman, 2009). In a useful application of Lefebvre’s (1991) theory of the production of space, Gotham (2009) argues that the financialization of housing thus

---

<sup>21</sup> Rather than being merely positioned in/extended across space, as in a topographic approach.

entails the creation (and destruction) of mortgage markets as new spaces for profit. By detaching financial space from urban space, the financialization of housing also transforms power topologies, changing the “reach” of community organizations and the city in responding to predatory equity.

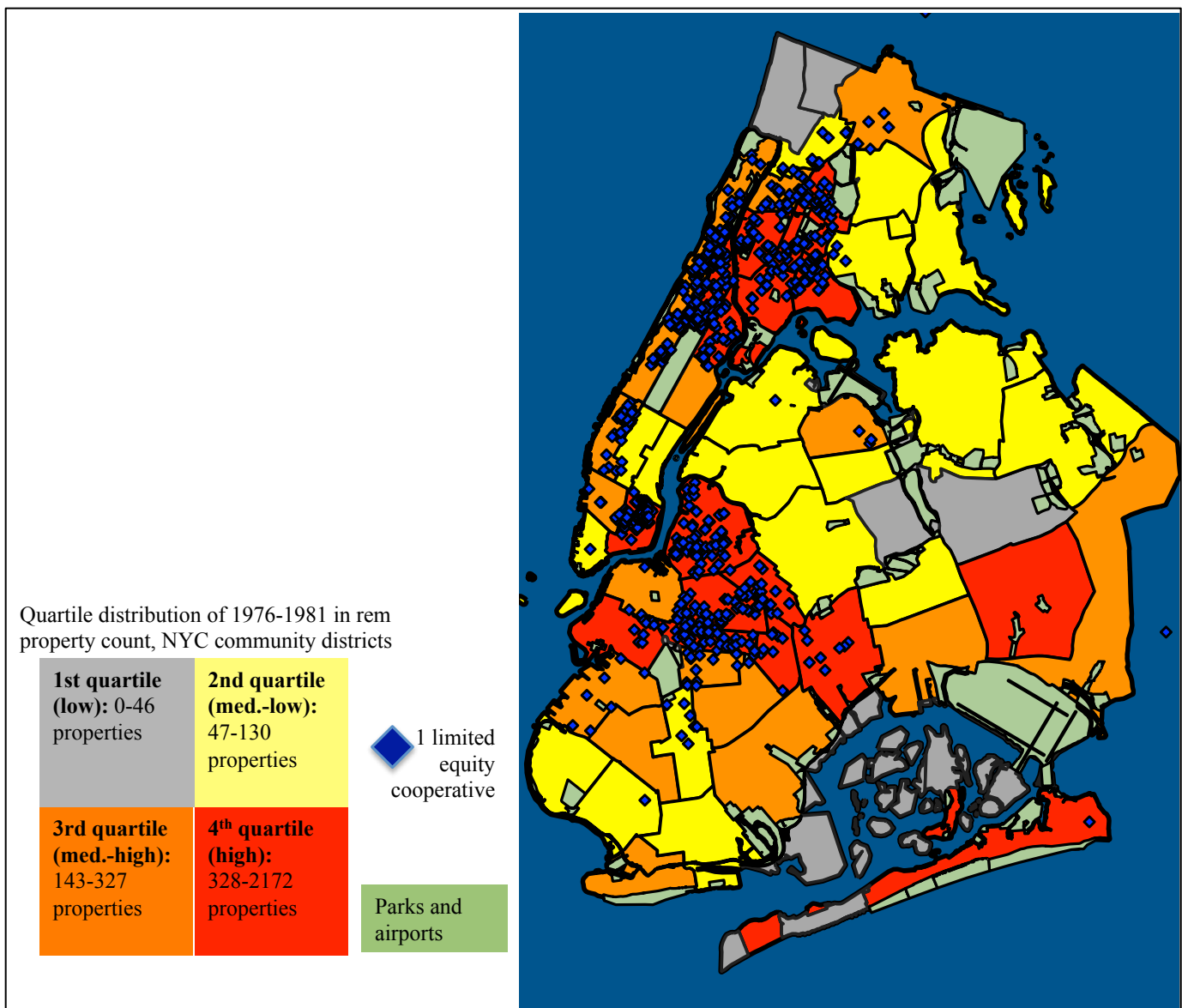
### **Shifting power geographies**

Even as property abandonment destroyed the built environment, that crisis was also constitutive of a social, political and organizational infrastructure of community housing groups. Local policies addressing abandonment professionalized these organizations, subjecting activists and community groups to new expectations, requirements, and discipline but also making the actors and solutions advanced through the self-help housing movement key players in neighborhood development and central to the city’s long-term plan for rebuilding neighborhoods. Community organizations and alternative disposition mechanisms, such as nonprofit rental/limited equity ownership, became an enduring part of the housing landscape in New York City (see figure 1.8). It is this infrastructure that has been pivotal to identifying predatory equity as a threat to the city’s housing stock and renters, in generating a discourse around the threat and data to substantiate this claim, and advocating with the city and the judicial system to pass legislation and programs to help address this threat (Fields, in revision).

The activism and organizing, professionalization, and the role of organizations in partnering with the city to rebuild after abandonment has thus been important to the role this infrastructure is playing in contesting predatory equity. However the organizations emerging from the abandonment crisis were confronting the effects of a junked housing market, and the direction of their professionalization since then has been toward real estate development, property management and negotiating tax credit programs. Remaining within the circuit of the

built environment, even the most sophisticated community organizations may not be able to “make their presence felt” within circuits of capital. Therefore compared to the central role community housing groups played in responding to the abandonment crisis, today their role is more marginal (interview with Benjamin Dulchin, 2011) precisely *because* it is largely bounded to property; whereas financial actors can operate in both spaces of capital and in urban space.

**Figure 1.8: Geographic distribution of low-income cooperatives today relative to concentrations of abandoned properties in 1976-1981.** Data: NYC DoF, Urban Homesteading Assistance Board



For example, community organizations have attempted to recapture properties as predatory equity deals fall into foreclosure which entails first raising capital and negotiating to buy the note from the loan servicer, and then assuming the mortgage and completing foreclosure themselves. This is a capital- and time-intensive process, and requires legal and financial skills nonprofit organizations typically don't have in-house. Because the objective here is to reclaim the property to preserve as affordable rental housing, organizations seek to acquire the note from the mortgage servicer at a substantial discount, both to bring debt back into line with rent levels and because they will require financing for rehabilitation due to property deterioration. However the growth of a global private equity distressed debt market has made the purchase of distressed mortgage notes for large multifamily properties around the U.S. a major investment opportunity in the post-bubble years (Ascierto, 2010). Community organizations therefore find themselves struggling to make claims on financial institutions: as distressed debt becomes a commodity of its own in the space of finance, its value is separable from material conditions in urban space.

Here we might look to the role of the city in responding to predatory equity. Certainly the city doesn't want to see a return to the devastation of the 1970s and 1980s. Eager to protect the investment it made in residential neighborhoods, it has stepped up code enforcement in response to predatory equity, e.g. doing roof to cellar inspections and getting code violations documented (this facilitates other programs, such as emergency repairs and 7-A receivership). Recently the city also passed a new local law that will hold landlords accountable for addressing underlying physical conditions, allowing the city to issue orders (enforceable in Housing Court) requiring them to repair problems such as the source of water leaks rather than simply plastering over the mold or holes they cause (Kusisto, 2013; Massey, 2012). Unfortunately the law does not hold

owners of multifamily accountable for the underlying *financial* conditions (such as debt service payments that outweigh rental income) that often prevent adequate maintenance and repairs.

Despite the city's attention to code enforcement it has been hesitant to take a stronger role in property disposition to recapture overleveraged properties, even though the market in distressed debt can further physical decline as new investors load more debt onto properties (an update on "milking the building" that took place in the 1970s). Instead, in response to advocacy from the Association for Neighborhood and Housing Development the city made a one-time commitment of \$750 million for the Multi-Family Preservation Program to incentivize banks to sell overleveraged properties to affordable housing developers instead of financial actors pursuing a capital leveraging strategy. While inadequate given the scale of many predatory equity investments in the tens and hundreds of millions, the program does acknowledge and make a small intervention in these dynamics, which threaten a prolonged period of deterioration in the city's affordable multifamily rental housing. Still, not unlike the abandonment crisis, predatory equity calls for a stronger public role in property disposition. Yet the city is not only reluctant to do so given the fiscal and political burden it faced as landlord of last resort, it is unable to do so because of the regulatory architecture it set up to prevent a return to public ownership of property.

However even in the absence of the kind of spectacular market collapse and blight seen in the 1970s, such a role would not be unprecedented. Under Mayor Bloomberg the city has taken up eminent domain enthusiastically (and under heavy criticism), deeming private property blighted and seizing it for private development projects in the name of economic development, e.g. the Atlantic Yards in downtown Brooklyn (cf. Bagli, 2011). How might eminent domain be adapted to address blight created by speculative private equity real estate investment? Localities

around the country are considering the use of eminent domain as a strategy to seize overleveraged mortgages from bondholders and help climb out of the pit of housing debt (Bagli, 2011). Similarly New York City Council speaker and mayoral hopeful Christine Quinn has proposed the city acquire distressed mortgage debt on multifamily properties at a discount with bulk purchases, and then steer the properties to HPD-approved developers. Still, although the city might claim more political influence than community-based organizations, its reach largely remains within the sphere of property: even powers of eminent domain cannot (yet) extend to financial territory.

The financialization of housing affords the production of a territory of housing finance that can be developed and underdeveloped independent of physical property in urban space (Gotham, 2009). This changes the relationship of the urban to the political economy in ways that shape uneven geographies of power: finance can make itself felt in property, while the territory of finance is often beyond the reach of community organizations and the city. In the financialization of housing we therefore see intensified contradictions between property's use and exchange values that worsen displacement pressures (Wyly et al., 2010). Nonprofit or social housing approaches are both more necessary to prevent displacement and ensure social reproduction, and less tenable as urban space is ever more integrated in global circuits of financial production. This moment signals a new critical juncture for urban policy and community practice, and an imperative to develop new spatial tactics that can draw finance back into material environments, or act within financial territories.

### Appendix 1.1

#### Defining and measuring property abandonment

Property abandonment is a lengthy process. Here I operationalize abandonment as the point at which the local government (the fiscal division) seizes a property after an *in rem* judgment has been obtained for property tax default. The NYC DoF provided me with data on all real property transactions at the tax parcel level from 1976-1981; from this dataset I extracted all transactions in which the property deed was transferred from the DoF to the City of New York. While some property owners redeemed their back taxes following property seizure and were able to reclaim their properties, this represents a minority of the volume of properties taken into city ownership.

A major challenge for using this archival data in a Geographic Information System is the lack of digital tax parcel maps for the 1970s and the changes since the late 1970s in the geography of tax parcels due to condominium conversion, demolition and redevelopment. Given this challenge I elected to aggregate the tax parcel-level data up to the tax block level, as tax blocks have remained more consistent over time. This provided a count of abandoned properties per tax block, for each year from 1976-1981. Because the DoF data is based on administrative records, the yearly data also reflects the vagaries of administrative procedures—the city did not complete *in rem* takings throughout every borough every year; instead it completed them on an as-needed basis. This means that the yearly data might skip over some parts of the city in any given year. For this reason I also aggregated data over time, resulting in a total count of abandoned properties per tax block for the entire 1976-1981 period. In short the data is aggregated up over both space and time.

One final limitation of the administrative data is that it does not include information about the characteristics of the properties—in particular, it lacks information on the number of units. Given the variation in New York City's housing stock, which can range from single-family dwellings to multifamily properties with hundreds or thousands of units, this information is important. Therefore I contextualize the community district count abandoned properties with other information about geographic variations in housing stock.

**Appendix 1.2**

List of participants from the affordable housing, community development or community economic development sector

<b>Veteran professionals (n=11)</b>		
<b>Name</b>	<b>Organization</b>	<b>Geographic focus</b>
Jim Buckley	Northwest Bronx Community and Clergy Coalition	Northwest Bronx
Richard Conley	Community Preservation Corporation*	Citywide
Bruce Dale	Community Preservation Corporation*	Citywide
Al DelliBovi	Federal Home Loan Bank of New York*	New York State
Harry DeRienzo	Banana Kelly	South Bronx
Roger Hayes	Northwest Bronx Community and Clergy Coalition (currently Assistant Commissioner, Harlem District Public health office)	Northwest Bronx
Walter Roberts	Hope Community, Inc.	East Harlem
Harold Shultz	Citizens Housing and Planning Council of New York City**	Citywide
Ismene Speliotis	Mutual Housing Association of New York	Citywide
John Warren	Workforce Housing Advisors (formerly of HPD)**	Citywide
Tom Webler	PWB Property Management***	Bronx

\*These organizations mainly engage in lending and financial activities

\*\*This is a real estate think tank

\*\*\*These organizations are private/for-profit

<b>Midcareer professionals (n=5)</b>		
<b>Name</b>	<b>Organization</b>	<b>Geographic focus</b>
Benjamin Dulchin	Association for Neighborhood and Housing Development	Citywide
Dina Levy	Urban Homesteading Assistance Board	Citywide
Gregory Lobo Jost	University Neighborhood Housing Program	Northwest Bronx
Henry Serrano	Community Voices Heard	East Harlem
Salvatore D'Avola	Neighborhood Restore*	Citywide

\*This organization administers the city's Third Party Transfer program

<b>Emerging professionals (n=9)</b>		
<b>Name</b>	<b>Organization</b>	<b>Geographic focus</b>
Tamara Czyczk	Community Action for Safe Apartments	West Bronx
Emily Goldstein	Tenants and Neighbors	New York State
Katie Goldstein	Tenants and Neighbors	New York State
Juan Haro	Movement for Justice in el Barrio	East Harlem
Robert McCreanor	Catholic Migration Office	West Queens
Kerim Odekon	HPD	Citywide
Gabriel Pendas	Northwest Bronx Community and Clergy Coalition	Northwest Bronx
Carmen Piniero	Community Voices Heard	East Harlem
Erica Sims	Neighborhood Restore*	Citywide

\*This organization administers the city's Third Party Transfer program

### References

- Aalbers, M. (2008). The financialization of home and the mortgage market crisis. *Competition and Change*, 12(2), 148-166.
- Allen, J. (2011). Topological twists: Power's shifting geographies. *Dialogues in Human Geography*, 1(3), 283-298.
- Allred, C. (2000). *Breaking the cycle of abandonment: Using a tax enforcement tool to return distressed properties to sound private ownership*. 2000 Better Government Competition Winner. Pioneer Institute.
- Andersen, A. (1995). Breaking the cycle: Developing an effective intervention strategy for dealing with New York City's in rem housing problem. New York City: Andersen Consulting.
- Armstrong, A., Been, V., Bhalla, C., Ellen, I. G., Madar, J., McDonnell, S., . . . Weselcouch, M. (2009). State of New York City's housing and neighborhoods 2009. New York: Furman Center for Real Estate and Urban Policy.
- Ascierto, J. (2010). Distressed note acquisitions present big risks, big rewards Retrieved March 13, 2013, from <http://www.housingfinance.com/distressed-assets/distressed-note-acquisitions-present-big-risks-big-rewards.aspx>
- Ashton, P. (2012). 'Troubled assets': The financial emergency and racialized risk. *International Journal of Urban and Regional Research*, 36(4), 773-790.
- Association for Neighborhood and Housing Development. (2009). Predatory equity: evolution of a crisis. The threat to New York's affordable rental housing, 2005-2009.
- Association for Neighborhood and Housing Development. (2013). Real affordability: An evaluation of the Bloomberg housing program and recommendations to strengthen affordable housing policy. New York.
- Bagli, C. (2011, February 4). Blighted area? These business owners beg to differ, *The New York Times*.
- Barr, L. (1995). New in rem policies announced. *Real Estate Weekly*.
- Berman, M. (1982). *All that is solid melts into air: The experience of modernity*. New York: Penguin Books.
- Bockmeyer, J. L. (2003). Devolution and the transformation of community housing activism. *The Social Science Journal*, 40(2), 175-188. doi: 10.1016/s0362-3319(03)00002-8
- Braconi, F. (1999). *In rem: Innovation and expediency in New York City's housing policy*. In M. Schill (Ed.), *Housing and community development in New York City*. Albany: State University of New York Press.
- Bram, J., Edgerton, J., Gelb, Y., Haughwout, A., Lagakos, D., McConnell, M., & Orr, J. (2003). *Neighborhood revitalization in New York City in the 1990s*. Paper presented at the Federal Reserve Community Affairs Research Conference, Washington, D.C.

- Bratt, R. (2012). The quadruple bottom line and nonprofit housing organizations in the United States. *Housing Studies*, 27(4), 438-456.
- Brenner, N., & Theodore, N. (2002). Cities and the geographies of "actually existing neoliberalism". *Antipode*, 34(3), 349-378.
- Center for Urban Pedagogy. (2009). Predatory equity: The survival guide. In Making Policy Public series (Ed.). New York.
- Chiwaya, N., Alvi, K., Ademo, M., Llopis-Jepsen, C., Graboski, S., Jeantet, D., & Sabbagh, M. (2011). Troubled Bronx buildings flipped again, *The Bronx Ink*. Retrieved from <http://bronxink.org/2011/12/12/20487-troubled-bronx-buildings-flipped-again/>
- Cohen, B. (1979). Big gaps are reported in data on city housing: Owners still collect rent in some city buildings. *City Limits*, 4, 1-3.
- Congressional Oversight Panel. (2010). *Commercial real estate losses and the risk to financial stability*. Washington, D.C.
- Crotty, P., & Moncrief, R. (1986). *The in rem housing program annual report, FY 1985 and FY 1986*. New York: Department of Housing Preservation and Development.
- Cummings, S. (2002). Community economic development as progressive politics: Toward a grassroots movement for economic justice. *Stanford Law Review*, 54, 400-493.
- Daniels, G., & Schill, M. (2001). State of New York City's housing and neighborhoods 2001. New York: Furman Center for Real Estate and Urban Policy.
- DeFilippis, J. (2003). *Unmaking Goliath: Community control in the face of global capital*. New York: Routledge.
- DeFilippis, J., Fisher, R., & Shragge, E. (2006). Neither romance nor regulation: Re-evaluating community. *International Journal of Urban and Regional Research*, 30(3), 673-689. doi: 10.1111/j.1468-2427.2006.00680.x
- Dobbs, H. (2012). *Nine-tenths of the law: Property and resistance in the United States*. Oakland: AK Press.
- Dreier, P. (2004). Reagan's legacy: Homelessness in America. *Shelterforce*, 135.
- DuPonte, K. (2010). *The definitive guide to distressed debt and turnaround investing*. London: PEI Media.
- Dwyer, J. (2005). City to pay AIDS group in settlement, *The New York Times*.
- Edgerton, J., Haughwout, A., & Rosen, R. (2004). Revenue implications of New York City's tax system. *Federal Reserve Bank of New York Current Issues in Economics and Finance: Second District Highlights*, 10(4), 1-7.
- Ellen, I. G., & O'Regan, K. (2008). Reversal of fortunes? Lower-income urban neighborhoods in the US in the 1990s. *Urban Studies*, 45(4), 845-869.
- Ellen, I. G., Schill, M., Schwartz, A., & Voicu, I. (2003). Housing production subsidies and neighborhood revitalization: New York City's Ten-year capital plan for housing. *Federal Reserve Bank of New York Policy Review*, 9(2), 71-85.

- Fainstein, S. (1994). *The city builders: Property, politics, and planning in London and New York*. Cambridge: Blackwell Publishers.
- Fields, D. (in preparation). The lived experience of predatory equity: Financialization and the meaning of home. *Environment and Planning A*.
- Fields, D. (in revision). Contesting the financialization of urban space: Community-based organizations and the struggle to preserve affordable rental housing in New York City. *Journal of Urban Affairs*.
- Fine, B. (2009). *Financialisation and social policy*. Paper presented at the Social and political dimensions of the global crisis: Implications for developing countries, Geneva.
- Flyvbjerg, B. (2001). *Making social science matter: How social inquiry fails and how it can succeed again*. Cambridge: Cambridge University Press.
- Freeman, J. (2001). *Working class New York: Life and labor since World War II*. New York: New Press.
- Furman Center for Real Estate and Urban Policy. (2010a). New York City's multi-family rental housing and the market downturn *State of the City's Housing and Neighborhoods*.
- Furman Center for Real Estate and Urban Policy. (2010b). State of New York City's housing and neighborhoods: 2009.
- Gliedman, A., & Elstein, B. (1975). *Real estate payment patterns of multiple dwellings taken by the city for non-payment of taxes and resold from January, 1972 to December, 1974*. New York: Housing and Development Administration.
- Gliedman, A., & Raymond, C. (1979). *The in rem housing program first annual report, September 1978 to September 1979*. New York: Department of Housing Preservation and Development.
- Gotham, K. F. (2009). Creating liquidity out of spatial fixity: The secondary circuit of capital and the subprime mortgage crisis. *International Journal of Urban and Regional Research*, 33(2), 355-371. doi: 10.1111/j.1468-2427.2009.00874.x
- Greenberg, M. (2008). *Branding New York: How a city in crisis was sold to the world*. New York: Routledge.
- Groarke, M. (2004). Using community power against targets beyond the neighborhood. *New Political Science*, 26(2), 171-188.
- Hackworth, J. (2007). *The neoliberal city: Governance, ideology and development in American urbanism*. Ithaca, N.Y. and London: Cornell University Press.
- Harvey, D. (1989). From Managerialism to Entrepreneurialism: The Transformation in Urban Governance in Late Capitalism. *Geografiska Annaler, Series B: Human Geography*, 71(1, The Roots of Geographical Change: 1973 to the present), 3-17.
- Harvey, D. (2003). *The new imperialism*. Oxford University Press.
- Harvey, D. (2005). *A brief history of neoliberalism*. Oxford: Oxford University Press.

- Haydu, J. (1998). Making use of the past: Time periods as cases to compare and as sequences of problem solving. *American Journal of Sociology*, 104(2), 339-371. doi: 10.1086/210041
- Henderson, A., Saegert, S., Sierra, L., & Sullivan, B. (1993). Housing in the balance: Seeking a comprehensive policy for city-owned housing. New York: The Task Force on City-Owned Property.
- Immergluck, D. (2009). *Foreclosed: High-risk lending, deregulation, and the undermining of America's mortgage market*. Ithaca: Cornell University Press.
- Immergluck, D., & Wiles, M. (1999). Two steps back: The dual mortgage market, predatory lending and the undoing of community development. Chicago, IL: Woodstock Institute.
- Jessop, B. (2002). Liberalism, neoliberalism, and urban governance: A state-theoretical perspective. *Antipode*, 34(3), 452-472.
- Joint Center for Housing Studies. (2011a). America's rental housing: Meeting challenges, building on opportunities. Cambridge, MA: Harvard University.
- Joint Center for Housing Studies. (2011b). Rental market stresses: Impacts of the Great Recession on affordability and multifamily lending. Cambridge, MA: Harvard University.
- Katz, S., & Meyer, M. (1985). Gimme shelter: Self-help housing struggles within and against the state in New York City and West Berlin. *International Journal of Urban and Regional Research*, 9(1), 15-46.
- Krinsky, J. (2006). The dialectics of privatization and advocacy in New York City's workfare state. *Social Justice*, 33(3 (105)), 158-174. doi: 10.2307/29768392
- Krinsky, J. (2011). Neoliberal times: Intersecting temporalities and the neoliberalization of New York City's public-sector labor relations. *Social Science History*, 35(3), 381-422.
- Krippner, G. (2005). The financialization of the American economy. *Socio-Economic Review*, 3(2), 173-208.
- Krippner, G. (2011). *Capitalizing on crisis: The political origins of the rise of finance*. Cambridge: Harvard University Press.
- Kusisto, L. (2013, January 9). City to push owners for core repairs, *The Wall Street Journal*.
- Lawson, R. (1984). The rent strike in New York City, 1904-1980: The evolution of a social movement strategy. *Journal of Urban History*, 10(3), 235-258.
- Lawson, R., & Johnson, R. I. (1986). Tenant responses to the urban housing crisis, 1970-1984. In R. Lawson & M. Naison (Eds.), *The tenant movement in New York City, 1904-1984*. New Brunswick: Rutgers University Press.
- Leavitt, J., & Saegert, S. (1988). The community-household: Responding to housing abandonment. *Journal of the American Planning Association*, 54(4), 489-500.
- Lefebvre, H. (2003 [1970]). *The urban revolution*. Minneapolis and London: University of Minnesota Press.

- Lefebvre, H., & Nicholson-Smith, D. (1991). *The production of space*. Oxford: Blackwell Oxford.
- Lemann, N. (1994, January 9). The myth of community development, *The New York Times*.
- Linneman, P. (2004). *Real estate finance and investments: Risks and opportunities*. Philadelphia: Linneman Associates.
- Ludwig, S. (2007). Losing ground. *Shelterforce*, 8-13.
- Massey, D. (2012, February 9). Quinn: Landlords must fix the system, *Crain's New York Business*.
- Mayor's Press Office. (1999). *Mayor Giuliani touts success of the Department of Housing Preservation and Development in fiscal year 1999*. New York: Mayor's Press Office.
- McLeod, J., & Thomson, R. (2009). *Researching social change*. London: SAGE Publications.
- Moody, K. (2007). *From welfare state to real estate: Regime change in New York City, 1976 to the present*. New York: New Press.
- Morgenson, G. (2008, May 9). Questions of rent tactics by private equity, *The New York Times*. Retrieved from <http://www.nytimes.com/2008/05/09/business/09rent.html?pagewanted=print>
- Morgenson, G., & Story, L. (2009, December 23). Banks bundled bad debt, bet against it and won, *The New York Times*.
- Mueller, L. (2003). Third Party Transfer initiatives in New York City: A solution to property abandonment. New York: Local Initiatives Support Corporation.
- Murdock, D. (2001). Rudy's legacy. *National Review Online*.
- New York City Comptroller. (2012). *The New York City tax lien sale: history and impact*. New York: New York City Comptroller's Office.
- New York City Department of City Planning. (2004). *The newest New Yorkers: Immigrant New York in the new millenium*. (NYC DCP #04-10). New York.
- New York City Rent Guidelines Board. (2003). *Changes to the rent stabilized housing stock in New York City, 1994-2002*. New York: Rent Guidelines Board.
- Newman, K. (2009). Post-industrial widgets: Capital flows and the production of the urban. *International Journal of Urban and Regional Research*, 33(2), 314-331.
- Newman, K., & Lake, R. (2006). Democracy, bureaucracy and difference in U.S. community development politics since 1968. *Progress in Human Geography*, 30(1), 44-61.
- Newman, K., & Wyly, E. (2006). The right to stay put, revisited: Gentrification and resistance to displacement in New York City. *Urban Studies*, 43(1), 23-57.
- Office of the Mayor. (2001). *Mayor's Management Report: Reengineering municipal service delivery* New York: City of New York.
- Orlebeke, C. (1997). *New life at ground zero: New York, home ownership, and the future of American cities*. Albany: Rockefeller Institute Press.

- Parkus, R., & An, J. (2009). The future refinancing crisis in commercial real estate: Estimates of the magnitude of refinancing risk, equity deficiency and losses from maturity defaults *CMBS Research*. New York: Deutsche Bank.
- Peck, J., & Tickell, A. (2002). Neoliberalizing space. *Antipode*, 34(3), 380-440.
- Perine, J., Shultz, H., & Marazzi, S. (2011). The invisible transformation: Turning debt into revenue. Citizens Housing and Planning Council.
- Pike, A., & Pollard, J. (2010). Economic geographies of financialization. *Economic Geography*, 86(1), 29-51. doi: 10.1111/j.1944-8287.2009.01057.x
- Rao, J. (2012). The other foreclosure crisis: Property tax lien sales. Boston: National Consumer Law Center.
- Saegert, S., & Winkel, G. (1998). Social capital and the revitalization of New York City's distressed inner-city housing. *Housing Policy Debate*, 9(1), 17-60.
- Sanjek, R. (2000). *The future of us all: Race and neighborhood politics in New York City*. Ithaca: Cornell University Press.
- Sassen, S. (2000). The global city: strategic site/new frontier. *American Studies*, 79-95.
- Schill, M., Ellen, I. G., Schwartz, A., & Voicu, I. (2002). Revitalizing inner-city neighborhoods: New York City's Ten Year Plan. *Housing Policy Debate*, 13(3), 529-566.
- Schur, R., & Sherry, V. (1977). The neighborhood housing movement. New York: Association of Neighborhood Housing Developers.
- Schwartz, A. (1999). New York City and subsidized housing: Lessons and impacts of the City's \$5 billion capital budget housing plan. *Housing Policy Debate*, 10(4), 839-877.
- Shepard, C. (2012). Self-help housing: The story of the Urban Homestead Assistance Board. *Urban Omnibus*.
- Shultz, H. (2009). Debt threat: Saving multifamily rental housing from zombie mortgages. New York City: Citizens Housing and Planning Council.
- Shultz, H., Perine, J., Bahchieva, R., & Dasgupta, D. (2012). The impact of multifamily foreclosures and over-mortgaging in neighborhoods in New York City. New York City: Citizens Housing and Planning Council of New York City.
- Shultz, H., Walsh, D., & Levy, D. (2010). *Strategies for preservation of overleveraged multi-family housing*. Paper presented at the New York State Association for Affordable Housing, New York City.
- Sierra, L. (1992). Uncertain futures: Occupied city-owned housing in East Harlem. New York: Community Service Society.
- Sites, W. (1997). The limits of urban regime theory: New York City under Koch, DInkins, and Giuliani. *Urban Affairs Review*, 32(4), 536-551.
- Sites, W. (2003). *Remaking New York: Primitive globalization and the politics of urban community*. Minneapolis: University of Minnesota Press.

- Sites, W., Chaskin, R., & Parks, V. (2007). Reframing community practice for the 21st century: Multiple traditions, multiple challenges. *Journal of Urban Affairs*, 29(5), 519-541.
- Smith, N. (1979). Toward a theory of gentrification: A back to the city movement by capital, not the people. *Journal of the American Planning Association*, 45, 538-548.
- Smith, N. (1984). *Uneven development: Nature, capital and the production of space*. Cambridge: Basil Blackwell Publishers.
- Smith, N. (1996). *The new urban frontier: Gentrification and the revanchist city*. New York: Routledge.
- Smith, N. (1998). Giuliani time: the revanchist 1990s. *Social Text*(57), 1-20.
- Smith, N., & DeFilippis, J. (1999). The reassertion of economics: 1990s gentrification in the Lower East Side. *International Journal of Urban and Regional Research*, 23(4), 638-653.
- Stegman, M. (1981). *New York City Housing and Vacancy Survey*. New York: Department of Housing Preservation and Development.
- Stein, E. (2001). Quantifying the economic cost of predatory lending. Durham, NC: Coalition for Responsible Lending.
- Stockhammer, E. (2010). Financialization and the global economy. Amherst, MA: Political Economy Research Institute,.
- Story, L., & Morgenson, G. (2010, April 17). S.E.C. accuses Goldman of fraud in housing deal, *The New York Times*.
- Swanstrom, T. (1999). The nonprofitization of United States housing policy: Dilemmas of community development. *Community Development Journal*, 34(1), 26-37.
- Tabb, W. (1982). *The long default*. New York: Monthly Review Press.
- The White House. (2000). *President Clinton's New Markets initiative*. Washington, D.C.
- Thompson, J. P. (2006). *Double trouble: Black mayors, black communities, and the call for a deep democracy*: Oxford University Press, USA.
- United States General Accounting Office. (1991). *Federal Home Loan Mortgage Corporation: Abuses in multifamily program increase exposure to financial losses*. Washington, D.C.: GAO.
- Van Ryzin, G., & Genn, A. (1999). Neighborhood change and the City of New York's Ten-Year Housing Plan. *Housing Policy Debate*, 10(4), 799-838.
- Wallace, D., & Wallace, R. (1998). *A plague on your houses: how New York was burned down and national public health crumbled*. New York: Verso Books.
- Weber, R. (2002). Extracting value from the city: Neoliberalism and urban development. *Antipode*, 34(3), 519-540.
- Weikart, L. (2001). The Giuliani administration and the new public management in New York City. *Urban Affairs Review*, 36(3), 359-381.

- Wyly, E., Atia, M., Foxcroft, H., Hammel, D., & Phillips-Watts, K. (2006). American home: Predatory mortgage capital and neighborhood spaces of race and class exploitation in the United States. *Geografiska Annaler*, 88(1), 105-132.
- Wyly, E., Atia, M., & Hammel, D. (2004). Has mortgage capital found an inner-city spatial fix? *Housing Policy Debate*, 15(3), 623-684.
- Wyly, E., Moos, M., Hammel, D., & Kabahizi, E. (2009). Cartographies of race and class: Mapping the class-monopoly rents of American subprime mortgage capital. *International Journal of Urban and Regional Research*, 33(2), 332-354. doi: 10.1111/j.1468-2427.2009.00870.x
- Wyly, E., Newman, K., Schafran, A., & Lee, E. (2010). Displacing New York. *Environment and Planning A*, 42(11), 2602-2623.
- Zipp, S. (2010). *Manhattan projects: The rise and fall of urban renewal in Cold War New York*. New York: Oxford University Press.

**WRITING 2****The lived experience of predatory equity:****Financialization and the meaning of home**

**Abstract**

Researchers at the intersection of society, economy and space often frame the dwellings and communities of low- and moderate-income families as sites of capital extraction. Rarely entering the space of the home, such work neglects an opportunity to connect financialization and lived experience. Extending discussions of financialization into rental housing, this paper focuses on a wave of aggressive, high-risk private equity investment in New York City's affordable rental sector to examine the consequences of financialization for housing quality, the meaning of home, social reproduction and politicization among low-income tenants. Concentrated in low-income, minority neighborhoods, investors' financial risks become embodied in tenants' health and well-being, social and familial relationships and housing security. The toll of financialization on renters highlights the tensions between the city as a site of capitalist production and the imperative of social reproduction for city residents. Financialization speaks to changing social relations of rent. The distanced and diffuse nature of relationships between investors and underlying assets facilitates the neglect of the realities of lived experience in favor of a vision of added value and increased rental income through renovation and release of 'under-market assets'.

*Keywords:* financialization, housing, tenants, home, ontological security, social reproduction, class-monopoly rent

**The lived experience of predatory equity: Financialization and the meaning of home**

The financial value associated with mortgages, derivatives and other financial investments based on housing, and the role these housing assets play in the economy, has grown and changed dramatically in recent years. Among researchers at the intersection of society, economy and space, discussions of this financialization of housing often privilege the workings of financial circuits, high-level capital flows, and the actors associated with these flows. We frame the dwellings and communities of low- and moderate-income families as market segments and sites of capital extraction without ever entering into the space of the home. Stopping short in this way neglects an opportunity to connect the economic process of financialization with its impact on kin and social relations, health and well being, and housing security. Our knowledge of the financialization of housing therefore tends to be capital-centric, and not fleshed out with lived experience. This paper engages with financialization of the rental-housing sector, and its consequences for the meaning of home, social reproduction and politicization among low-income tenants in New York City. I take up complex and changing emotional relationships to the home in the context of concerns about financialization and inequality. Understandings of emotional relationships with the home often emphasize positive affect rather than a full range and complexity of emotional experience (Manzo, 2003). Moreover, we too often conceive of emotional relationships with places as “individualistic, mentalistic, and apolitical” (Dixon & Durrheim, 2000, p.31); this paper aims to attend to the collective, conscious and politically contested nature of such relationships.

The increasing interdependence of housing markets and financial markets means that risks in one arena carry over to the other (Aalbers, 2008), as when the widespread marketing of high-risk loan products set off a wave of foreclosures that in turn endangered the global economy

in 2007-2008 (Martin, 2011). Nancy Fraser (2010) opens the way for an analysis of how this financial crisis jeopardizes “the capacity of families and communities to care for their members and to maintain social bonds” (p. 21) by emphasizing the convergence of ecology, finance, and social reproduction. I take a holistic social ecological perspective to draw more explicit linkages between the latter two of these strands. A social ecological framework considers the complex interplay of social, historical, economic and political factors characterizing “truly difficult social issues”, attending to how these factors, and the multi-level, cumulative and reciprocal relationships among them, shape outcomes at the individual or household level (Libman, Fields, & Saegert, 2011a, 2011b). For example, a large body of research now documents that minority and low-income communities have experienced disproportionate rates of high-risk lending and foreclosure, and attendant consequences of vacant properties, reduced property values and losses to local economies (Allen, 2011; Bromley et al., 2008; Kaplan & Sommers, 2009; Newman & Wyly, 2004; Schloemer, Li, Ernst, & Keest, 2006). A social-ecological perspective builds on these uneven structural dynamics of foreclosure by tracing their connections to household and community health and social and psychological well-being. Such a perspective is critical if we are to understand financialization as it plays out at the level of lived experience, and develop adequate social, political and policy efforts to ameliorate the risks this may pose to individuals, households and communities.

This study examines how the financialization of housing touches the lives of tenants. As in the single-family market, the multifamily real estate market experienced inflated property values, demand for mortgage-backed investment products and rapid turnover during the early to mid 2000s real estate bubble (Congressional Oversight Panel, 2010; Parkus & An, 2009). Whereas the foreclosure crisis in owner-occupied homes has sparked interest in the

financialization of housing among urban planners, geographers and sociologists, the conversation has not yet carried over to multifamily rental housing. The bust in rental properties lagged behind the downturn of the homeownership market, but delinquency and foreclosure rates on multifamily properties rose dramatically by 2009, on securitized loans most of all (Joint Center for Housing Studies, 2011a, 2011b). Owners of large rental properties rarely risk losing their homes if their investment fails but stand to benefit if their investments are successful; indeed the commodification of mortgage finance allows capital market investors to profit from both successful and unsuccessful investments in property. In both cases, tenants may experience direct and negative social, psychological, and material impacts (Brescia, 2008). Therefore in this study I implement a social-ecological perspective by connecting the dynamics of financialization in multifamily rental housing to their impact on the physical and social environment of rental properties, and considering how this environment shapes experiences of home, social reproduction and politicization among low-income tenants.

“Predatory equity”, a form of investment affecting New York City’s affordable rental housing stock (e.g. buildings covered by state rent regulations) is the basis for this analysis. During the recent real estate boom private equity funds and other investors purchased scores of affordable rental buildings at prices that far exceeded their worth, expecting to increase returns by flipping the building to another speculator or by increasing rents once tenants paying affordable rents vacated their units (Center for Urban Pedagogy, 2009; Morgenson, 2008). Since the start of the economic downturn in 2007-2008 many of these properties stand overleveraged, with large gaps between rent rolls and mortgage payments putting them at risk of foreclosure or further speculation (Bagli, 2008; Shultz, 2009). Predatory equity may be placed in the context of a financialization of social goods, where such goods serve as the materials for financial

production and capital accumulation at the expense of the general public (Fine, 2009; Fraser, 2010).

This paper reports on interviews and focus groups conducted with tenants of buildings affected by predatory equity as part of a larger study about how housing crises have reshaped New York City's urban landscape. It is organized into four sections following this introduction. In the background section, I discuss financialization and housing generally and rental housing specifically, the meaning of home, and provide more details on predatory equity. In the research context section I give an overview of the methodology, data, participants and their buildings. The findings section details the changes in living conditions associated with predatory equity, analyzes the impact this had on the meaning of home and social reproduction, and discusses tenant resistance and politicization. I conclude by arguing that financialization of rental housing transforms the social relations of rent by replacing the actors involved, redefining rental housing as a short-term investment, and distancing accountability. Predatory equity represents a mode of "accumulation by dispossession" (Harvey, 2003) whereby renters are dispossessed of housing security so as to direct profits to a small group of fund managers and investors. This represents a rescaling of risk, as low-income tenants and the public more broadly bear the brunt of the negative social externalities associated with finance actors, markets and imperatives.

### **Background**

Financialization denotes an economic shift where growth revolves around financial markets, products and practices rather than the production of durable goods (Krippner, 2005). This entails the expansion and proliferation of financial instruments and services, and the increasing influence of financial markets, actors and intermediaries in arenas seemingly distinct from finance (Fine, 2009; Pike & Pollard, 2010; Stockhammer, 2010). The recent housing

bubble and twin mortgage and financial crises have made the potential social and spatial implications of financialization quite evident. In that crisis, advances in mortgage finance and securitization (paired with old-fashioned deceptive and discriminatory marketing techniques) spawned a newfound ability to generate profits and liquidity by monetizing the built environment (Gotham, 2009). Newman (2009) positions mortgages as “post-industrial widgets”: the raw materials by which capital can be extracted from local urban sites and channeled into global flows, connecting the materiality of place with the “ethereal world of securities and investment” (p.316). Aalbers (2008) argues that financialization changed the role of mortgage markets from facilitating borrowers’ access to credit to facilitating global investment. The logics and imperatives of global finance endorse speculation and normalize volatility. Thus in the financialization of housing short-term, high-risk investments; packaging and repackaging commodities; edging out other investors, bidding up prices and competition; and increasing market activity generally all come to shape local housing markets.

### **Predatory equity in New York City**

The case of predatory equity illustrates the financialization of rental housing. The term “predatory equity” implicates both the actors involved (frequently private equity firms and other corporate institutional investors) and the extractive nature of the investments themselves, while also drawing parallels to the risks of predatory lending seen in the foreclosure crisis. During the real estate boom of the mid-2000s private equity funds began to heavily target their purchases in New York City’s rent-stabilized buildings and other sectors of the affordable rental market, such as developments with expiring subsidies. About half of the city’s rental units are subject to state rent regulations that are designed to protect tenants from sharp rent increases; the Rent Guidelines Board set annual rent increases. Investors bought up multi-building portfolios at

prices sharply inflated by a real estate bubble that drove commercial real estate prices above sustainable levels (Congressional Oversight Panel, 2010), and by investors' own expectations that they would quickly generate higher returns through increased tenant turnover and rent increases (Morgenson, 2008). Over time it has become clear that lower-tier speculators and even old-school slumlords are also participating in the process, causing some to discuss the issue in more general terms, e.g. "overleveraged" properties.

The Association for Neighborhood and Housing Development (ANHD) found that from 2005-2009 private equity-backed developers purchased 100,000 units of affordable rent-regulated housing, or roughly 10% of the overall supply of such units (ANHD, 2009). In the context of the broader housing bubble and saturation of other market sectors, multifamily housing represented a profitable frontier for surplus capital. Investors took advantage of the flood of financing in the growing multifamily lending market (Joint Center for Housing Studies, 2011b) to open up value in buildings where rent protections kept rents below market values.

Loopholes, incentives and lack of oversight and enforcement in the New York State rent regulation system could all be exploited to raise rents and de-regulate units (move rents beyond the \$2000 mark), thus allowing investors to increase profits by charging prevailing market rents. Underwriting documents for several predatory equity deals show aggressive "tenant turnover" plans (20-30% in the first year in buildings with vacancy rates of less than 1% upon purchase) with no basis in the actual rate (5-10% annually) of tenant turnover in the rent-regulated housing stock (ANHD, 2009). Indeed, based on their inflated loan sizes (debt service coverage ratios of .55/1) (ANHD, 2009) and sheer scale (the purchase of portfolios as large as 50 buildings), predatory equity deals *required* dramatic rent increases, tenant turnover, and curtailed maintenance costs to be sustained.

Concerns related to properties purchased by predatory equity thus include high rates of eviction, tactics such as illegal rent increases, and systematic strategies of harassment aimed at hastening vacancies (ANHD, 2009; Morgenson, 2008). Since the market downturn in 2008, the issue of unsustainable debt on predatory equity investments has come to the fore. New York City's multifamily housing sector has experienced increased foreclosures, reduced sales, and price declines (Furman Center for Real Estate and Urban Policy, 2010). Predatory equity deals also became financially unsupportable (ANHD, 2009; Shultz, 2009). Tightened underwriting standards and credit flow limit the potential for refinancing risky multifamily loans (Parkus & An, 2009), and banks have been reluctant to write down debts to sustainable levels (Shultz, 2009).

In this context, a market in distressed debt has emerged, with "vulture funds" contributing to market churning of properties in various stages of default and foreclosure. Vulture funds contribute to ongoing speculation because they buy distressed notes at close to their (overleveraged) face value. This strategy may be aimed at remortgaging later to free up cash and pay out dividends (Froud & Williams, 2007). But because it involves taking on more debt on an already unsustainable loan, the market in distressed debt increases risks for already cash-strapped properties (ANHD, 2009; Chiwaya et al., 2011). These developments raise concerns about the effects of default, foreclosure and a wave of re-overleveraging on tenants and the communities around overleveraged properties (Bagli, 2008; Chiwaya et al., 2011; Shultz, 2009; Shultz, Perine, Bahchieva, & Dasgupta, 2012).

### **Financialization and urban rental market inequality**

Financialization of rental housing, especially multifamily buildings is of special significance for cities, where higher-density housing is concentrated and renting is generally

more common than owning.<sup>1</sup> Multifamily dwellings require consistent maintenance, repairs and management in order to sustain their physical and social environment and preserve long-term investment potential. For many cities (including New York) the widespread deterioration and abandonment of multifamily properties in the 1970s and 1980s is still a vivid memory after decades of rebuilding. As in the broader real estate market a surge of high-risk multifamily lending in the 2000s with loose underwriting standards and excessive leverage (i.e. high loan to value ratios and low debt-service coverage ratios) led up to a commercial real estate downturn in 2007-2008 (Congressional Oversight Panel, 2010; Joint Center for Housing Studies, 2011b; Parkus & An, 2009), with increased loan delinquencies and foreclosure among multifamily loans (Joint Center for Housing Studies 2011b). Commercial mortgage-backed securities have proved especially risky, with issuers seeking borrowers based on short-term rather than long-term payment ability (Joint Center for Housing Studies, 2011b).

The financial distress in the multifamily mortgage market translates into consequences for renters. In 2007, over half (60%) of foreclosure filings in New York City were on 2-4 or 5+ family dwellings, affecting 15,000 renter households; filings on 5+ family properties increased in 2008, expanding the number of renter households affected by foreclosure to 16,000 (Been, 2009). In buildings with five or more units, about 4000 units received a *lis pendens* in 2007; the problem expanded dramatically at the peak of the city's foreclosure crisis in 2009, when more than 4500 units in 5+ family buildings received a notice of foreclosure *in the first quarter of the year alone* (Been, 2009). In 2010 66% of all households in the city's foreclosed properties were renters, particularly in Manhattan, the Bronx and Brooklyn, where the city's multifamily housing is concentrated (Weselcouch, 2012).

---

<sup>1</sup> In New York City, 69% of households rent (Mazur & Wilson, 2011).

The rise of default and foreclosure in the rental market has increased competition for affordable rental units (Joint Center for Housing Studies, 2011b; Swarns, 2008). As of 2009, there were only two available, adequate and affordable rental units for every three very low-income renters, and only one such unit for the poorest renters (Joint Center for Housing Studies, 2011a). Nationwide more than a quarter (26%) of renters faced severe rental cost burden in 2009 (paying more than half of income for housing costs), up from 21% in 2001 (Joint Center for Housing Studies, 2011a, 2011b). In New York City 30% of renters were severely burdened by housing costs in 2008 (Lee, 2009).

Instability in the rental market threatens to magnify renters' existing vulnerability to housing insecurity, which is linked to their lower incomes and higher unemployment rates (Joint Center for Housing Studies, 2011a). This puts them at higher risk of being unable to cover housing costs, even as U.S. renters have limited protections and resources available to offset this insecurity. Compared to other wealthy industrialized (OECD) nations, policy support for affordable rental housing is very limited here (especially compared to homeownership): renters are unlikely to receive housing allowances (Andrews, Caldera Sanchez, & Johansson, 2011), and the supply of public or social housing is small, and shrinking through programs like HOPE VI that demolish old public housing developments. Legislation protects tenants of foreclosed rental properties from abrupt housing loss but their living conditions may decline if owners are unable or unwilling to invest in their properties (Joint Center for Housing Studies, 2011b). Low-income tenants may be stuck in place, unable to afford the expenses of moving or better housing. The deterioration of rental properties also stands to remove units from the market, compounding affordability challenges by constraining supply. These concerns make the financialization of rental housing directly relevant to understanding contemporary urban inequality.

In the owner-occupied market, foreclosure has had dramatically uneven consequences. Building on historical patterns of social and spatial disadvantage, low- and moderate income and minority communities and households have undergone the greatest loss of housing and financial assets, class status, and well being (Saegert, Fields, & Libman, 2011; Wyly, Moos, Hammel, & Kabahizi, 2009). The buildup of vacant foreclosed properties leads to depressed property values, fragmented social bonds and increased crime in neighborhoods; in turn diminished tax revenues limit funds for public services (Immergluck, 2009). Meanwhile well-publicized cases of investment firms betting against mortgage securities they bundled and sold to investors show that upstream actors even profited from the housing market collapse (Morgenson & Story, 2009; Story & Morgenson, 2010). The foreclosure crisis has thus entailed the broad loss of household, community and public assets while benefiting narrow finance capital interests, illustrating a centralization of wealth captured in David Harvey's (2003) notion of "accumulation by dispossession". In Harvey's formulation, today's accumulation by dispossession operates through finance capital and the credit system, working in concert with the state (as in the rollback of banking and finance regulations in the US throughout the 1980s and 1990s). The process of accumulation by dispossession addresses problems of surplus capital accumulation by providing cheap inputs or opening new markets (as in the broad expansion of the subprime mortgage market) (Harvey 2003; Arrighi 2004).

As in the foreclosure crisis, predatory equity also destabilizes housing and neighborhoods for the financial benefit of investors. A 2012 report by the Citizen's Housing and Planning Council of New York City applied some of the analytic techniques used in the study of single-family foreclosure to study how multifamily buildings in New York City that are overmortgaged or have gone through foreclosure affect the surrounding community. Compared to buildings not

located near such properties, those near overleveraged properties had twice the increase in serious housing code violations (increase of 13.7% vs. 6.3%) and dramatic increases in emergency repair liens (198% increase vs. 39% decrease) (Shultz et al., 2012). The New York City neighborhoods with the highest rates of overleveraged property have higher rates of poverty and unemployment and more African-American and Latino residents. Indeed predatory equity is concentrated to a large extent in areas of the city that have experienced persistent poverty, social problems, and limited availability of public and private services since the deep disinvestment suffered in the late 1970s (Fields, in preparation). These observations about predatory equity show how, in practice, financialization might “exacerbate unevenness across individuals, social groups and organizations in space and place” (Pike & Pollard, 2010 p.34).

Predatory equity represents a fundamental risk to the quality and durability of relationships with the home. This connects with “ontological security”, a core idea in thinking about the meaning of home that refers to a “sense of confidence in the continuity of one’s identity and the constancy of their social and material environments” (Dupuis & Thorns, 1998 p.27). Such continuity and constancy is a deep psychological need fundamental to maintaining a stable mental state (Hulse & Saugeres, 2008). Subjective experiences of safety, security, privacy, autonomy, and positive social status in the home correspond to the idea of ontological security (Hiscock, Kearns, MacIntyre, & Ellaway, 2001). For a dwelling to provide ontological security, it should offer a stable social and material environment; a spatial context for daily living routines (sleeping, cooking, bathing, etc.); control, agency and freedom from surveillance; and the security to construct identity and relationships (Dupuis & Thorns, 1998).

The idea of ontological security shows how housing precariousness can disrupt well-being. Housing insecurity intersects with other dimensions of “precarious living” that constrain

agency and empowerment, such as financial, employment and health insecurity (Hulse & Saugeres, 2008). When individual choice and control are limited and risk increased in these other dimensions, home becomes even more significant as a site of ontological security. Renters, low-income households, residents of socially and spatially segregated neighborhoods and other social groups exposed to uneven development thus face greater constraints on the psychosocial benefits of home (Hiscock et al., 2001). The broader landscape of insecurity in a neoliberal political economy, the logic of risk so pervasive in financialization, and the impact of the global economic recession on job security and public services all threaten ontological security along longstanding fault lines of race and class by undermining housing stability for low-income, minority and other marginalized populations.

### **Research Context**

This project employed focus groups, a qualitative research method, to build knowledge about the impact of financialization on renters' home life. Qualitative methods afford the development of novel concepts, linkages among previously unconnected domains, and the examination of issues that are not yet very well understood by allowing for the detailed expression of experiences. Focus groups are socially grounded: they are based in shared experiences and relationships, promoting interaction and elaboration on individual responses through participants' conversations (Morgan, 1995; Wilkinson, 1999). The potential to draw out collective understanding of the social and political processes shaping individual experiences (Wilkinson, 1999) was especially important in employing focus groups in this study.

The findings reported here are based on a series of five focus groups with a total of 27 participants in the summer and fall of 2011. A majority of participants were female (65%) and low-income (40% reported annual income below \$10,000; 60% below \$30,000); all were Black

or Latino (table 2.1 provides a demographic overview of participants). Participants were drawn from 10 buildings involving three separate investment portfolios located in Fordham/University Heights (Bronx community district 5), Hunts Point (Bronx community district 2) and Crown Heights (Brooklyn community district 8). This paper cannot fully represent the experiences of tenants affected by predatory equity; for example I do not address the experiences of tenants who moved due to harassment by owners, rent increases, or declining living conditions. However participants' demographic profile is generally similar to the neighborhoods their buildings are located in. The population in all three neighborhoods is predominantly minority but Crown Heights is more African-American whereas Fordham/University Heights and Hunts Point have greater shares of Hispanic residents. Crown Heights also has a lower share of residents receiving public assistance, Supplemental Security Income or Medicaid (38%) than Hunts Point and Fordham/University Heights where more than half of residents receive income support. In Table 2.2, I provide detailed information about the property portfolios.

**Table 2.1: Participant demographic overview (n=27)**

<b>Gender:</b> 65% female	<b>Median age:</b> 44 years (age range 25-75)	<b>Household size:</b> 55% live alone or with one other person (maximum household size: 7 people)	<b>Children:</b> 30% of participants had children under 18 in the home	<b>Median length of residence in 2011:</b> 5 years (range from 10 months to 42 years)
<b>Race/ethnicity</b>				
54% Black (8% Afro Caribbean-American)		46% Latino (19% Dominican/Puerto Rican)		
<b>Marital status</b>				
56% single		20% married/partnered	24% divorced/separated or widowed	
<b>Income</b>				
40% report yearly income of less than \$10,000	20% report yearly income between \$10,000 and \$30,000	25% report yearly income between \$30,000 and \$50,000	15% report yearly income greater than \$50,000	

**Table 2: Ownership, investment and distress in predatory equity portfolios**

<b>Portfolio</b>	Fordham/University Heights (15 participants)	Hunts Point (9 participants)	Crown Heights (3 participants)
<b>Portfolio size</b>	10 buildings (participants from 6 buildings)	4 buildings (participants from 3 buildings)	2 buildings (participants from 1 building)
<b>Building size</b>	25-86 units	7-32 units	6 units each
<b>Ownership</b>	Purchased in 2007 by Los Angeles-based private equity firm Milbank Real Estate with \$35M Deutsche Bank mortgage	Ownership of the buildings is unclear: they were purchased through an LLC for \$745,000 in 1999.	Local investor Bernard Neiderman purchased the properties for \$388,000 in 2003.
<b>Financing history</b>	Mortgage servicing transferred three times between 2007 and 2009.	Refinanced at least three times, most recently for \$5M in 2009.	Ten refinance loans between 2003 and 2008 ranged from \$122,000 to \$1.1M. Loans cross-collateralized these properties with four other nearby buildings.
<b>Distress</b>	Properties in foreclosure by 2009. In 2010 the Bronx Supreme Court orders mortgage servicer to pay \$2.5M for repairs to address more than 3000 housing code violations.	Conditions deteriorated rapidly after 2009 refinance: properties had more than 2000 housing code violations by 2011. Owners continued collecting rent but would not pay property management company to make repairs. Ridgewood Savings Bank filed foreclosure in 2010.	Between the two buildings there were 247 open housing code violations as of December 2011.
<b>Disposition</b>	Scarsdale-based developer Steve Finkelstein purchases the portfolio in 2011 for approximately \$26M. Properties are under rehabilitation and residents extracted affordability agreements.	Affordable housing developer Workforce Housing Advisors purchased the distressed note at foreclosure auction in 2011, and is working closely with community groups to rehabilitate the properties.	After being in foreclosure for more than two years, in 2012 the Mutual Housing Association of NY was able to purchase the buildings' mortgage notes from New York Community Bank through a new first look program for distressed multifamily loans.

Focus groups included two to nine participants, and were conducted in spaces provided by community organizations, or in participants' homes. Conversations were organized around participants' experiences as tenants of distressed properties, with questions addressing living conditions; physical and mental health impacts of living conditions; tenant responses to the problems they faced in their buildings; and how tenants framed their experiences with predatory equity overall. New topics that arose during earlier conversations, such as personal investment in repairs, were added as questions in later focus groups. Focus groups were one to two hours in duration, audio-recorded and professionally transcribed. Participants were recruited by circulating information about the study at open meetings of CBOs; referrals provided by CBO contacts; posting flyers in buildings; and snowball sampling based on referrals by participants.<sup>2</sup> Analysis began with developing a coding scheme through hand-review of focus group transcripts. Further coding, including developing additional categories as needed, took place in Dedoose, a web-based analysis program.<sup>3</sup> Coded excerpts were analyzed for the co-occurrence of two or more codes to identify interrelationships among concepts and categories; excerpts were then downloaded as spreadsheets for further analysis and interpretation.

---

<sup>2</sup> The Urban Homesteading Assistance Board, Northwest Bronx Community and Clergy Coalition, and Banana Kelly Community Improvement Association all provided support in recruiting tenant participants.

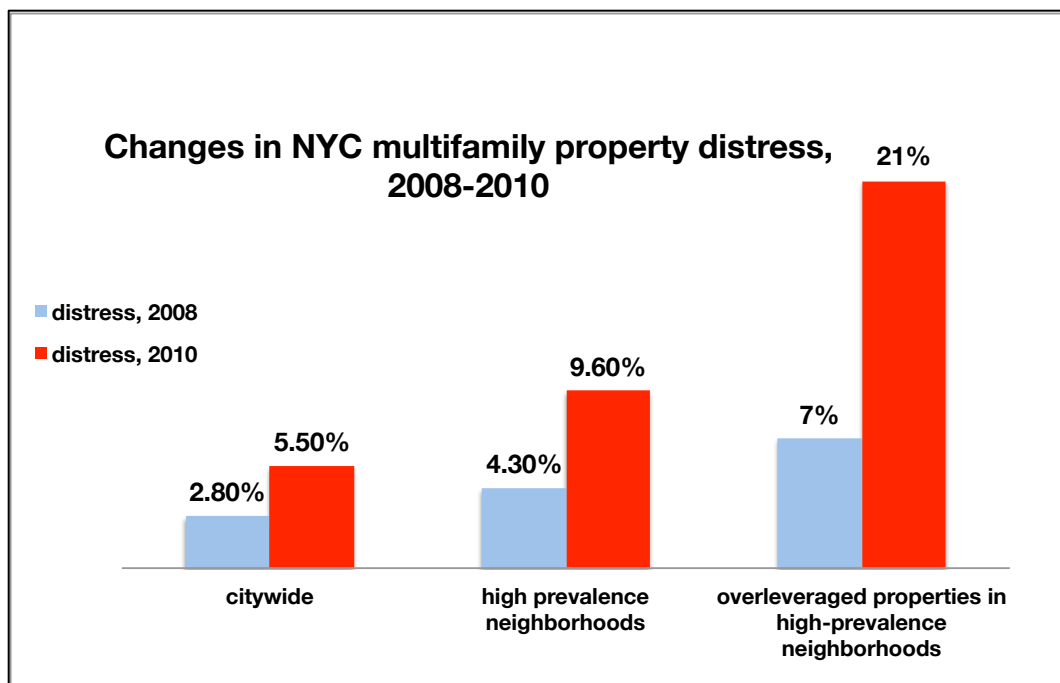
<sup>3</sup> The application allows for integration of qualitative and quantitative data, interactive visualization of data, and dynamic coding.

## Findings

### Living Conditions

The incidence of distress<sup>4</sup> increased throughout the city's multifamily housing generally between 2008 and 2010, likely in connection with tightened credit and heightened financial strain. This increase was greater in the neighborhoods with the highest prevalence of overleveraged properties, and incidence of distress increased most dramatically in the properties directly affected by private equity investment, even though they started off with much higher rates of distress (see figure 2.1).

**Figure 2.1: Changes in multifamily property distress from 2008 to 2010**

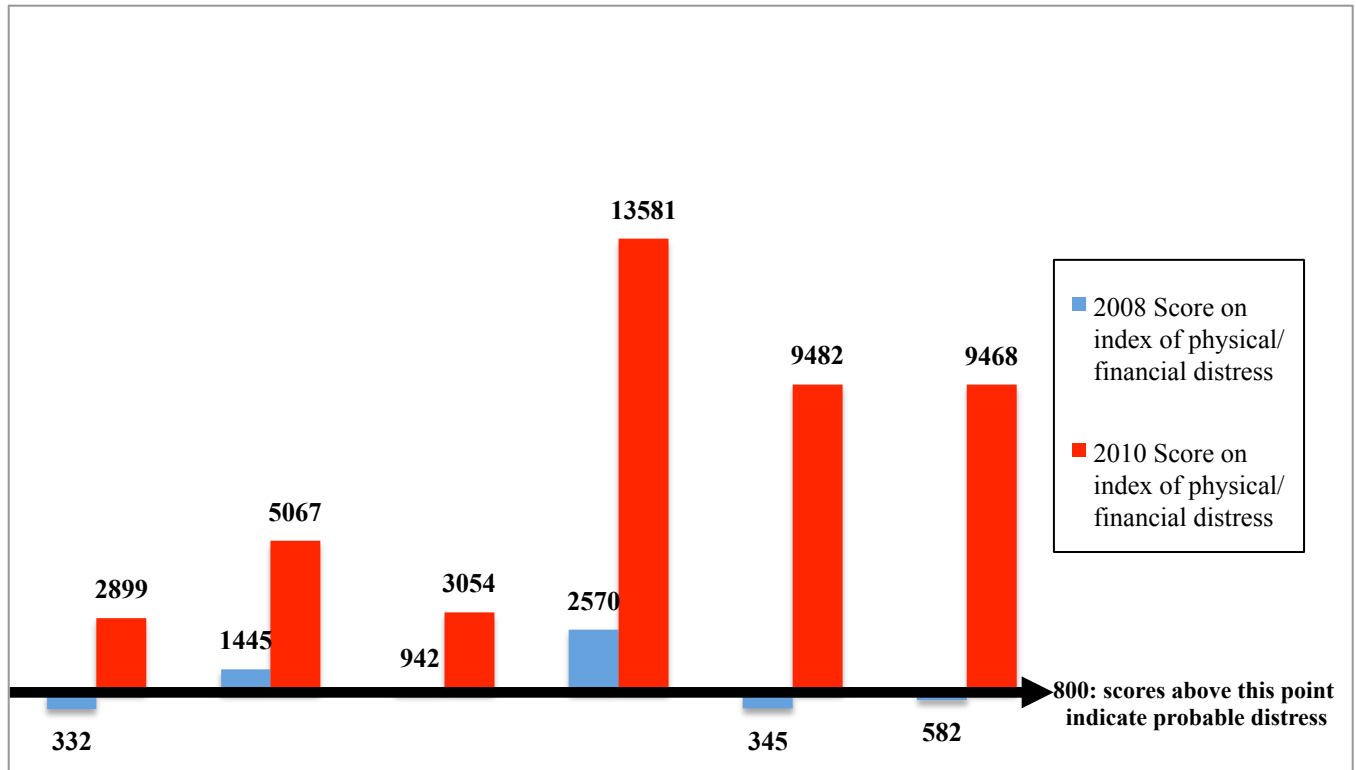


Likewise, participants' buildings showed dramatically increased physical and/or financial distress from 2008 to 2010 (a score of 800 or higher indicates probable distress; see figure 2.2-2.4). Although more than half of the buildings had scores above 800 that already indicated

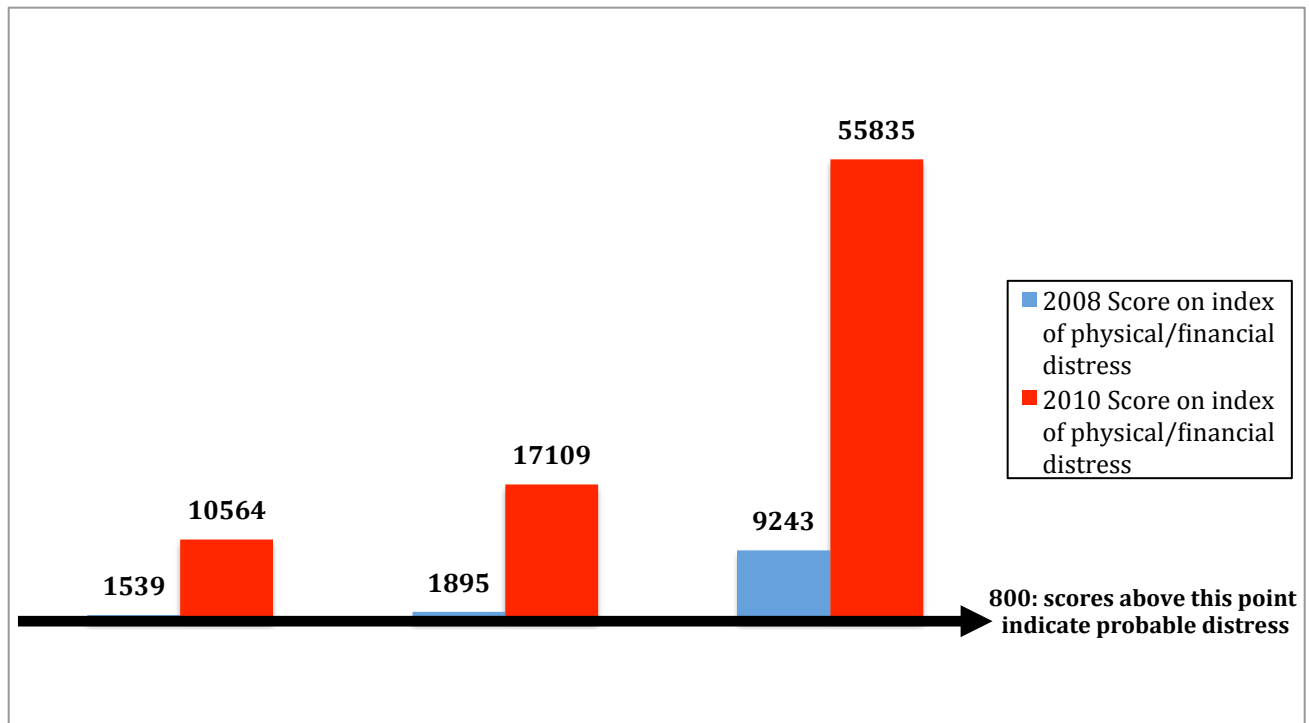
<sup>4</sup> The University Neighborhood Housing Program started the Building Indicator Project; the project calculates an index score of distress for every multifamily building in New York City based on city records of housing code violations and property liens.

distress in 2008, their 2010 scores indicated a dramatic (up to eightfold) increase in just two years.

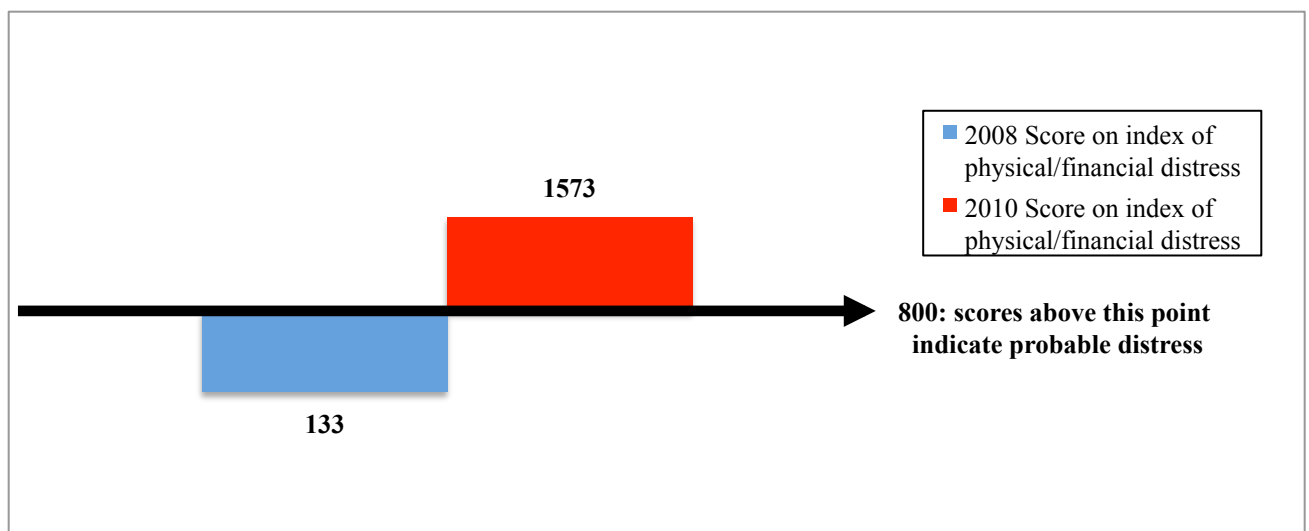
**Figure 2.2: Change in distress from 2008-2010, Fordham/University Heights participants' buildings**



**Figure 2.3: Change in distress from 2008-2010, Hunts Point participants' buildings**



**Figure 2.4: Change in distress from 2008-2010, Crown Heights participants' building**



Indeed, tenants described a wholesale deterioration in their living conditions associated with the role of predatory equity investment practices and their buildings remained under varying levels of physical distress at the time of data collection in summer and fall 2011. By far the lack of heat and hot water was mentioned most frequently—some went a full winter without heat or hot water; others had more sporadic and unpredictable services. Stories of ceilings caving in due to water damage, or of gaps and holes in walls going unrepaired were common; this allowed infestations of rats, mice and cockroaches to spread easily. Unrepaired leaks in pipes, faulty radiators, and general water damage caused collateral damage in the form of mold and mildew. At building entrances locks were constantly broken, allowing anyone from the street to enter: tenants reported coming home to find strangers lurking near elevators and stairwells. Tenants were incensed about “patch over” repairs, which led to worsened conditions over the long term as major systems and structural integrity continued to deteriorate. Severe destruction caused by fires and floods was sometimes left unrepaired, or merited only cosmetic repair. Social conditions worsened as vagrants, prostitutes and drug dealers accessed common areas and vacant units; longtime residents reported that new tenants moving in also contributed to the social breakdown.

Although accustomed to some level of wear and tear in their housing, even the seasoned tenants participating in this study characterized their living conditions as inexcusable: *“You always find with buildings that something breaks...they have a leak, or got some walls falling, things deteriorate, and that’s understandable...what happened in my building, none of that should have happened. That’s too much”* (Fordham/University Heights tenant). In some cases, longtime residents connected the physical deterioration of their buildings to changes in ownership. Those who moved into their buildings more recently reported their living conditions

seemed fine when they moved in, but began to deteriorate quickly: *“My impression was that it wasn’t a bad deal...the apartment was very, very nice [upon moving in in 2006]. I moved in and stuff started breaking immediately”* (Hunts Point tenant).

### **Meaning of Home**

These living conditions compromised tenants’ basic humanity, as a Fordham/University Heights tenant described: *“You come home, and you’re frustrated already because for the last three days you haven’t been able to take a decent bath...you really don’t want to turn around and have to warm up water to carry it to the bathroom to wash up”*. Tenants were unable to relax at home: *“You can’t be comfortable—you don’t even have an apartment where you can go and listen to music because its so freezing in the house”* (Fordham/University Heights tenant). Without heat, even sleep was a stressful proposition: *“Me and my daughter, we had to sleep in the coats. Coats and the whole thing. The only thing we didn’t have on is boots”* (Hunts Point tenant). Tenants felt powerless and stripped of dignity because they lacked control over these fundamental activities of daily life at home. Low incomes and the high cost of housing and moving limited their options, reflecting participants’ lack of class privilege: *“It affects you because you gotta deal with it...especially if you ain’t Donald Trump’s son or something, you can’t just go up to the Hamptons, you gotta put up with it”* (Hunts Point tenant). It is unclear to what extent this degradation and under-maintenance was due to efforts to secure rent increases (through inciting vacancies, then making major capital improvements), versus being the byproduct of a risky investment pushed over the edge. Nevertheless it meant that home became something participants had to bear, rather than a means of comfort, dignity security and respite from the world.

Tenants were worn down by having to adjust all of their routines to accommodate the deterioration of their homes. A young man living with his mother and sister in a Fordham/University Heights portfolio building described how this affected cooking and eating: *“Always have to be buying mousetraps, and putting them all around in the kitchen, in the hallways, so that was very, very tiring...you can’t even leave food, to this day, on top of the stove because rats come in through the stove.”* Others reported being woken up by the sounds of rats scurrying overhead during the night and *“praying that no rat crawls out of the ceiling and drops on my child’s face”* (Hunts Point tenant). Tenants were also *“infuriated”* and *“mad with the world because of how we’re living”* (Fordham/University Heights tenant). An exchange among the Crown Heights tenants illustrates how living conditions linked to predatory equity undermined the psychosocial benefits of home:

**P1:** *You’re always upset, you’re upset from the time you open the door.*

**P2:** *Yeah. I – I feel that way.*

**P1:** *When I come in here, my stress level raise...I cry... It’s very unhealthy. I am unhappy.*

**P2:** *You think when you come home, you come home to your sanctuary, right?...So when you come home and you think of it, like, all these problems I’m like, you know, it’s not comfortable at all.*

### **Social reproduction**

Predatory equity also affected physical health, kin relationships at home, and social relationships outside the home. These implications of predatory equity interrupt social reproduction, framed by Nancy Fraser (2011) as the ability of families to care for one another, maintain social bonds and build community, and to participate in the work of recuperating bodies and spirits. Cindi Katz (2001) attends to how the mobility of capitalism runs counter to the

placebound processes of social reproduction, which most often revolve around means of existence such as food, clothing, shelter and health care. Particularly relevant to the struggles of participants in this study is Katz's focus on how the *environment* of social reproduction—the spaces in which it is enacted—shapes the outcomes of this process.

The communities investors targeted already contend with greater burdens of chronic health problems, crime, poverty, and poor access to amenities and services; predatory equity served to further limit social reproduction. For example, the incidence of asthma is highest in New York City's poor, African-American and Latino communities due to poor housing, air pollution and noxious land uses in such areas (Corburn, Osleeb, & Porter, 2006). Predatory equity adds to this burden as financial risk translated to mold and mildew, rodents and other vermin, and increased dust, plaster and paint in the air as walls and ceilings degraded. Those that already had asthma described flareups they attributed to their living conditions: "*At one point I went to the emergency room...Not that serious, just my asthma flaring up or whatever, but if those conditions weren't there, then I probably wouldn't have had to go to the emergency room, or my doctor several times*" (Fordham/University Heights tenant). Another explained how unpredictable elevator service intersected with her asthma: "*I'm on the fifth floor, so when we didn't have the elevator, that got tiring. I'm an asthmatic. That killed me some days to walk up and down the stairs...I couldn't go food shopping properly, because I couldn't do anything properly*" (Fordham/University Heights tenant). Elevator service also affected the mobility of elderly tenants: "*I use a cane...You come downstairs on the elevator—'oh, I can go shopping'—You'd go shopping, come back, and no elevator*", and those with physical disabilities: "*The lady upstairs has a son in a wheelchair. She has to bring him down the stairs for school, and it's a*

*lot...a lady, carrying her son down the stairs because the elevators don't work"* (Fordham/University Heights tenant).

Many simply felt constantly sick and run down due to their building's physical distress. A mother in Crown Heights described her situation: "*Before they [the city's emergency repair program] changed the boiler system, in my room it used to be all black... they didn't have the proper exhaust going outside, so it was coming up in my room...if you cough and blow out, you're blowing out black soot.*" In the Bronx, participants' families "*would always be sneezing, have allergies. Always get some kind of cold or something, because those fumes or whatever, and the dust coming in, affected them*" (Fordham/University Heights tenant).

The stresses accompanying these living conditions strained family relations, with young people coping by staying away: "*When a lot of that was happening, I wasn't coming home a lot. I would stay out...I would hang out outside until 1:00 in the morning. I would sleep at my friend's house...my mom would think that I was dabbling in drugs*" (Fordham/University Heights tenant). Describing the same situation from a different perspective, a Crown Heights tenant said "*I have an 18 year old here, and she hates it here...you know, now they have friends and she don't bring nobody by...*" On the one hand parents are worried about what youth are doing when they're not home, and guilty about not being able to provide a home where their family wants to be; on the other youth feel the embarrassment and lack of social status associated with their living conditions. Parents undertook extra work to ensure younger children wouldn't be stigmatized: "*You don't want your kid at school smelly, and you won't be smelly, so you gotta boil up two baths*" (Hunts Point tenant). Worries emerged about how living conditions would affect school performance: "*See when you live in a house where its falling down around you and you can barely do any better, it adds to, how are you gonna tell a child that 'I want you to go to*

school and do your homework and get good marks' *when he's living where the rats are running in there...its going to affect them, it just leads to frustration on top of frustration*". Indeed, as a tenant in Crown Heights argued, "*when people are living in these environments, kids can't sleep in the night, you don't have heat, they say they can't study, its breaking down every different aspect of your life.*"

For others, anger and frustration disrupted spousal relationships: "*I don't want to be cuddling up with my husband and I'm frustrated because the hot water...it just wasn't smooth sailing*". Another Fordham/University Heights tenant painted a vivid picture of how after bathing with water he'd heated up himself, "*smoke is coming out of your nose because you're so frustrated. And you walk to your table and dinner's not made because your wife's sick after four days of this weather, no hot water, there's no heat, and now she doesn't cook...and you say, 'Are we eating today?' And there's the fight, there's the stress, there's the arguments, there's the destruction of family life.*" The piling up of difficulties with the most basic tasks of social reproduction—bathing, cooking, and caring for children—leads to familial tensions. Relationships between spouses, and between parents and children, become stressed, and identities as caretakers and providers are called into question.

Predatory equity also broke down tenants' social relationships. Not only did participants not want to be at home themselves, they didn't want to invite friends into their homes: "*I didn't want to come home. I wouldn't bring anyone to my house. I didn't want anyone seeing that hole because it was depressing*" (Fordham/University Heights tenant). Central Brooklyn tenants echoed this, stating they felt "*ashamed*" to "*bring friends in the building*". Likewise, Hunts Point tenants talked about how they felt "*embarrassed to bring friends home, because the place is so falling down.*" Participants were uniformly ashamed of their living conditions, feeling they

could not bring friends into a space where drug dealers loitered in the lobby, apartments were boarded up, and ceilings threatened to cave in.

### **Tenants and politicization**

In this section I briefly discuss strategies tenants undertook to improve their living conditions before analyzing how participants politicized their experiences of predatory equity. Tenants reached out to one another to form tenants associations, contacted elected officials and their local community board, and reported their issues to the city's informational/non-emergency hotline. Some tenants advocated with elected officials and city agencies to have their buildings placed in the Alternative Enforcement Program, which involves heightened monitoring and enforcement to improve distress and deterioration for a group of 200 buildings. Longtime, elderly tenants were some of the most actively involved: "*Age-wise, her and I are two of the oldest tenants in the building. But we went out in the snow, slipping on ice to go to court [Housing Court].*" Participants also described more confrontational efforts, such as hanging banners from their fire escapes emblazoned with slogans in English and Spanish describing what was happening inside the building, e.g. "No agua caliente" (no hot water). This was a way of broadcasting their experience to the broader community, and shaming the owners. Many tenants simply stopped paying rent to protest their living conditions.

Throughout, the most difficult thing was "*getting someone to listen who could do something*" (Fordham/University Heights tenant). It was a visit to a priest by one participant's mother that connected Fordham/University Heights tenants with the Northwest Bronx Community and Clergy Coalition (NWBCCC), an organization with decades of experience doing social justice community organizing in the area. NWBCCC provided support and training in developing tenant leadership and community organizing skills, and assistance in building a

coalition of tenant associations in all ten buildings in the Milbank portfolio. This led to a series of face-to-face meetings where tenants and organizers from NWBCCC reported their concerns directly to elected officials and the city's Department of Housing Preservation and Development (HPD). They finally felt able to get their message across when members of the tenants association met the officials in the lobby of a building with a cascading leak in the ceiling: "*The water was coming in the middle—we set chairs around it [the leak] and said, 'Gentlemen, after you. Why don't you have a seat so we can talk?' And they look at each other and said 'not me, I'm not sitting there'"* (Fordham/University Heights tenant). This was a way of getting people in power to engage with their living conditions on an experiential level.

Yet the lack of visible change in their living conditions led tenants to believe the city didn't impose severe enough consequences for landlords to take action, posing a challenge to HPD's legitimacy with tenants. Most participants desired more stringent responses by HPD, arguing that if landlords didn't improve conditions after a certain period of time, then the agency should seize the property and allow tenants to run the building. Participants wanted HPD to be "*more involved*" and have "*more people following up on these issues*" (Hunts Point portfolio). A Fordham/University Heights tenant felt HPD should work more closely with tenants associations, suggesting that building these relationships would result in better information about property distress than relying on inspections in response to tenant self-report.

It took more oppositional tactics, like going to owner's houses, rallying in front of buildings and City Hall, and generally "making noise" for politicians to get involved in their cause. The support of politicians, such as Speaker Christine Quinn and the mayor's office, helped build the tenant movement around predatory equity. Several participants from the Fordham/University Heights portfolio mentioned a 2010 press conference tenants held as a

milestone, because City Council Speaker Quinn and other elected officials were there, which was useful for getting more public attention to their issues. The press conference was “*very, very gratifying*” because it brought awareness, “*not only to our community, but to other people outside the community, to people around the area*”.

Participants consistently underlined an ethic of care as a normative aspect of housing provision they found absent from tenant-landlord relations in the context of predatory equity. One compared owning a rental property to working in a hospital, arguing that in both cases, caring about people is vital. By emphasizing how property owners’ business decisions impact their lives directly, participants highlighted the use value of housing and its role in social reproduction: “*Landlords, be conscious that you’re not just affecting our property, you’re affecting lives, affecting people...it’s not just business, there’s people involved.*” Similarly, other participants pointed to the notion of accountability for landlords: “*although the investors is not going to have a partnership with his tenants, somehow or other it has to be tied back so that tenants can actually have a voice in saying what needs to be done in their buildings*”.

Organizing amongst themselves and together with community-based organizations cultivated a sense of determination among tenants: “*Milbank [private equity firm buying the Fordham/University Heights portfolio] taught us a lesson and we will never allow it to happen again.*” After the Milbank deal collapsed and the properties deteriorated and went into foreclosure, tenants had some leverage in the disposition process because of all the media attention and political support they had garnered. The buyer agreed to several conditions designed to preserve affordability, and to keep to a rehabilitation timeline developed by tenants, community groups and HPD. From struggling to get someone to pay attention to their situation, tenants felt empowered to make demands on potential buyers: “*We let him know what we*

wanted—there were demands and if you could not support us in those demands, we could not support you in buying our buildings”. Participating in the disposition process was meaningful because it communicated to potential buyers, and property owners in general, “*the neighbors are actually working together. They are going to be fighting together for everything we need on the buildings, in our apartments, and everything we need in the community. They need to know that we are together. We’re going to work together, and we’re going to fight together. Justice. Justice is the main point.*”

Participants also developed a broader perspective on predatory equity: “*The landlord, and whoever the people are doing all these loans and stuff, it’s a wide thing I think. Because it happened not just in this building, not just in Brooklyn, its all over. They have to find a way, the council people [City Council members] and all of them, I think they need to get together and really get to the root of this problem, because this is about families*”. As the Kingsbridge/University Heights tenants association made advances in their buildings, they sought to work with and support other tenants being affected by predatory equity--not just in their own communities, but citywide: “*We want to show and teach people, and also support them, so they can get their landlord to take care of business. Let’s take those buildings away from them—through their banks, through foreclosures, whatever it takes, let’s stop the rent, let’s put these people out of business because all they want is to make money. They don’t care about the tenants*”. Despite wanting to proliferate their efforts, some were wary of potential conflicts that could arise from widening their struggle. For example, after attending a meeting of leaders involved in education, housing, public space, transportation and health, one participant remarked “*I noticed it was a game of tug of war*”, pointing to concerns that building multi-issue coalitions could devolve into infighting over limited resources. Notwithstanding expressions of solidarity

with tenant struggles more broadly, the scale of the challenges in their own neighborhoods (drugs, crime, liquor stores, lack of healthy food options) also overwhelmed some participants: “*there are so many things in the neighborhood that have to change...the problem is so vast, its hard to even get a grip on it*”.

### **Conclusions**

Financialization represents a structural change in how the economy operates (Krippner, 2005), a shift that has led to greater interdependence between finance and the ‘real economy’ of material commodities. Although renting is not confined to cities, cities have greater concentrations of renters and multifamily housing (Mazur & Wilson, 2011). The loss of homeownership to foreclosure and the impact of the Great Recession has expanded the ranks of renter households; even as the number of financially stressed renters has grown, the supply of affordable rental housing has continued to shrink (Joint Center for Housing Studies, 2011a, 2011b). As more households turn to renting and as private equity firms buy up foreclosed single family homes to operate as rentals (Gittelsohn, 2012), it is critical to understand how the dynamics of financialization might transform renting. In this study I have sought to deepen and extend theories of the financialization of housing in two ways, addressed in turn below. First, I considered the case of predatory equity in New York City to extend the discussion into rental housing, with a focus on multifamily dwellings in urban areas. Second, I employed a social ecological perspective to connect the workings of finance with tenants’ *experience* of home to deepen our understanding of non-financial impacts of financialization.

### **Changing rent relations**

A key contribution of this paper is showing how institutional private investment into rental housing speaks to changing social relations of rent. The high-risk financial practices

associated with predatory equity contribute to the reproduction of urban inequality. The collapse of predatory equity deals has contributed to the deterioration of affordable rental properties in poor and minority neighborhoods, creating housing insecurity for tenants affected directly and threatening the supply of affordable housing for renters more broadly. In many ways then, the story is familiar: poor people and minorities are bearing the brunt of a housing market crisis. Which is why it's important to point out what's *different* here: there has been a fundamental change in the key actors involved, and this transforms the social relations of rent. Today, private equity funds and equity stakeholder, global banking and financial services companies, and issuers of mortgage-backed securities are responsible for exploitation, rather than the inner city slum landlords of the 1970s.

Elvin Wyly (2009) talks about this as a “selective replacement and de-localization” of key actors in the landlord-tenant relation; complexities of scale, relationship and distance arise from this transformation, breaking up important “ethical and economic interdependencies between savers, lenders and borrowers” (p. 338). During the real estate boom in the broader housing market for example, the ability to transcend real estate's fixity with complex financial instruments meant that investors, servicers, and other financial intermediaries (and actors in the housing market, e.g. realtors and appraisers) could make money even (or *especially*) if borrowers defaulted. This fact broke up an erstwhile interdependence in stable and steady growth that existed when housing and investment markets were less intertwined.

With private equity investment into rental housing, multiple factors conflict with any notion of interdependence between tenants, landlords (i.e. the funds themselves, or their managing agents) and investors. Although “the class interests of landlord and tenant are clearly opposed to each other”, certain “social, legal and political pressures may make it difficult for the

landlord to disinvest without severe social and fiscal penalties” (Harvey, 1974, p.242). Predatory equity defuses some of these pressures, distinguishing physical distress associated with this strategy from distress arising from slumlords of the 1970s. Private equity is a relatively short-term investment strategy (three to five years) especially in light of the steep leverage used to finance the acquisition of underperforming companies (70% is debt; 30% equity stakes by investors) (Evans & Hubbard, 2008; Froud & Williams, 2007). “Dividend recapitalization” allows funds to deleverage themselves and pay out dividends by remortgaging the original debt (Froud & Williams, 2007), increasing the acquired company’s exposure to financial risk while leaving investors and fund managers with “no skin in the game”. In the typically long-term, slow-growing multifamily rental market, such short-term investment and aggressive risk posture breaks any commitment shared between landlord and tenant to maintaining the long-term physical integrity of the building. In fact private equity funds often implement cost-cutting measures<sup>5</sup> to maximize short-term value (Evans and Hubbard, 2008); similarly estimated maintenance costs for predatory equity investments typically were “deceptively low and bore little relation to the reality of operating multifamily rental housing in New York City (ANHD, 2009, p.15). Here the investment strategy of predatory equity conflicts with the need for sustained maintenance and attention to manage the issues found in large, aging buildings (typically constructed in the 1920s and 1930s) that characterize New York’s multifamily housing stock (Furman Center for Real Estate and Urban Policy, 2010).

As key actors are distanced from the material consequences of their investment tactics, and as layers of intermediaries proliferate between tenant and landlord, pressures and penalties on landlords also ease. For example in the Milbank portfolio, a Los Angeles-based fund invested

---

<sup>5</sup> Workers get laid off or lose benefits; important equipment isn’t maintained or replaced; training programs, research and development and community engagement are scaled back or lost altogether.

equity from Israel in a group of ten buildings in the Bronx, exemplifying the “de-localization” of actors Wyly and colleagues (2009) describe. Objectives of improved efficiency and reduced costs often meant the introduction of large outside management companies and/or firing live-in superintendents. These factors disconnect owners from tenants, a process also observed in the case of institutional investment in Berlin’s rental housing (Uffer, under review). The proliferation of intermediaries (investors, fund managers, loan servicers and special servicers, limited liability corporation, trustees of commercial mortgage-backed securities, managing agents) add to this distance by making it difficult to “pierce the veil” in order hold responsible parties accountable for physical distress. As a result tenants’ power to exert social and political pressures on landlords becomes limited under financialization compared to the more localized rent relations David Harvey analyzed in 1970s Baltimore (Harvey, 1974), altering an important check against housing deterioration.

### **Financialization, accumulation by dispossession and social reproduction**

Another aim of this study was to re-center the financialization of housing around social, psychological and material concerns. This approach highlighted important connections between financialization, social reproduction and politicization among low-income tenants. Here I especially wish to unpack predatory equity as a mode of accumulation by dispossession, and through this its relation to social reproduction. Accumulation by dispossession is conceived as an ongoing capitalist process of accumulation whereby collective resources, common property, and public assets are taken, appropriated or privatized; as “untapped markets” these assets serve as low cost (or free) inputs which in turn create profitable new markets for investment (Arrighi, 2004; Harvey, 2003). Drawing on political economic analyses, Hart (2006) frames accumulation

by dispossession as deriving from “strategies to take apart those institutions that protect society from the market, and the associated struggles between capital and labor” (p.982).

Accumulation by dispossession connects with social reproduction because the assets being appropriated are defined by their collective, common public nature—such as housing and land (predatory equity in New York City, forced evictions in East Asia and the global South); natural resources (privatization of water in Bolivia, genetically modified seeds in India and Bangladesh); health care (private equity markets in nursing care companies) and education (where charter schools privatize public education). These examples show that “peoples of the North, East, and South are facing phenomenally different but substantially similar strategies of separation from the means of existence” (De Angelis, 2001, quoted in Hart, 2006). Against this backdrop predatory equity may be seen as an effort to appropriate market-protected housing from low and moderate-income New Yorkers. In continuous existence since 1943 in New York State, the institution of rent regulation was designed to mediate the market by limiting annual rent increases, entitling tenants to services, and ensuring lease renewal (New York State Division of Housing and Community Renewal, 1993). The system was first developed in response to a housing emergency (less than 5% vacancy rate) in order to ensure an adequate supply of decent, affordable housing “in light of the inability of the private market” (and public housing) to do so (New York State Division of Housing and Community Renewal, 1993). In conflict with the very aims of rent regulation, predatory equity revolves around efforts to dismantle these protections in order to exploit rent-regulated housing as an untapped asset class.

Froud and Williams (2007) characterize the culture of private equity as one that “rearranges ownership claims for value capture”, extracting assets for a narrow segment of fund managers and investors. This paper has shown some of the most direct consequences tenants face

as a result of this process. Participants in this study faced the deleterious material, social and psychological externalities of a high-risk investment strategy. What is especially striking is how the distanced nature of relationships between investors and underlying assets facilitates a neglect of the realities of lived experience in favor of a vision of added value, increased rental income through renovation and release of ‘under-market assets’.<sup>6</sup> Here we have seen how financial risks become embodied in the well being, health, social and familial relationships and housing security of a group of low-income, Black and Latino, predominantly female tenants in the Bronx and Brooklyn. This study did not engage tenants (or former tenants) of predatory equity properties that did *not* fall into financial distress; such deals have likely “succeeded” through aggressive efforts to promote attrition of tenants paying affordable rents (i.e. harassment and targeted under-maintenance, c.f. Powell, 2011) and subsequent upgrading and rent increases. Some data (ANHD, 2009) suggests unusually high tenant turnover rates in properties affected by predatory equity: future research should systematically explore rates of displacement by rent increases or eviction, or moving on to different living arrangements due to harassment or declining living conditions associated with “successful” predatory equity deals.

Of course this kind of financialization of rental housing not only has direct effects on current tenants, but also indirectly affects other renters in general. To the extent that the model of predatory equity is ‘works to deregulate rent-stabilized apartments, and to the extent that the investments collapse and cause housing deterioration, affordable units will be removed from the market. A reduction in the stock of rent-regulated units would constrain the supply of affordable rentals and thus the housing stability of low and moderate-income New Yorkers. Moreover, just as private equity practices affect the broader industry and lead other companies to cut corners or

---

<sup>6</sup> These terms are used in the websites of Milbank Real Estate and Madison Capital describing their real estate holdings in the Bronx and Chinatown.

take on debt in order to compete (Evans and Hubbard 2008), predatory equity may affect other real estate operators in the New York rental market. For example, advocates fear that profit expectations will shift upward, leading to even more rapid de-regulation of affordable units; lower-tier local speculators have also adopted higher-risk leveraging practices to exploit economies of scale, such as refinancing to cross-collateralize multiple smaller multifamily properties. Those researching the social implications of financialization should address these dynamics in future studies.

The toll of financialization on renters highlights the tensions between the city as a site of capitalist production and the imperative of social reproduction for city residents. Indeed predatory equity points to how the arena of social reproduction is a fundamental site for contemporary urban social struggles (Hart, 2006; Harvey, 2012), as evidenced in a growing direct action movement that aims to interrupt the relationship between speculation and the lack of safe and affordable housing, thereby restoring the ontological status of home. Groups like Organizing for Occupation and Take Back the Land are disrupting foreclosure auctions, holding eviction blockades and occupying vacant homes to reclaim housing as a human right. Picture the Homeless tracks vacant land and property to demonstrate connections between real estate speculation and homelessness. The spread of the Occupy Wall Street movement has also drawn attention to the role of financial institutions in the global economic downturn even as they have been sheltered from its worst effects, which have affected the public both in the workplace and at home (cf. a popular chant, “Banks got bailed out/we got sold out”). Harvey (2003, 2012) suggests that this growing recognition of finance may thus unite often disparate struggles: those at the point of production and those situated in the arena of social reproduction.

Despite this potential for broadened resistance in these efforts to restore the ontological status of home, the dynamics of financialization remain frustratingly complex, diffuse and hegemonic, removed from the day-to-day experiences of city residents. Even as social movements contest the financialization of the urban fabric, the workings of finance delimit the actual tactics of capturing land and housing for non-speculative purposes on a broader scale (Fields, in revision). For example having to purchase the distressed note, complete foreclosure, and then take title in order to gain control of a building requires a set of skills and access to capital that few grassroots groups can call upon. This highlights the need for more aggressive regulatory and policy action while complicating the question of how to proceed, and at what scale.

The financialization of rental housing is immediately important, and in ways that extend far beyond New York City. As low interest rates and increased rental demands draw investors back to the housing market, private equity funds and hedge funds are raising billions to purchase bank-owned single-family homes to operate as rental. The investors have already made significant inroads in Phoenix and Atlanta, and with a federal pilot program to offer toxic debt on foreclosed single-family properties in bulk sales to institutional investors (Gittelsohn, 2012), the category of investor-landlords will be expanding. In light of the consequences of predatory equity for low-income tenants, researchers and advocates must keep this issue in public view through ongoing study. It is through fleshing out the experiences of financialization in everyday life and its consequences for social struggles that we can better understand the significance of this economic shift.

### References

- Aalbers, M. (2008). The financialization of home and the mortgage market crisis. *Competition and Change*, 12(2), 148-166.
- Allen, R. (2011). Who experiences foreclosures? The characteristics of households experiencing a foreclosure in Minneapolis, Minnesota. *Housing Studies*, 26(6), 845-866. doi: 10.1080/02673037.2011.593129
- Andrews, D., Caldera Sanchez, A., & Johansson, A. (2011). *Housing markets and structural policies in OECD countries*.
- Arrighi, G. (2004). Spatial and other "fixes" of historical capitalism. *Journal of World-Systems Research*, 10(2), 527-539.
- Association for Neighborhood and Housing Development. (2009). Predatory equity: evolution of a crisis. The threat to New York's affordable rental housing, 2005-2009.
- Bagli, C. (2008, October 6). Mortgage crisis is foreseen in housing owned by private equity firms, *The New York Times*. Retrieved from <http://www.nytimes.com/2008/10/06/nyregion/06default.html?pagewanted=all>
- Been, V. (2009). Renters and foreclosure: Testimony before New York City Council Committee on Housing and Buildings. New York: Furman Center for Real Estate and Urban Policy.
- Brescia, R. (2008). Line in the sand: Progressive lawyering, "master communities", and a battle for affordable housing in New York City. *Albany Law Review*, 73(3), 715-763.
- Bromley, C., Campen, J., Nafici, S., Rust, A., Smith, G., Stein, K., & van Kerkhove, B. (2008). Paying more for the American dream: The subprime shakeout and its impact on lower-income and minority communities.
- Center for Urban Pedagogy. (2009). Predatory equity: The survival guide. In Making Policy Public series (Ed.). New York.
- Chiwaya, N., Alvi, K., Ademo, M., Llopis-Jepsen, C., Graboski, S., Jeantet, D., & Sabbagh, M. (2011). Troubled Bronx buildings flipped again, *The Bronx Ink*. Retrieved from <http://bronxink.org/2011/12/12/20487-troubled-bronx-buildings-flipped-again/>
- Congressional Oversight Panel. (2010). *Commercial real estate losses and the risk to financial stability*. Washington, D.C.
- Corburn, J., Osleeb, J., & Porter, M. (2006). Urban asthma and the neighbourhood environment in New York City. *Health and Place*, 12(2), 167-179. doi: 10.1016/j.healthplace.2004.11.002
- Dixon, J., & Durrheim, K. (2000). Displacing place identity: A discursive approach to locating self and other. *British Journal Of Social Psychology*, 39, 27-44.
- Dupuis, A., & Thorns, D. C. (1998). Home, home ownership and the search for ontological security. *The Sociological Review*, 46(1), 24-47. doi: 10.1111/1467-954x.00088
- Evans, J., & Hubbard, P. (2008). From shareholder value to private equity: The changing face of financialisation of the economy. *Transfer: European Review of Labour and research*, 2008(14), 1.

- Fields, D. (in revision). Contesting the financialization of urban space: Community-based organizations and the struggle to preserve affordable rental housing in New York City. *Journal of Urban Affairs*.
- Fine, B. (2009). *Financialisation and social policy*. Paper presented at the Social and political dimensions of the global crisis: Implications for developing countries, Geneva.
- Fraser, N. (2010). *Marketization, social protection, emancipation: Toward a neo-Polanyian conception of capitalist crisis*. Paper presented at the The World Crisis and Change.
- Froud, J., & Williams, K. (2007). Private equity and the culture of value extraction. *New Political Economy*, 12(3), 405-420. doi: 10.1080/13563460701485656
- Furman Center for Real Estate and Urban Policy. (2010). State of the city's housing and neighborhoods. New York City: New York University.
- Gittelsohn, J. (2012). Foreclosures draw private equity as U.S. sells homes Retrieved June 20, 2012, from <http://www.bloomberg.com/news/2012-01-31/foreclosures-draw-private-equity-as-u-s-selling-200-000-homes-mortgages.html>
- Gotham, K. F. (2009). Creating liquidity out of spatial fixity: The secondary circuit of capital and the subprime mortgage crisis. *International Journal of Urban and Regional Research*, 33(2), 355-371. doi: 10.1111/j.1468-2427.2009.00874.x
- Hart, G. (2006). Denaturalizing dispossession: Critical ethnography in the age of resurgent imperialism. *Antipode*, 38(5), 977-1004. doi: 10.1111/j.1467-8330.2006.00489.x
- Harvey, D. (1974). Class-monopoly rent, finance capital and the urban revolution. *Regional Studies*, 8(3-4), 239-255.
- Harvey, D. (2003). *The new imperialism*: Oxford University Press.
- Harvey, D. (2012). *Rebel cities: From the right to the city to the urban revolution*. New York: Verso.
- Hiscock, R., Kearns, A., MacIntyre, S., & Ellaway, A. (2001). Ontological security and psychosocial benefits from the home: Qualitative evidence on issues of tenure. *Housing, Theory and Society*, 18(1-2), 50-66. doi: 10.1080/14036090120617
- Hulse, K., & Saugeres, L. (2008). Housing insecurity and precarious living: An Australian exploration. Swinburne-Monash Research Centre: Australian Housing and Urban Research Institute.
- Immergluck, D. (2009). *Foreclosed: High-risk lending, deregulation, and the undermining of America's mortgage market*. Ithaca: Cornell University Press.
- Joint Center for Housing Studies. (2011a). America's rental housing: Meeting challenges, building on opportunities. Cambridge, MA: Harvard University.
- Joint Center for Housing Studies. (2011b). Rental market stresses: Impacts of the Great Recession on affordability and multifamily lending. Cambridge, MA: Harvard University.

- Kaplan, D. H., & Sommers, G. G. (2009). An analysis of the relationship between housing foreclosures, lending practices, and neighborhood ecology: Evidence from a distressed county. *The Professional Geographer*, 61(1), 101-120. doi: 10.1080/00330120802577723
- Krippner, G. (2005). The financialization of the American economy. *Socio-Economic Review*, 3(2), 173-208.
- Lee, M. W. (2009). Housing New York City 2008. New York City: Department of Housing Preservation and Development.
- Libman, K., Fields, D., & Saegert, S. (2011a). Housing and health: A social ecological perspective on the US foreclosure crisis. *Housing, Theory and Society*, 29(1), 1-24. doi: 10.1080/14036096.2012.624881
- Libman, K., Fields, D., & Saegert, S. (2011b). Toward a research agenda at the intersections of housing and health. *Housing, Theory and Society*, 29(1), 47-55. doi: 10.1080/14036096.2012.624882
- Manzo, L. C. (2003). Beyond house and haven: Toward a revisioning of emotional relationships with places. *Journal of Environmental Psychology*, 23(1), 47-61.
- Martin, R. (2011). The local geographies of the financial crisis: From the housing bubble to economic recession and beyond. *Journal of Economic Geography*, 11(4), 587-618. doi: 10.1093/jeg/lbq024
- Mazur, C., & Wilson, E. (2011). *Housing characteristics: 2010*. Washington, D.C.: U.S. Department of Commerce: Economics and Statistics Administration, Retrieved from <http://www.census.gov/prod/cen2010/briefs/c2010br-07.pdf>.
- Morgan, D. (1995). Focus groups. *Annual Review of Sociology*, 22, 129-152.
- Morgenson, G. (2008, May 9). Questions of rent tactics by private equity, *The New York Times*. Retrieved from <http://www.nytimes.com/2008/05/09/business/09rent.html?pagewanted=print>
- Morgenson, G., & Story, L. (2009, December 23). Banks bundled bad debt, bet against it and won, *The New York Times*.
- New York State Division of Housing and Community Renewal. (1993). Rent regulation after 50 years: An overview of New York State's rent regulated housing.
- Newman, K. (2009). Post-industrial widgets: Capital flows and the production of the urban. *International Journal of Urban and Regional Research*, 33(2), 314-331.
- Newman, K., & Wyly, E. (2004). Geographies of mortgage market segmentation: The case of Essex County, New Jersey. *Housing Studies*, 19(1), 53-83.
- Parkus, R., & An, J. (2009). The future refinancing crisis in commercial real estate: Estimates of the magnitude of refinancing risk, equity deficiency and losses from maturity defaults *CMBS Research*. New York: Deutsche Bank.
- Pike, A., & Pollard, J. (2010). Economic geographies of financialization. *Economic Geography*, 86(1), 29-51. doi: 10.1111/j.1944-8287.2009.01057.x
- Powell, M. (2011, August 16). Her Chinatown home is "underperforming", *The New York Times*.

- Saegert, S., Fields, D., & Libman, K. (2011). Mortgage foreclosure and health disparities: Serial displacement as asset extraction in African American populations. *Journal of Urban Health*, 88(3), 390-402. doi: 10.1007/s11524-011-9584-3
- Schloemer, E., Li, W., Ernst, K., & Keest, K. (2006). Losing ground: Foreclosures in the subprime market and their cost to homeowners (pp. 56): Center for Responsible Lending.
- Shultz, H. (2009). Debt threat: Saving multifamily rental housing from zombie mortgages. New York City: Citizens Housing and Planning Council.
- Shultz, H., Perine, J., Bahchieva, R., & Dasgupta, D. (2012). The impact of multifamily foreclosures and over-mortgaging in neighborhoods in New York City. New York City: Citizens Housing and Planning Council of New York City.
- Stockhammer, E. (2010). Financialization and the global economy. Amherst, MA: Political Economy Research Institute,.
- Story, L., & Morgenson, G. (2010, April 17). S.E.C. accuses Goldman of fraud in housing deal, *The New York Times*.
- Swarns, R. (2008, June 21). Rise in number of renters erases a decade's gain in home ownership, *The New York Times*.
- Uffer, S. (under review). Institutional investors in Berlin's housing market: How do they shape the built environment? *Journal of Urban Research*(special issue on the geography of finance and real estate).
- Weselcouch, M. (2012). *Foreclosure crisis in New York City: Causes and consequences*. Paper presented at the American Planning Association: New York Metro Chapter, New York.
- Wilkinson, S. (1999). Focus groups as feminist method. *Psychology of Women Quarterly*, 23(2), 221.
- Wyly, E., Moos, M., Hammel, D., & Kabahizi, E. (2009). Cartographies of race and class: Mapping the class-monopoly rents of American subprime mortgage capital. *International Journal of Urban and Regional Research*, 33(2), 332-354. doi: 10.1111/j.1468-2427.2009.00870.x

**WRITING 3****Contesting the financialization of urban space: Community organizations and  
the struggle to preserve affordable rental housing in New York City**

**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, data-driven and spatial tactics, this research speaks to the political possibility of contemporary community practice.

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

**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. Today's infrastructure of urban community organizations emerged amidst the social movements of the 1960s and 1970s, when the urban crisis was one of disinvestment and capital flight. Now their 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 both how neoliberal restructuring (such as deregulation in banking and finance and opening up global capital flows) 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 in ways that redraw 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 extending the focus to the financialization of rental housing. The basis of the paper is a series of 25 in-depth interviews about a wave of aggressive private equity acquisition of affordable rental housing in New York City during the mid-2000s real estate bubble, conducted with emerging, midcareer and veteran affordable housing and community development professionals after the financial collapse of many such investments. I argue that 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 spaces of finance. These responses suggest productive directions for contemporary community practice that may not wholly transform or subvert financialization, but which nevertheless work to regulate/reform it on some level.

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, but in the realm of housing in particular. I provide further explication of private equity real estate investment in New York's affordable rental sector, substantiating the role of financialization in the production of urban space and the challenges this poses for community-based organizations. 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, I address the critical narrative of private equity real estate investment developed and advanced by community groups; the role alternative knowledge production played in their efforts; and how organizations took up the spaces, structures and processes of global finance as sites of struggle. In conclusion I discuss the innovation and effectiveness of these practices in relation to the challenges posed by financialization, as well as implications for theories of contemporary community practice and the emergent literature on geographies of financialization.

## Background

### Neoliberal restructuring and community practice

There is a long history of community development--efforts to improve living conditions and quality of life—in low-income urban neighborhoods in the United States that go 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* aimed at 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 both pragmatic—a range of organizations participated in the study, and based on an understanding of community organizations as taking up multiple roles that shift depending on goals and context (Elwood, 2006).

Although today's infrastructure of community organizations can be linked to social movements driven by goals of redistribution and political empowerment, these goals are at odds with the imperatives of a neoliberal context, which revolve around a market- and asset-focused approach, entrepreneurial governance, competitiveness, and individual responsibility. For community organizations the turn to a neoliberal political economy entails both increased constraints in the form of reduced and restricted funding, and increased 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 community organizations and their constituents have in planning, priorities and 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 takes time and energy away from other efforts, such as political organizing, and can disconnect organizations from their constituents. Relationships with community members have also changed as organizations have increased their provision of services due to social welfare gaps (e.g. in affordable housing, health care, and workforce development) created by declining federal support for state and local government (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 distances them from

radical politics and conflict-based models of organizing, diminishing their 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, whereas more politicized approaches might focus on decommodifying land and housing. DeFilippis (2004) argues this is because many community groups formed to address local problems, not to fundamentally transform broader social, political and economic structures. The 1990s reconfiguration of community development around asset development and opening underserved urban markets supported this local focus, emphasizing building capacity, community, and social capital *within* neighborhoods. The neglect of power and structural forces *outside* the community obscures broader, external processes that shape local problems and potential solutions; this is especially problematic as the forces shaping local life are increasingly multilevel and global (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 urban disinvestment so much as the consequences of opening “underserved” urban 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). In order for urban communities to contest the social costs of capitalism to working class and marginalized peoples (DeFilippis & Saegert, 2012), community groups need new political strategies, an analysis of power relations and rescaled forms of activism that move 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 specific one about how to understand the potential for community practice to be effective in contributing to social justice in the 21<sup>st</sup> century (Sites et al., 2007). Given that conflict approaches became marginalized soon after their 1960s-1970s heyday, perhaps using these approaches as the reference point for *contemporary* community practice delimits understandings of how community organizations are able to contest the imperatives of neoliberal restructuring and its toll on urban neighborhoods. As Lerner 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). 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. Some promising signposts in this effort are 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 research and analysis is frequently part of grant maintenance, it can also be part of political projects: community organizations might use Geographic Information Systems, 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, deployed via postmodern sensibilities of multiple meanings in the service of politically progressive aims (Wyly, 2009, 2011). Strategic positivism might support advocacy strategies by disseminating alternative knowledge in public testimony and 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 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 reinterpreted 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 one such political strategy, which works against the fragmentation of place by tracing contour lines that analytically connect places “and thereby enhance struggles in the name of common interests” (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”. Powers of reach change what can be demanded politically, 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.

### **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). Hence finance takes on new roles in non-financial realms: financial institutions and markets come to shape economic, social and cultural life and individual subjectivities (Aalbers, 2008; Allon, 2010; French et al., 2011; Ron Martin, 2011; Rutland, 2010). The extended reach of finance also transmits risk and volatility into the non-financial, raising concerns about how it participates in and potentially exacerbates uneven geographies (Aalbers, 2008; Pike & Pollard, 2010).

Interest in financialization has grown in the aftermath of the foreclosure crisis and associated global financial downturn. One of the reasons community activists fought for access to mortgage capital in the 1970s was to build wealth in low-income and minority communities. However as the role of mortgages has changed to become a means of financial production by providing the “raw materials” for asset-backed securities and derivatives (Newman, 2009) the meaning of mortgage capital for local communities has also changed. Rather than anchoring wealth in place via property, mortgages facilitate global investment and serve to extract value from place-bound property (Aalbers, 2008). In the foreclosure crisis, the appetite for mortgage-backed securities’ financial yield shaped the subprime mortgage market, driving high-risk and predatory lending practices that 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). The impact of high-risk lending has intersected with older frameworks of racial inequality, disproportionately destabilizing 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), pointing to how financialization operates to transfer the wealth of broad sectors of society to a 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 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 had 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.

The combination of the low stock market returns of the early 2000s, flood of low-interest mortgage financing and 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. These units are protected from the open market by state laws limiting rent increases to a percentage set annually by the Rent Guidelines Board, but 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) between 2005 and 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). Based on 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, and to capitalize 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 affordable rental sector has been characterized as 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 & Hubbard, 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: 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). This 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),<sup>1</sup> since New Yorkers living multifamily rental properties have lower incomes than those living in other housing types and Hispanics are more likely than other households to live in the city's multifamily rental properties (Furman Center for Real Estate and Urban Policy, 2010),

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 case of a 47-building portfolio London-based investment firm Dawnay Day purchased in 2007, foreclosure came in 2009 as the firm found itself overexposed in the credit crunch. With financial distress, harassment has given way to rapid, extreme physical deterioration in many predatory equity portfolios. This confirms how financialization makes the fate of the built environment increasingly tied to what happens in financial circuits (Aalbers, 2008). In turn these conditions compromise tenants' well-being, family and social relationships 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. However there are other ways mortgage finance can transcend real estate's spatial fixity. 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

---

<sup>1</sup> I address the neighborhood geography of predatory equity in more depth in other pieces.

<sup>2</sup> A national intermediary organization providing funding assistance and technical support to local nonprofits.

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). Thus physical and financial instability associated with predatory equity purchases has created a market in distressed mortgage notes, putting properties at risk of an extended period of equity-stripping and 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 25 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 (see table 3.1 for a list of participating organizations). 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, 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 Local Initiatives Support Corporation<sup>2</sup> (LISC) 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.

---

<sup>2</sup> A national intermediary organization providing funding assistance and technical support to local nonprofits.

<b>Citywide organizations</b>	<b>Neighborhood-based organizations</b>	<b>Housing policy, housing finance, property management, think tanks, for-profit affordable housing</b>
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	

## Findings

### Constructing a critical narrative

Here I present the findings in terms of what responses to predatory equity suggest about the potential for contemporary community practice to contest financialization. This discussion is organized around three major themes: constructing a critical narrative, practicing strategic positivism and reworking spaces of finance.

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, 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 (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 far left politically, 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. Organizations used this knowledge and perspective to develop a critical narrative of predatory equity investments. The narrative implicates the structures of global finance and key actors such as private equity firms and lending institutions, and reinterprets the norms of finance in terms of the fallout of boom time

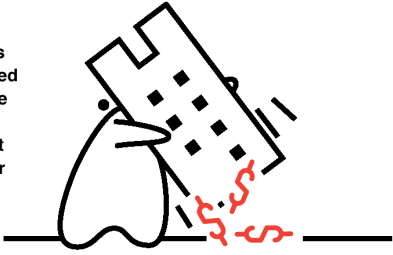
speculation on the quality and supply of affordable rental housing. With these efforts activists made financialization legible and accessible for wider public understanding, and mobilization in subsequent organizing and policy campaigns.

*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 (see figure 3.1). 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.

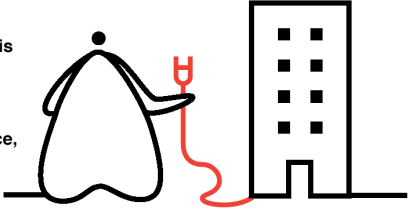
**Figure 3.1: Detail from *Predatory Equity: The Survival Guide* (CUP, 2009) explaining constraints for overleveraged buildings.**

**Overleveraged buildings have more debt than they can support. Speculators have only three options:**

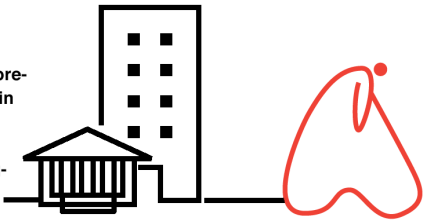
**RAISE RENTS**  
 To do this, the speculator needs to get rid of the tenants protected by rent regulations. The average turnover rate for rent regulated apartments is 5% per year. Most speculators need a much higher rate to turn a profit, and they'll force tenants out to get it.



**CUT SERVICES**  
 If the speculator can't replace his current tenants 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. Foreclosure 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.



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 (see figure 3.2), 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.

**Figure 3.2: Cover of *Predatory Equity: The Survival Guide* (CUP, 2009).**



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. In particular it cultivated a sense that advocates alone could not reframe the discourse. 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 that community groups produce.

### **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 (Newman, 2010), pointing to the role for knowledge production in critical urban practice (Wyly, 2009). Here 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.

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 public data sources on housing and building code violations and city-issued liens

(water/sewage, back taxes, emergency repairs), 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). The BIP is a monitoring tool that UNHP and a variety of community organizations have used to put pressure on banks with irresponsible lending and asset management practices, shape tenant organizing efforts, and influence city policy.

Showing that New York Community Bank (NYCB) financed 85,000 units of multifamily housing that were in distress, twice that of any other entity (University Neighborhood Housing Program, 2011), BIP data has been integral to a broad, multi-pronged campaign against the bank. 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<sup>3</sup>. 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 its efforts to ensure that multifamily borrowers could fulfill mortgage obligations and properly

---

<sup>3</sup> Housing organizers view three violations per unit as inhumane.

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.

A different example of strategic positivism derives from the work of community organizations including UHAB, members of the Association for Neighborhood and Housing Development, Tenants and Neighbors and UNHP in tracking market activity, researching property owners and organizing tenants. These efforts created individual organizational lists of overleveraged properties that LISC then compiled lists into 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 a rich, inductively-created database. 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. This 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).

The database of overleveraged properties has supported policy advocacy by LISC in public comments to the Federal Housing Finance Agency on the proposed structure for evaluating Fannie Mae and Freddie Mac's duty to serve 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.

Here strategic positivism documented relationships between investors, financial institutions, debt, and physical and financial distress. In turn, these facts support the struggle—on the ground, in policy circles, and in academe--against the destabilizing impacts of financialization. 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 spaces of finance**

Finally I turn to how community practice reworked spaces of finance in the struggle against predatory equity. 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.

The first case builds on the discrepancy between expectations for double-digit profits in a single-digit growth sector, and between projected and actual tenant turnover rates discussed earlier in the overview of predatory equity. ANHD uncovered these insights through mining underwriting documents for a sample of nine property portfolios covering nearly 10,000 rental units<sup>4</sup> purchased by private equity firms and subsequently securitized in commercial mortgage-backed securities (CMBS) (ANHD, 2009b). The analysis was possible because for securitized loans borrowers are required to report revenue, expenses and vacancies to the loan servicer, who tracks this data against underwriting assumptions in the prospectus filed with the SEC. Based on these data, each unit faced a discrepancy of \$605 per unit/month; translated to all 9876 units makes for a shortfall of \$6 million a month and \$71.7 million a year.<sup>5</sup>

Data on tenant turnover assumptions was less readily available, but in three major portfolios assumptions were 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). By juxtaposing finance logics outlined in CMBS prospectuses with measures grounded in the realities of the city's affordable rental sector, ANHD employed the structures of finance to produce evidence of the risk and potential fraud involved in predatory equity.

---

<sup>4</sup> ANHD's analysis included 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.

<b>Table 2: Discrepancy between underwritten and last reported net rental income for 9 major predatory equity portfolios.</b> 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)	<b>\$605</b> <b>(Shortfall for all units: \$6m/month; \$71M/year)</b>

By re-signifying the materiality of their homes tenants and community organizations defending distressed properties from investors reconstituted the link between housing as a financial asset and as a home. In this case, in 2007 government-sponsored enterprise Fannie Mae purchased the \$29 million debt from Deutsche Bank for a portfolio of 19 properties (261) 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. Fannie Mae purchased the Ocelot mortgage, only later finding it didn't meet their underwriting standards. The properties deteriorated severely over the next two years before falling into foreclosure early in 2009. Soon after, Fannie Mae sought to sell the distressed debt connected to the Ocelot portfolio through the "eBay of distressed debt" (interview with Dina Levy of UHAB, 2010), online auction site

DebtEx. 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 (see figure 3.3), 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 to publicly pressure 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.<sup>6</sup> 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.

**Figure 3.3: Ocelot portfolio tenants protesting Fannie Mae’s sale of their homes on online auction forum for distressed debt.** (Photo credit: Urban Homesteading Assistance Board)



---

<sup>6</sup> The properties were eventually sold to affordable housing developer Omni New York at a significant discount.

Finally, some activists reworked spaces of finance through building solidarities in the tracks of global capital flows. Among the several neighborhood-based organizations addressing predatory equity in East Harlem is Movement for Justice in el Barrio (MFJ), a group whose constituents are predominantly Mexican immigrants.<sup>7</sup> MFJ links itself to the Other Campaign, a 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 *encuentros* (encounters) bringing together social justice actors at a variety of spatial scales; 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, Steve Kessner, once labeled among the ten worst landlords in New York City (Borrero, 2006), sold a group of 47 properties and 1100 apartments in East Harlem to UK-based investors Dawnay Day for \$225M. In the British press, the firm boasted of the profits it would make once they displaced tenants. In East Harlem, they began pressuring longtime tenants to move, charging for basic repairs, and asking the predominantly immigrant Latino tenants for their Social Security numbers. Their experiences of harassment and outright fraud under the firm's ownership motivated MFJ to formalize alliances they had been building up before, moving their activism to the UK to generate support on the firm's own turf.<sup>8</sup> Meeting with over 30 organizations in Europe allowed MFJ to present films about their experiences with predatory equity and receive pledges of support. This tactic illustrates the group's knowledge that housing

---

<sup>7</sup> 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.

<sup>8</sup> Maeckelbergh (2012) provides more in-depth analysis of MFJ's mobilizing against displacement.

problems in East Harlem aren't isolated, but that global capital, multinational corporations and other forms of development are all bound up with the displacement of tenants and small businesses there. Illustrating this assertion, in 2008 the Dawnay Day portfolio collapsed when the company found itself overexposed amidst tightened credit, and officially went into foreclosure in 2009; their disposition remains unresolved. Nevertheless the point remains that MFJ's approach to activism builds allies and solidarities within globalized flows of capital, underscoring that just as capital can circulate globally, so can social struggles around land and housing.

### **Conclusions**

This paper has addressed how community organizations whose work focuses on affordable housing contend with financialization. Given the challenges to community organizations posed by the neoliberal political economy more broadly and new financial practices in the housing market specifically, I examined the potential for organizations to cultivate effective and innovative practices to contest the financialization of affordable rental housing. The study investigated 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 tactics that constructed a critical narrative of predatory equity, used strategic positivism to study its geography and impacts and reworked spaces of finance. Here I address the first two as part of a strategy of alternative knowledge production that works at the level of policy advocacy, claims-making on financial institutions and actors and public discourse. Then I discuss the last tactic (reworking spaces of finance) as underlining how a spatial strategy of contesting finance must both re-assert fixity and trace liquidity.

### **Alternative knowledge production**

Financialization operate 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 their activism). 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. This 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) that changed the public and political conversation about finance as liberatory and constructive to one about finance as extractive and predatory.

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. 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 (Association for Neighborhood and Housing Development, 2009b).

Community organizations are also using strategic positivism 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). Rather than being antithetical to insurgency, 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. Strategic positivism supports rhetorical framings of social justice issues, and can independently mobilize action to achieve justice (Wyly et al., 2010).

### **Tracing liquidity and reestablishing fixity**

However in the case of the financialization of housing, achieving justice calls for new spatial strategies. This is because in 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. Although financialization affords the transcendence of spatial fixity, 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). It shows that in contesting financialization, community organizations and activists must develop powers of reach for both the territory of finance and material urban space.

In this study, I found that community organizations did this by reasserting fixity and tracing liquidity. As a spatial tactic, reasserting fixity enters spaces and structures of finance and brings 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 bankruptcy forum. This relates to the tactic of tracing liquidity, which moves social and political action into the territory of finance. Thus 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 uses the spatial form of capital flows to develop and maintain new political alliances.

However, operating materially within the arena of finance requires organizations to contend with the scale and pace of investment. For example, UHAB has been working to develop an interim facility that would negotiate, buy and hold batches of distressed mortgage debt in order to lower transaction costs, complete foreclosure and transfer to preservation buyers

more efficiently (Urban Homesteading Assistance Board, 2012). Here, economies of scale are being leveraged to maneuver the asymmetries community organizations currently face in capacity, capital, and ability to move quickly on their feet. Such efforts raise questions about whether deploying financial techniques ensures continued domination by financial imperatives, and how this approach can be made transparent, democratic and participatory for those directly affected by predatory equity.

Financialization poses new challenges, both technical and strategic, for community organizations engaged in affordable housing work. Focusing on new financial practices in the rental housing market, this paper has contributed detailed empirical knowledge both about these challenges and tactics to contest financialization, addressing a gap in the emerging literature on geographies of financialization. The tactics included critical narrative construction and strategic positivism, together forming a strategy of alternative knowledge production that denaturalizes and challenges financial hegemony. Theoretically, I draw on a view of financialized mortgage markets as a socially-produced space and a topological approach to understanding the geography of contemporary power relationships. Here another approach to community practice reworked spaces of finance, making their presence felt with a spatial strategy that reasserted fixity and traced liquidity. Motivated to understand the political possibilities of contemporary community practice, this research offers a positive reading of the potential to contest the uneven nature of processes associated with financialization.

### References

- Aalbers, M. (2008). The financialization of home and the mortgage market crisis. *Competition and Change*, 12(2), 148-166.
- Allen, J. (2011). Topological twists Power's shifting geographies. *Dialogues in Human Geography*, 1(3), 283-298.
- Allon, F. (2010). Speculating on everyday life: The cultural economy of the quotidian. *Journal of Communication Inquiry*, 34(4), 366-381.
- Ashton, P. (2009). An appetite for yield: The anatomy of the subprime mortgage crisis. *Environment and Planning A*, 41(6), 1420-1441.
- Association for Neighborhood and Housing Development. (2009a). The \$20,000 stove: How fraudulent rent increases undermine New York's affordable housing. New York: Association for Neighborhood and Housing Development.
- Association for Neighborhood and Housing Development. (2009b). Predatory equity: evolution of a crisis. The threat to New York's affordable rental housing, 2005-2009.
- Bagli, C. (2008, October 6). Mortgage crisis is foreseen in housing owned by private equity firms, *The New York Times*. Retrieved from <http://www.nytimes.com/2008/10/06/nyregion/06default.html?pagewanted=all>
- Bockmeyer, J. L. (2003). Devolution and the transformation of community housing activism. *The Social Science Journal*, 40(2), 175-188. doi: 10.1016/s0362-3319(03)00002-8
- Borrero, T. (2006, June 27). Welcome to the 10 Worst Landlords: Steven Kessner, *The Village Voice*.
- Brenner, N., & Theodore, N. (2002). Cities and the geographies of "actually existing neoliberalism". *Antipode*, 34(3), 349-378.
- Center for Urban Pedagogy. (2009). Predatory equity: The survival guide. In Making Policy Public series (Ed.). New York.
- Congressional Oversight Panel. (2010). *Commercial real estate losses and the risk to financial stability*. Washington, D.C.
- DeFilippis, J. (2004). *Unmaking Goliath: Community control in the face of global capital*. London and New York: Routledge.
- DeFilippis, J., Fisher, R., & Shragge, E. (2006). Neither romance nor regulation: Re-evaluating community. *International Journal of Urban and Regional Research*, 30(3), 673-689. doi: 10.1111/j.1468-2427.2006.00680.x
- DeFilippis, J., Fisher, R., & Shragge, E. (2009). What's left in the community? Oppositional politics in contemporary practice. *Community Development Journal*, 44(1), 38-52.
- DeFilippis, J., & Saegert, S. (2012). Communities develop: The question is how? In J. DeFilippis & S. Saegert (Eds.), *The Community Development Reader* (2nd ed.). New York: Routledge.
- Dolnick, S. (2010, September 6). Hope for a Bronx tower of hip-hop lore, *The New York Times*. Retrieved from <http://www.nytimes.com/2010/09/07/nyregion/07sedgwick.html>

- DuPonte, K. (2010). *The definitive guide to distressed debt and turnaround investing*. London: PEI Media.
- Elwood, S. (2006). Beyond cooptation or resistance: Urban spatial politics, community organizations, and GIS-based spatial narratives. *Annals of the Association of American Geographers*, 96(2), 323-341. doi: 10.1111/j.1467-8306.2006.00480.x
- Evans, J., & Hubbard, P. (2008). From shareholder value to private equity: The changing face of financialisation of the economy. *Transfer: European Review of Labour and research*, 2008(14), 1.
- Federal Deposit Insurance Corporation. (2011). *Community Reinvestment Act performance evaluation: New York Community Bank*. New York: FDIC Retrieved from [http://www2.fdic.gov/crapes/2011/16022\\_110314.PDF](http://www2.fdic.gov/crapes/2011/16022_110314.PDF).
- Fields, D. (in preparation). The lived experience of predatory equity: Financialization and the meaning of home. *Environment and Planning A*.
- Fine, B. (2009). *Financialisation and social policy*. Paper presented at the Social and political dimensions of the global crisis: Implications for developing countries, Geneva.
- Fisher, R., & Shragge, E. (2000). Challenging community organizing. *Journal of Community Practice*, 8(3), 1-19. doi: 10.1300/J125v08n03\_01
- Fraser, J., & Kick, E. (2005). Understanding community building in urban America. *Journal of Poverty*, 9(1), 23-43.
- Fraser, N. (2010). *Marketization, social protection, emancipation: Toward a neo-Polanyian conception of capitalist crisis*. Paper presented at the The World Crisis and Change.
- French, S., Leyshon, A., & Wainwright, T. (2011). Financializing space, spacing financialization. *Progress in Human Geography*, 35(6), 798-819. doi: 10.1177/0309132510396749
- Froud, J., & Williams, K. (2007). Private equity and the culture of value extraction. *New Political Economy*, 12(3), 405-420. doi: 10.1080/13563460701485656
- Furman Center for Real Estate and Urban Policy. (2010). New York City's multi-family rental housing and the market downturn *State of the City's Housing and Neighborhoods*.
- Gotham, K. F. (2009). Creating liquidity out of spatial fixity: The secondary circuit of capital and the subprime mortgage crisis. *International Journal of Urban and Regional Research*, 33(2), 355-371. doi: 10.1111/j.1468-2427.2009.00874.x
- Hackworth, J. (2007). *The neoliberal city: Governance, ideology and development in American urbanism*. Ithaca, N.Y. and London: Cornell University Press.
- Harvey, D. (2003). *The new imperialism*: Oxford University Press.
- Joint Center for Housing Studies. (2011). Rental market stresses: Impacts of the Great Recession on affordability and multifamily lending. Cambridge, MA: Harvard University.
- Katz, C. (2001). On the grounds of globalization: A topography for feminist political engagement. *Signs*, 26(4), 1213-1234.

- Krippner, G. (2005). The financialization of the American economy. *Socio-Economic Review*, 3(2), 173-208.
- Larner, W., & Craig, D. (2005). After neoliberalism? Community activism and local partnerships in Aotearoa New Zealand. *Antipode*, 37(3), 402-424. doi: 10.1111/j.0066-4812.2005.00504.x
- Leitner, H., Peck, J., & Sheppard, E. (2007a). *Contesting neoliberalism: Urban frontiers*: Guilford Press.
- Leitner, H., Peck, J., & Sheppard, E. (2007b). Squaring up to neoliberalism. In H. Leitner, J. Peck & E. Sheppard (Eds.), *Contesting neoliberalism: Urban frontiers* (pp. 311-327). New York: Guilford Press.
- Leitner, H., Sheppard, E., Sziarto, K., & Maringanti, A. (2007). Contesting urban futures: Decentering neoliberalism. In H. Leitner, J. Peck & E. Sheppard (Eds.), *Contesting neoliberalism: Urban frontiers* (pp. 311-327). New York: Guilford Press.
- Levy, D. (2011). Fighting predatory equity. *Shelterforce*.
- Linneman, P. (2004). *Real estate finance and investments: Risks and opportunities*. Philadelphia: Linneman Associates.
- Maeckelbergh, M. (2012). Mobilizing to stay put: housing struggles in New York City. *International Journal of Urban and Regional Research*, 36(4), 655-673.
- Majic, S. (2011). Serving sex workers and promoting democratic engagement: Rethinking nonprofits' role in American civic and political life. *Perspectives on Politics*, 9(04), 821-839.
- Making Policy Public. (2013). Making Policy Public: How it works Retrieved March 15, 2013, from <http://makingpolicypublic.net/index.php?page=how-it-works>
- Martin, D. (2003). "Place-Framing" as Place-Making: Constituting a Neighborhood for Organizing and Activism. *Annals of the Association of American Geographers*, 93(3), 730-750.
- Martin, R. (2002). *Financialization of daily life*. Philadelphia: Temple University Press.
- Martin, R. (2011). The local geographies of the financial crisis: From the housing bubble to economic recession and beyond. *Journal of Economic Geography*, 11(4), 587-618. doi: 10.1093/jeg/lbq024
- Mazur, C., & Wilson, E. (2011). *Housing characteristics: 2010*. Washington, D.C.: U.S. Department of Commerce: Economics and Statistics Administration, Retrieved from <http://www.census.gov/prod/cen2010/briefs/c2010br-07.pdf>.
- Milbank Real Estate. (2007). Portfolios: Bronx collection 1 and II Retrieved March 5, 2013, from <http://www.milbankre.com/portfolio.php>
- Miraftab, F. (2009). Insurgent planning: situating radical planning in the Global South. *Planning Theory*, 8(1), 32-50.
- Morgenson, G. (2008, May 9). Questions of rent tactics by private equity, *The New York Times*. Retrieved from <http://www.nytimes.com/2008/05/09/business/09rent.html?pagewanted=print>

- Morgenson, G. (2010, January 30). All those little Stuyvesant Towns, *The New York Times*.
- Morgenson, G., & Story, L. (2009, December 23). Banks bundled bad debt, bet against it and won, *The New York Times*.
- New York City Council. (2009). *Council Announces new Predatory Equity Task Force following sale of Ocelot portfolio*. Retrieved from [http://council.nyc.gov/html/pr/equity\\_tf\\_12\\_2\\_09.shtml](http://council.nyc.gov/html/pr/equity_tf_12_2_09.shtml).
- Newman, K. (2009). Post-industrial widgets: Capital flows and the production of the urban. *International Journal of Urban and Regional Research*, 33(2), 314-331.
- Newman, K. (2010). Go Public! *Journal of the American Planning Association*, 76(2), 160-171.
- Newman, K., & Lake, R. (2006). Democracy, bureaucracy and difference in U.S. community development politics since 1968. *Progress in Human Geography*, 30(1), 44-61.
- O'Connor, A. (2012). Swimming against the tide: A brief history of federal policy in poor communities. In J. DeFilippis & S. Saegert (Eds.), *The Community Development Reader* (2nd ed.). New York: Routledge.
- O'Donnell, V. (2009). *Comments regarding RIN 2590-AA27, Notice of Proposed Rulemaking on the Enterprises*. Washington, D.C.: Federal Housing Finance Agency, Retrieved from [http://www.fhfa.gov/webfiles/16000/75\\_Local\\_Initiatives\\_Support\\_Corporation-LISC.pdf](http://www.fhfa.gov/webfiles/16000/75_Local_Initiatives_Support_Corporation-LISC.pdf).
- Parkus, R., & An, J. (2009). The future refinancing crisis in commercial real estate: Estimates of the magnitude of refinancing risk, equity deficiency and losses from maturity defaults *CMBS Research*. New York: Deutsche Bank.
- Picture the Homeless. (2012). *Banking on vacancy: Homelessness and real estate speculation*. New York: Picture the Homeless.
- Pike, A., & Pollard, J. (2010). Economic geographies of financialization. *Economic Geography*, 86(1), 29-51. doi: 10.1111/j.1944-8287.2009.01057.x
- Powell, M. (2011, August 16). Her Chinatown home is "underperforming", *The New York Times*.
- Rent Guidelines Board. (2009). *Explanatory statement: Apartment order #41*. New York: Rent Guidelines Board.
- Roy, P. (2011). Non-profit and community-based green space production in Milwaukee: Maintaining a counter-weight within neo-liberal urban environmental governance. *Space and Polity*, 15(2), 87-105.
- Rutland, T. (2010). The financialization of urban redevelopment. *Geography Compass*, 4(8), 1167-1178.
- Savage, H. (1998). *What we have learned about properties, owners and tenants from the 1995 Property Owners and Managers Survey*. (H121/98-1). Washington, D.C.: U.S. Census Bureau.
- Schumer, C. (2008). *Schumer reveal: So-called predatory equity deals just like subprime loans but for entire NYC housing complexes*. Retrieved from <http://www.schumer.senate.gov/Newsroom/record.cfm?id=305397>.

- Shultz, H. (2009). Debt threat: Saving multifamily rental housing from zombie mortgages. New York: Citizens Housing and Planning Council.
- Shultz, H., Perine, J., Bahchieva, R., & Dasgupta, D. (2012). The impact of multifamily foreclosures and over-mortgaging in neighborhoods in New York City. New York City: Citizens Housing and Planning Council of New York City.
- Shultz, H., Walsh, D., & Levy, D. (2010). *Strategies for preservation of overleveraged multifamily housing*. Paper presented at the New York State Association for Affordable Housing, New York City.
- Sites, W., Chaskin, R., & Parks, V. (2007). Reframing community practice for the 21st century: Multiple traditions, multiple challenges. *Journal of Urban Affairs*, 29(5), 519-541.
- Stockhammer, E. (2010). Financialization and the global economy. Amherst, MA: Political Economy Research Institute,.
- Story, L., & Morgenson, G. (2010, April 17). S.E.C. accuses Goldman of fraud in housing deal, *The New York Times*.
- University Neighborhood Housing Program. (2011). New York City's multifamily housing in distress: Using the Building Indicator Project to identify and address physical and financial distress.
- Urban Homesteading Assistance Board. (2012). Breaking the banks: Turning crisis into opportunity.
- Weber, R. (2002). Extracting value from the city: Neoliberalism and urban development. *Antipode*, 34(3), 519-540.
- Wolf-Powers, L. (2009). Keeping counterpublics alive in planning. In P. Marcuse, J. Connolly, J. Novy, I. Olivo, C. Potter & J. Steil (Eds.), *Searching for the just city: Debates in urban theory and practice* (pp. 161-172). London: Routledge.
- Wyly, E. (2009). Strategic positivism. *The Professional Geographer*, 61(3), 310-322.
- Wyly, E. (2011). Positively radical. *International Journal of Urban and Regional Research*.
- Wyly, E., Moos, M., Hammel, D., & Kabahizi, E. (2009). Cartographies of race and class: Mapping the class-monopoly rents of American subprime mortgage capital. *International Journal of Urban and Regional Research*, 33(2), 332-354. doi: 10.1111/j.1468-2427.2009.00870.x
- Wyly, E., Newman, K., Schafran, A., & Lee, E. (2010). Displacing New York. *Environment and Planning A*, 42(11), 2602-2623.
- Zupan, S. (2011). Enacting an equitable agenda: Exploring community strategies in Milwaukee's inner-city redevelopment. *Urban Geography*, 32(7), 1043-1065.

## **Conclusions**

In this brief concluding piece section I will consider the main contributions of this research, and provide further interpretation on these themes. Through study of the entrance of new financial actors into New York's affordable rental market, this work provides insight on how financialization transforms questions of value in urban space; how this transformation relates to a long trajectory of activism, organizing and nonprofit development; and the role of the state in shaping the conditions for and adapting to financialization. A key contribution of this research is its deeply-grounded approach to the study of financialization of housing. Sociological and geographic literature in this area has often remained at the level of theories, concepts and descriptive statistics. In this project I drew on geographic data that community-based organizations assembled in their efforts to track the entrance of new financial actors to New York City's affordable rental market, and also collected primary qualitative data through focus groups with tenants affected by these investments and in-depth interviews with affordable housing advocates. This approach helps advance understandings of the significance of financialization for urban life.

### **Disambiguating and distinguishing financialization**

The long time frame of this study affords a unique perspective from which to address questions about the distinctiveness of financialization as it relates to past forms of real estate (dis)investment and the organization of the economy. Briefly, a word on the question of terminology regarding "the real economy" and "the financial economy": I would argue there is a need to distinguish between economic growth based primarily on producing goods and services, and economic growth based on buying and selling in capital markets. As Krippner (2005) has shown, since the 1970s the U.S. economy has shifted toward a pattern of accumulation wherein

profits are generated more from financial than non-financial sources. This is important as it relates to questions about the ability of the state to regulate and control increasingly globalized capital markets that drive economic growth; and perhaps especially for state and municipal governments contending with the localized social and spatial consequences of a financialized economy (Fields & Uffer, under review).

Thus the distinction between the real and financial economies is not a natural one; instead it is necessitated by the spectacular rise of finance over the past 35 years and the divergence between the functioning of the real and financial economies. Nor should financialization be understood as a functional separation. Indeed financialization depends in large part on the ability to monetize illiquid assets in the real economy, such as real estate and infrastructure (Ashton, Doussard, & Weber, 2012; Gotham, 2009; Weber, 2002) as the basis for financial engineering, e.g. the creation of securities and derivatives to extract value, which I will consider in some detail shortly.

However financialization is due not only to the expansion of banks and financial companies but also to the increased activity of non-financial firms (such as producers of goods and services) in financial markets (Krippner, 2005). This points out how the distinction between financial and nonfinancial actors is not entirely satisfactory, precisely because it doesn't capture how financialization enrolls actors and subjects who might otherwise be less enmeshed in capital markets. A major concern here is how finance comes to influence non-financial sectors of the economy, for example by normalizing short-termist management behavior (Evans & Hubbard, 2008). This issue is particularly relevant to the context of private equity investment in New York's affordable rental sector: to compete and maximize value in changing market conditions,

more traditional landlords may adopt the leveraging and management standards of private equity real estate firms, contributing to sectoral financial instability and physical distress.

A broader set of questions about the socio-cultural impacts of financialization in cultivating “everyday investor identities” and compelling non-experts to accept financial risk into their homes (Langley, 2007; Martin, 2002) also ties in to how financialization is transmitted to non-financial actors. In this dissertation I did not directly explore these aspects of financialization, however this could be a fruitful area for further research. For example, one could investigate differences in financing and management by traditional landlords and financial (e.g. private equity firms, hedge funds) landlords, perhaps comparing markets that have had different levels of real estate investment by financial actors. Such an analysis might pick up on the diffusion of financial techniques of risk management and capital accumulation into the local real estate market.

Another nuance lost in a rigid distinction between financial and nonfinancial actors is how the latter aid and abet financialization. Many longtime property owners, some responsible landlords and others known for poor maintenance and management, took the opportunity to cash out at the height of the market. In an example of the latter type, Jacob Selechnik’s sale of 51 buildings along the Grand Concourse corridor of the Bronx to a private equity partnership for \$300M in 2007 facilitated valuable economies of scale for investors, while leaving a problematic landlord “flush with cash” headed into the market collapse (Haughney, 2009). “Nonfinancial” actors and practices also become strategic for finance through potential to formalize previously informal landlording practices. Along the 7-train corridor in Queens, previous owners intentionally neglected management of leases and failed to properly register tenants with the state department of Housing and Community Renewal in “a silent agreement” with an influx of

poor, undocumented immigrants. This informality later turned into an opportunity for private equity owners to promote vacancies (and rent increases), framing this strategy in terms of cleaning up the neighborhood, saving it from “illegal” subletters and instilling order by “getting everyone on the books”. These examples illustrate the slippage between the financial and the nonfinancial.

Now I turn to the quantitative and qualitative distinctions between financialization in the private rental market versus how this market has traditionally functioned in the U.S. generally and New York in particular. First, the quantitative distinction: New York’s affordable rental market has been described as a “financial backwater” because of its relatively low, stable returns—7-8% annually, which owners take as income rather than capital gains (Association for Neighborhood and Housing Development, 2009, p. 7). Rent stabilization laws, which limit annual rent increases to a percentage set by the Rent Guidelines Board, mean that profits are moderate but predictable. A major factor in profit rates in the rent-regulated sector is the stipulation that tenants have a right to renew their leases: because of high demand for rent-stabilized units and a chronic shortage of affordable rental units, tenant turnover in rent-stabilized units is low, ranging from 5-10% a year (Association for Neighborhood and Housing Development, 2009; Rent Guidelines Board, 2009). This makes for a generally stable, long-term ownership model.

By comparison, the time horizon of private equity funds is generally no more than 10-12 years. Moreover, the capital market imperative to maximize shareholder value translates to expectations for double-digit asset growth (opportunistic private equity funds can seek returns in excess of 20% a year), which are frequently incompatible with conditions of single-digit growth in real product markets (Froud et al., 2000, cited in French, Leyshon, & Wainwright, 2011). In a

sample of nine major predatory equity investment portfolios containing about 10,000 apartments there was a \$605/month discrepancy per unit between projected and actual income; investors aimed to make up what would be an annual shortfall of \$71 million with lower maintenance costs and increased rental income. The latter depended on promoting tenant attrition (some aiming for as much as 30% turnover in the first year) in order to secure vacancy bonuses (up to 20% increase in rent) and major capital improvements increases, and to eventually move units out of regulation.

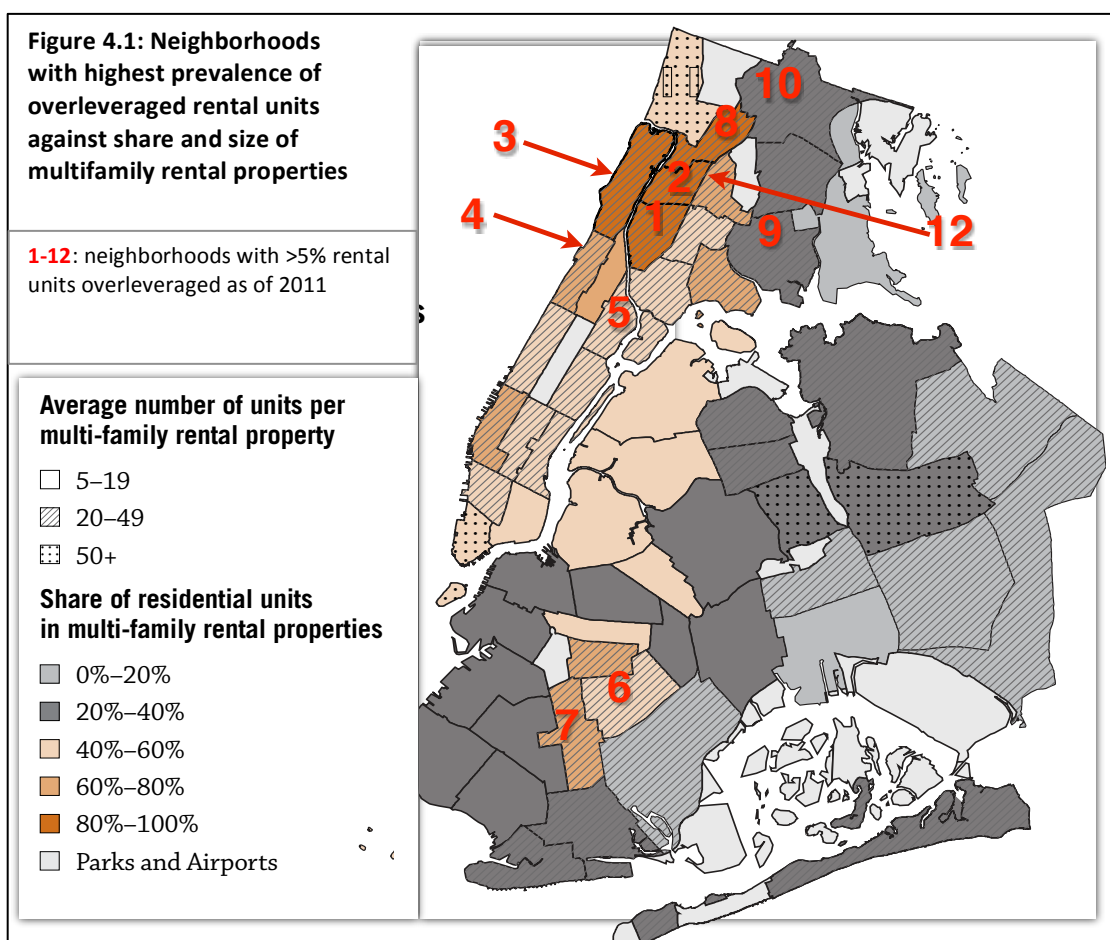
Thus one way to interpret the difference financialization makes in rental housing provision is in terms of time and speed—higher returns are expected over a shorter period of time, through more rapid tenant turnover. Although not as severe or widespread as the urban crisis of the 1970s, this difference also had significant and troubling implications for tenants' housing quality and security. I return to some of these concerns about use value as I address the more expansive question of some qualitative distinctions we can associate with the financialization of rental housing.

I'll highlight two critical aspects that qualitatively differentiate financialization of rental housing from a more traditional private market approach to rental housing provision, focusing on the production of financial space and the related issue of scale. The production of financial space is a fundamental point of distinction, and relates to how financialization makes it possible to monetize real estate in ways that transcend its spatial fixity. Gotham (2009, drawing on Lefebvre) argues that this aspect of financialization produces a territory of housing finance that, like urban space, can be unevenly developed. Thus 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 financial assets. In this formulation, yield can be

achieved independently of the condition and location of the “real” commodity—property itself--through financial engineering techniques of capital leveraging, interest rate derivatives and swaps, and so on. This has twofold implications for value—financialization multiplies the possibilities for realizing exchange value, because even distressed financial products can offer yield; however this possibility can be quite detached from use value, which I’ll address further in a discussion of scale.

Here the issue of scale is relevant in a couple of ways. An important aspect of predatory equity is how the original investments assembled economies of scale that didn’t previously exist because of the general character of the rental market. In the U.S. individual owners and small investors make for a highly differentiated multifamily rental market in small and medium-sized buildings (5-49 units) (Savage, 1998), and less cost-efficient financing and securitization. Financial institutions also lack information about individual and small investors, tending to see them as less financially sophisticated and therefore a greater credit risk than corporate owners, who mainly own large properties (more than 50 units) (Donovan, 2002). This made private equity funds well positioned to access the smaller multifamily market: they could bring in equity stakes for large package deals of multiple buildings, giving financial actors an advantage over smaller owners that helped them to quickly penetrate the market.

Targeting areas where medium-size multifamily properties were concentrated (see figure 4.1), firms secured economies of scale by assembling portfolios, such as the 47-building/\$225M



Map reproduced from Furman Center State of the City's Multifamily Rental Housing, 2010.

purchase in East Harlem by UK investment firm Dawnay Day, which planned to raise rents tenfold to finance its US expansion; and the 51-building/\$300M SG2 portfolio in the Grand Concourse corridor of the Bronx, backed by BlackRock and leveraged at eight times the properties' rent roll, with plans to upgrade and renovate for increased rental income.

While these projections failed in the downward spiral of the global economy and the investments fell into financial distress, valuable economies of scale remain. This has facilitated the emergence of a market in distressed debt, often involving small discounts in which the price of the debt is still out of line with property conditions (now frequently deteriorated) and rental

income, but nonetheless makes for “an attractive risk diversifier” in global investment portfolios (DePonte, 2012, p. 14). This countercyclical market is akin to the process of creative destruction, but in financial space. Here questions of value are a central site of contention: small discounts on initially overleveraged debt offer exchange value for both the owners and the buyers of the debt while keeping the door open to further transactions, whereas for residents use value becomes increasingly imperiled as investment strategies diverge from the location and condition of the property itself. That is, an approach that depends on the difference between interest rates and total equity invested provides little incentive for attending to the property’s physical and social environment (Uffer, 2012).

Housing advocates fear this approach in fact will come to represent an extended period of “milking the building” as debt leverage continues to outpace income, resulting in prolonged physical deterioration and increasing the need for major rehabilitation work. This was certainly true for the tenants participating in this research in 2011, who had been living in increasingly deteriorated conditions since 2009—while all the properties are in various stages of transfer to new owners with commitments to affordable housing, the lengthy process of transferring ownership and completing renovations will require a year or more of work.

These dynamics also foreclose the possibilities for shaping alternative relationships to land and housing that the devalorization of urban space made possible in the 1970s; as a recent commentary on the legacy from that era argues, “looking around the city today, saturated with money and starkly divided by wealth, the very bleakness of the ’70s seems a refuge, a time of possibility” (Phillips-Fein, 2013). When the state’s ability to mobilize urban space as an economically productive force is constrained (Brenner, 2000) as it was amidst the disinvestment of the 1970s, alternative forms of spatial practice may emerge (Lefebvre, 2003 [1970]), such as

community ownership, low-income cooperatives, sweat equity, squatting and other forms of urban homesteading and mutual housing. Today, nonprofit and activist approaches to property disposition that seek to reclaim the use value of urban space are largely out of reach against the scale of capital—hundreds of millions of dollars for a single portfolio—involved in purchasing distressed debt, foreclosing on it and financing the extensive physical rehabilitation necessary in many overleveraged properties. Furthermore as the market recovers, opportunities for distressed debt in the New York City market may be diminishing, indicating potential for investors to return to a strategy of increasing rents and deregulating units, which also clashes with the use value of rent-regulated housing for low-income renters. Later on I will discuss the role of the state further, but first I want to touch on another aspect of scale and financialization.

The ability to adapt to changing market conditions in this way points to the globalized nature of real estate investment portfolios. We have moved from smaller individual and local owners for whom a few thousand apartments in New York City might constitute the better part of an empire, to private equity firms (in the case of this research) for whom a few thousand apartments in New York City might constitute only a portion of global holdings including portfolios in many other markets, purchased on behalf of pension funds, university endowments, and extremely wealthy individuals and families. Considering data from a national census of multifamily property owners taken in 1995 (Savage, 1998), representing almost 500,000 medium-sized (5-49 units) and over 50,000 large (50+ units) properties (and more than two million 2-4 unit properties) provides some perspective on how financialization changes the dynamics of the rental market:

- 75% of medium-size buildings and 30% of large buildings were owned by individuals or husband/wife teams;
- Real estate investment trusts, real estate corporations or other corporations owned a small minority (8%) of medium-size buildings, while 20% of large buildings had a corporate ownership structure;
- More than a quarter of owners cite long-term capital gains, retirement security and for a small group use as residence, as their reason for continued ownership; around 40% cite rental income as the primary reason;
- In both medium and large buildings, a large majority of owners (60% and 85% respectively) owned more than one property however no data was provided on the scale of multiple property ownership.

Among owners of medium and large multifamily buildings, 67% and 80% respectively were trying to *minimize* tenant turnover. Many upgraded or renovated their property or provided increased maintenance or services to maintain a stable population, retain desirable tenants and minimize turnover costs. While about 20% of owners planned to change the tenant population, only 1% of owners were actively trying to increase tenant turnover (All data in this section provided in United States Census, 2011). While no follow-up information is available to compare this survey with the picture today, these data are suggestive of difference between traditional and financialized approaches to multifamily property ownership. In the 1990s (especially in medium-size buildings), multifamily property owners were unlikely to be pursuing ownership as a means of diversifying risk in their global investment portfolio. Instead most were individual investors, seeking exchange value from the property itself through extracting rental income, as a nest egg for retirement or for long-term capital gains.

By contrast, New York-based Vantage Properties, started by a former investment banker, spent a billion dollars buying up 10,000 rent-regulated apartments in upper Manhattan and Queens from 2006 to 2008, and has since expanded to New Jersey and single-family foreclosed properties in Florida (Jones, 2012; Morgenson, 2008). Although New York's status as a center of global finance capital means that many private equity real estate investors involved in predatory equity are based in and around the metropolitan area, these firms also actively participate in markets in other states and countries. For example, Blackstone was involved in both the Stuyvesant Town/Peter Cooper Village deal and the purchase of an entire municipal housing company in Berlin (cf. Uffer, 2012 for more on private equity real estate investment in rental housing in Berlin). Furthermore firms based in other states and countries have also participated in the New York rent-regulated market, as in the case of Dawnay Day mentioned earlier, and the Ocelot portfolio in the Bronx, purchased with financing from Israel by a Los Angeles-based firm.

Financialization thus represents an important qualitative distinction from traditional approaches to rental property ownership and management. First is the ability to transcend the fixity of real estate and extract exchange value from property through short-termist capital market machinations (Ashton, 2009; Ashton et al., 2012; Gotham, 2009; Newman, 2009) rather than being limited to value extracted as rental income or long-term capital-gains. Second is the rescaling of rental property ownership such that package deals that seem sizable in the local context may constitute only a segment of an even larger, globally interconnected investment portfolio by corporate financial actors. These factors signal an important shift in value with critical implications for urban space and the social relations of rent; all of this is tied up in the role of the state, which first promoted financialization and is now contending with its effects.

### **The state and financialization**

The federal policy changes that promoted today's dominance of finance resulted from the state's desire to avoid taking responsibility for social conflicts over the distribution of increasingly scarce resources once U.S. economic hegemony began to wane in the late 1960s and early 1970s (Krippner, 2011). While it was hoped that deregulation of finance seen in the 1970s and 1980s would *unleash* market discipline on the problem of allocating scarce credit, instead deregulation and a series of related policy shifts *loosened* discipline, expanding the overall supply of available credit capital. This led to increased finance sector profits and the diversion of capital from productive to financial investment in the post-1970s period (Krippner, 2011). Deregulation rolled back consumer protections while promoting interstate banking, large-scale consolidation of the banking industry, and the breakdown of longstanding barriers between banking, insurance companies and securities companies. Further policy changes in the 1980s and 1990s cultivated the secondary mortgage market; developed and expanded the commercial mortgage-backed security market; and encouraged the growth of REITs (Gotham, 2009). Increased global financial integration resulted from the parallel process by which "vanguard" neoliberal regimes including the U.S. and UK (Peck, Theodore, & Brenner, 2009) unilaterally relaxed regulations on capital, and technological advances (especially in telecommunications) multilaterally dismantled state control of capital mobility (Herring & Litan, 1995; Linneman, 2004). While credit expansion deferred some of the distributional tensions seen in the 1960s and 1970s (Krippner, 2011) the postwar urban crisis was left substantively unresolved, as the class and race contours of the foreclosure crisis have made all too clear (Newman, 2012; Schafran, 2012).

The globalization of capital markets created an international competition among governments to maintain social welfare and support domestic business while also attracting

foreign investment. In many respects the state has negotiated this conflict by privileging business interests at the expense of social welfare, and redefining social problems in terms of market-based solutions (Harvey, 1989; Newman & Lake, 2006). Therefore governments have withdrawn themselves from affordable rental housing provision, transferring public loans to private loans; demolishing or privatizing public housing; reducing supply-side subsidies in favor of housing allowances; promoting home ownership; and deregulating rents (see, for example, Aalbers & Holm, 2008; Crump, 2002; Turner & Whitehead, 2002; Wyly, Newman, Schafran, & Lee, 2010). Starting in the 1970s U.S. federal policy imposed sharp funding reductions and a moratorium on new construction in the public housing sector, and more recently, demolition under the HOPE VI program. Today the nation's affordable housing is much more marketized at the point of production, with the Treasury's Low Income Housing Tax Credit program offering indirect subsidies for construction costs. The same is true at the point of consumption, with households receiving Section 8 Housing Choice Vouchers for use in the private rental market (Schwartz, 2010).

The decline of federal aid for social welfare combined with the increased mobility of capital has posed particular challenges for cities (Brenner & Theodore, 2002; Hackworth, 2007; Peck & Tickell, 2002), pushing localities to find new ways to attract and retain the surplus capital generated through financialization. Often they have done so by commencing their own strategies of privatization and deregulation. Weber (2002) argues that discourses of obsolescence, in which property fails to measure up to its maximum economic potential and leads to an objective loss of exchange value, underpin such urban entrepreneurialism. This is a shift from the discourses of blight, or loss of use value, that rationalized midcentury urban

renewal, which then set the stage for subsequent cycles of “financing, constructing, destroying and reconstructing the built environment” (Weber, 2002, p. 533).

New York’s experience with property abandonment corresponds to the process Weber describes, whereby significant devaluation prompted the local state to initiate an accelerated taking (Local Law #45 of 1976) of particular properties serving as a “holding tank for devalued properties” with the aim of “speeding the turnover of capital in the built environment” (Weber, 2002, p. 535-536). In New York’s experience, social, political and fiscal pressures led the city to offer significant concessions to nonprofit housing developers and to hold abandoned, tax-delinquent properties for longer periods of time. In 1995, a study the Giuliani administration commissioned found the cost of this extended period of public ownership to the city was estimated at \$2.2 million per property over an average of 19 years, for a total cost of \$10.6 billion as of 1994, \$1.3 billion of it in lost revenues (Andersen, 1995). This made the case for public ownership as unproductive, offering a marketized, thus politically neutral rationale for the city to step aside from the direct role it had been playing in affordable housing provision and rehabilitation since the abandonment crisis.

Having established government ownership as inefficient and slow to adapt to changing market conditions, thus a potential obstacle to private investment (Allred, 2000; Andersen, 1995) legitimated Giuliani’s speedy privatization of city-owned property. While many advocates believed the city would keep some properties as a permanent resource for affordable housing, city-owned housing declined from 58,000 units when Giuliani was elected in 1993 to 13,000 units when he left office in 2001. What had been obsolete for the city represented profitable rehabilitation and redevelopment opportunities for developers in the for-profit private rental market. As the city’s real estate market heated up and pushed up rents in the 1990s, landlords

were lobbying a market-friendly state government to end rent-regulation entirely. In 1993 they had some success, with vacancy decontrol allowing owners to raise rents to market level upon vacancy in units renting for more than \$2000 a month. In 1997, vacancy bonuses were added, giving landlords the right to raise rents in vacant units by at least 20%, albeit not ending the system of rent regulation altogether, as some Republicans had aimed to do. Without an inflation adjustment, vacancy decontrol promotes rapid deregulation “whenever strong demand pushes rents high enough” (Wyly et al., 2010, p. 2609). Of the nearly 200,000 units that were deregulated between 1993 and 2008, luxury decontrol was the leading source (Citizens Budget Commission, 2010).

Neither privatization of city-owned property nor the partial dismantling of rent regulation directly set financialization in motion. Yet both promoted new, more economically productive uses of publicly owned and state-regulated housing as land prices were starting to escalate and population was increasing in the 1990s. Coinciding with the rise of the financial economy, privatization of *in rem* housing and the weakening of rent regulations provided crucial assistance to the financialization of rental housing: the release of market-protected housing stock would offer new spaces for surplus finance capital to expand into.

While “law and order” Giuliani worked to make the city more businesslike, billionaire mayor Michael Bloomberg *is* business; more specifically Bloomberg represents the new economy, led by media, information and finance (Brash, 2011). Drawing on corporate strategy, the Bloomberg administration has focused on property-led urban redevelopment to shape a postindustrial luxury city favorable to favor developers, Wall Street, transnational class interests, high-value businesses and tourists (Brash, 2011; Harvey, 2012). This approach relies on transforming the city’s physical form, albeit through old-fashioned top-down planning tools of

rezoning and eminent domain (Hum, 2010; Lander & Wolf-Powers, 2004), to attract and retain these interests, generating concern about who (and which neighborhoods) shares in the benefits of the city's changing landscape (Lander & Wolf-Powers, 2004).<sup>1</sup>

Indeed the combination of strong housing demand and rezoning locally with low interest rates and expanded credit access globally led to a surge of new residential development in New York from 2000 to 2008 (Furman Center for Real Estate and Urban Policy, 2010). The building boom was concentrated in “traditionally robust” areas such as Manhattan’s Chelsea, Upper East Side and Midtown; areas rezoned from industrial to residential use, e.g. Williamsburg and Greenpoint in north Brooklyn; and new residential centers such as lower Manhattan, upper Manhattan and the west Bronx (Furman Center for Real Estate and Urban Policy, 2010). A flood of high-risk mortgage capital in the homeownership market also escalated property values and turnover in the city’s low- and moderate-income minority communities, most notably in Bedford-Stuyvesant and southeast Queens (Furman Center for Real Estate and Urban Policy, 2009; Ludwig, 2007). By 2005, the city’s low-cost rental market was “pressured and surrounded by overheated, highly-leveraged ownership” (Wyly et al., 2010, p. 2611), pointing to the rent-regulated sector, with its weakened protections, as a frontier for capital in search of new investment opportunities.

The entrance of new financial actors (private equity firms) to the city’s affordable rental market thus sits in a long and complex history, once comprised of federal policy changes and their unintended consequences (Krippner, 2011), as well as the rise of entrepreneurial local governance and its imperative to combat obsolescence of the built environment (Weber, 2002). Having promoted financialization and made the urban environment receptive to finance capital,

---

<sup>1</sup> While Bloomberg’s New Housing Marketplace Plan has largely met its ambitious goal of creating or preserving

today the state (at all levels) is faced with the problematic social and spatial consequences of financialization. Weber's focus on obsolescence helps illuminate some of the thorniness of contending with these negative externalities. That is, while predatory equity has led to property blight and the destruction of use value for residents, it has not translated to obsolescence: the properties, or rather the debt attached to them, have remained economically productive in the circuit of finance capital. I would further argue, now that the state has handed off (through various forms of privatization and deregulation) difficult matters of social welfare to a discursively objective market, it is in a weak position to intervene—indeed a common refrain in conversations about what the city could do to address predatory equity was “you can't intervene in a private transaction”. Instead, the city has focused most of its response at the level of property, e.g. heightened code enforcement. This is an interesting inversion of its initial response to property abandonment, which applied a fiscally oriented tactic (auctions meant to return properties to tax rolls) to a problem that demanded (among other things) a focus on the restoration and stewardship of the built environment. Today, the city is relying on tactics that intervene at the level of use value, but the situation calls for policy approaches that can also intervene on financial terrain where exchange value is created (and destroyed, and then recreated...).

As a key strategic site of global finance and business services, New York may actually be in a unique position to develop regulations (Sassen, 1999) that begin to address the problems of accountability that have emerged in today's financialized economy. Of course, the complex and proprietary nature of relevant information, rapid financial innovation and capital mobility, and the ability for financial actors to quickly respond to changing market and regulatory conditions complicate the re-regulation of finance (Boyer, 2013). Nevertheless, “controlling finance is not a

simple technocratic exercise but an expression of the ability of the state and civil society to discipline a powerful interest group that has been delegated to manage a crucial public good” (Boyer, 2013, p. 35); thus re-regulating finance is a contentious and collective political process. In addition to the state, there is a key role for social movements in this process.

### **An urban spatial politics of financialization**

To end, I reflect briefly on how this research speaks to an urban spatial politics of financialization. Capitalism has long relied on urban space as a key site for the absorption of surplus capital (and urbanization depends on surplus capital), however the turn to financialized capitalism has particular implications for urban space (Harvey, 2012). For one thing, the expansion of capital associated with “the rise of financial markets for their own good” (Aalbers, 2008, p. 149) intensifies the need for surplus capital absorption in the urban environment, while the global integration of finance markets affords the rescaling of this process (Harvey, 2012). Thus financial actors have the leeway to make massive interventions in the property markets of individual cities, as with the large package deals associated with predatory equity purchases in New York. Such interventions depend on pockets of “undervalued assets” that may be exploited for financial yield. Here the partial dismantling of rent regulation laws intersects with the city’s property-led redevelopment, which attracted capital that heated up many segments of the real estate market, while weakened rent protections provided an opening to create new financial value. Here the historical geography of New York’s multifamily rental housing, largely concentrated in working class parts of Manhattan, the Bronx and Brooklyn, also contributed to the economies of scale assembled in predatory equity purchases. However, urban space beyond rental housing in New York is replete with such openings that finance may penetrate, both in the form of “long turnover” areas created through earlier rounds of uneven development, and the

newer swaths of devalued land and property associated with dispossession perpetrated in the foreclosure crisis. The global rescaling of property ownership means that financial landlords' decisions are based not only on the conditions of the local real estate market, but global capital market conditions, and relationships among different local markets. Finally, financialization alters the temporal rhythms of real estate (Gotham, 2009), as short-term, high-yield capital market strategies speed turnover of properties and tenants.

In this research I have highlighted how the financialization of housing exacerbates tensions between the city as a site of capitalist production and the imperative of social reproduction for city residents. Indeed predatory equity points to the arena of social reproduction as a fundamental site for contemporary urban struggles (Hart, 2006; Harvey, 2012). Yet the dynamics of financialization described above—large-scale interventions in local property markets, the globalization of property portfolios and the rapid turnover of ownership—entail a significant transformation in the social relations of rent. A “selective replacement and de-localization” of key actors in the landlord-tenant relation has taken place: rather than the inner city slum landlords of the 1970s private equity funds and their stakeholders, global banking and financial services companies, and issuers of mortgage-backed securities are the key actors in class-monopoly rent (Wyly, Moos, Hammel, & Kabahizi, 2009, p. 338). New financial landlords can own more property in more places and can quickly change investment tactics based on global market conditions, without much regard for how changing tactics may reverberate on the ground in potentially distant local contexts.

Even in a city like New York, with its long history of tenant and community activism, this transformation in the social relations of rent complicates efforts to exert social and political pressures on landlords and restore the ontological status of home. It raises questions about how

to bring landlords to accountability when they are removed from the local context, layers of actors and intermediaries complicate the question of ownership, and investment strategies are short term and their success not necessarily linked to maintaining property conditions. A politics of financialization depends on a topological understanding of power, in which power is spatialized not at fixed scales of distance and location, but in terms of “reach” (Allen, 2011). Powers of reach change what can be demanded politically, allowing different actors to make their presence felt by drawing distant others close, or placing themselves beyond reach (Allen, 2011). This research has started outlining spatial tactics of contesting finance that make novel use of the dynamics of fixity and liquidity: entering the spaces and structures of finance and bringing them into relation with the material conditions of property, and also moving social and political action into the territory of finance. The ability for financial actors to operate in both spaces of capital and in urban space requires strategies of contestation that are capable of reaching financial territory. Despite the immediacy of financialization’s impact on housing and home, an urban politics of finance cannot be limited to physical space. In this view, contesting financialization doesn’t entail turning away from finance, but a creative, strategic and active engagement to draw it near.

## References

- Aalbers, M. B., & Holm, A. (2008). Privatising Social Housing in Europe: The Cases of Amsterdam and Berlin. In K. Adelhof, B. Glock, J. Lossau & M. Schulz (Eds.), *Urban Trends in Berlin and Amsterdam. Heft 110* (pp. 12-23). Berlin: Geographisches Institut, HU Berlin.
- Allen, J. (2011). Topological twists: Power's shifting geographies. *Dialogues in Human Geography*, 1(3), 283-298.
- Allred, C. (2000). *Breaking the cycle of abandonment: Using a tax enforcement tool to return distressed properties to sound private ownership*. 2000 Better Government Competition Winner. Pioneer Institute.
- Andersen, A. (1995). Breaking the cycle: Developing an effective intervention strategy for dealing with New York City's in rem housing problem. New York City: Andersen Consulting.
- Ashton, P. (2009). An appetite for yield: The anatomy of the subprime mortgage crisis. *Environment and Planning A*, 41(6), 1420-1441.
- Ashton, P., Doussard, M., & Weber, R. (2012). The Financial Engineering of Infrastructure Privatization: What Are Public Assets Worth to Private Investors? *Journal of the American Planning Association*, 78(3), 300-312.
- Association for Neighborhood and Housing Development. (2009). Predatory equity: evolution of a crisis. The threat to New York's affordable rental housing, 2005-2009.
- Boyer, R. (2013). The present crisis. A trump for a renewed political economy. *Review of Political Economy*, 25(1), 1-38.
- Brash, J. (2011). *Bloomberg's New York: class and governance in the luxury city* (Vol. 6): University of Georgia Press.
- Brenner, N. (2000). The urban question as a scale question: Reflections on Henri Lefebvre, urban theory and the politics of scale. *International Journal of Urban and Regional Research*, 24(2), 361-378.
- Brenner, N., & Theodore, N. (2002). Cities and the geographies of "actually existing neoliberalism". *Antipode*, 34(3), 349-378.
- Citizens Budget Commission. (2010). Rent regulation: Beyond the rhetoric. New York.
- Crump, J. (2002). Deconcentration by demolition: public housing, poverty, and urban policy. *Environment and Planning D*, 20(5), 581-596.
- DePonte, K. (2012). An overview of the private equity distressed debt and restructuign markets. In K. DuPonte (Ed.), *The guide to distressed debt and turnaround investing: Making, managing and exiting investments in distressed companies and their securities*. London: Private Equity International.
- Donovan, S. (2002). *Background paper on market-rate multifamily rental housing*. Millennial Housing Commission: Finance Task Force.

- Evans, J., & Hubbard, P. (2008). From shareholder value to private equity: The changing face of financialisation of the economy. *Transfer: European Review of Labour and research*, 2008(14), 1.
- Fields, D., & Uffer, S. (under review). The financialization of rental housing: A comparative analysis of New York City and Berlin. *Urban Studies*(special issue: Global Finance Capital and the Production of Urban Space).
- French, S., Leyshon, A., & Wainwright, T. (2011). Financializing space, spacing financialization. *Progress in Human Geography*, 35(6), 798-819. doi: 10.1177/0309132510396749
- Furman Center for Real Estate and Urban Policy. (2009). Foreclosures and Neighborhood Stabilization in New York City *Land Use & Housing Policy Breakfast Series*.
- Furman Center for Real Estate and Urban Policy. (2010). State of New York City's housing and neighborhoods: 2009.
- Gotham, K. F. (2009). Creating liquidity out of spatial fixity: The secondary circuit of capital and the subprime mortgage crisis. *International Journal of Urban and Regional Research*, 33(2), 355-371. doi: 10.1111/j.1468-2427.2009.00874.x
- Hackworth, J. (2007). *The neoliberal city: Governance, ideology and development in American urbanism*. Ithaca, NY: Cornell University Press.
- Hart, G. (2006). Denaturalizing dispossession: Critical ethnography in the age of resurgent imperialism. *Antipode*, 38(5), 977-1004. doi: 10.1111/j.1467-8330.2006.00489.x
- Harvey, D. (1989). From Managerialism to Entrepreneurialism: The Transformation in Urban Governance in Late Capitalism. *Geografiska Annaler, Series B: Human Geography*, 71(1, The Roots of Geographical Change: 1973 to the present), 3-17.
- Harvey, D. (2012). *Rebel cities: From the right to the city to the urban revolution*. New York: Verso.
- Haughney, C. (2009, November 19). Flush in a recession, a Bronx landlord is ready to shop, *The New York Times*.
- Herring, R., & Litan, R. E. (1995). *Financial regulation in the global economy*: Brookings Institution Press.
- Hum, T. (2010). Planning in neighborhoods with multiple publics: Opportunities and challenges for community-based nonprofit organizations. *Journal of Planning Education and Research*, 29(4), 461-477.
- Jones, D. (2012). Vantage digs out of distress. Retrieved April 22, 2013, from [http://therealdeal.com/issues\\_articles/a-new-vantage-point/](http://therealdeal.com/issues_articles/a-new-vantage-point/)
- Krippner, G. (2005). The financialization of the American economy. *Socio-Economic Review*, 3(2), 173-208.
- Krippner, G. (2011). *Capitalizing on crisis: The political origins of the rise of finance*. Cambridge: Harvard University Press.
- Lander, B., & Wolf-Powers, L. (2004). Remaking New York City: Can Prosperity Be Shared and Sustainable? Pratt Institute: Pratt Center for Community Development.

- Langley, P. (2007). Uncertain Subjects of Anglo-American Financialization. *Cultural Critique*(65), 67-91. doi: 10.2307/4539797
- Lefebvre, H. (2003 [1970]). *The urban revolution*. Minneapolis and London: University of Minnesota Press.
- Linneman, P. (2004). *Real Estate Finance & Investments: Risks and Opportunities*: Linneman Associates.
- Ludwig, S. (2007). Losing ground. *Shelterforce*, 8-13.
- Martin, R. (2002). *Financialization of daily life*. Philadelphia: Temple University Press.
- Morgenson, G. (2008, May 9). Questions of rent tactics by private equity, *The New York Times*. Retrieved from <http://www.nytimes.com/2008/05/09/business/09rent.html?pagewanted=print>
- Newman, K. (2009). Post-industrial widgets: Capital flows and the production of the urban. *International Journal of Urban and Regional Research*, 33(2), 314-331.
- Newman, K. (2012). The new economy and the city: Foreclosures in Essex County, New Jersey. In M. Aalbers (Ed.), *Subprime cities: The political economy of mortgage markets* (pp. 219-241). West Sussex, UK: Wiley-Blackwell.
- Newman, K., & Lake, R. (2006). Democracy, bureaucracy and difference in U.S. community development politics since 1968. *Progress in Human Geography*, 30(1), 44-61.
- Peck, J., Theodore, N., & Brenner, N. (2009). Neoliberal urbanism: Models, moments, mutations. *Sais Review*, 29(1), 49-66.
- Peck, J., & Tickell, A. (2002). Neoliberalizing space. *Antipode*, 34(3), 380-440.
- Phillips-Fein, K. (2013, April 16). The legacy of the 1970s fiscal crisis. *The Nation*.
- Rent Guidelines Board. (2009). Explanatory statement: Apartment order #41. New York: Rent Guidelines Board.
- Sassen, S. (1999). *Globalization and its discontents: Essays on the new mobility of people and money*. New York: The New Press.
- Savage, H. (1998). *What we have learned about properties, owners and tenants from the 1995 Property Owners and Managers Survey*. (H121/98-1). Washington, D.C.: U.S. Census Bureau.
- Schafran, A. (2012). Origins of an Urban Crisis: The Restructuring of the San Francisco Bay Area and the Geography of Foreclosure. *International Journal of Urban and Regional Research*, 37(2), 663-688.
- Schwartz, A. (2010). *Housing Policy in the United States* (2nd ed.). New York: Routledge.
- Turner, B., & Whitehead, C. (2002). Reducing Housing Subsidy: Swedish Housing Policy in an International Context. *Urban Studies*, 39(2), 201-217.
- Uffer, S. (2012). *What is the nature of institutional investors in comparison with state-owned housing companies?* . Paper presented at the Association of American Geographers, New York, NY.

- United States Census. (2011). *Data summary tables for 1995 Property Owners and Managers Survey*. Retrieved from <http://www.census.gov/housing/poms/data/>.
- Weber, R. (2002). Extracting value from the city: Neoliberalism and urban development. *Antipode*, 34(3), 519-540.
- Wyly, E., Moos, M., Hammel, D., & Kabahizi, E. (2009). Cartographies of race and class: Mapping the class-monopoly rents of American subprime mortgage capital. *International Journal of Urban and Regional Research*, 33(2), 332-354. doi: 10.1111/j.1468-2427.2009.00870.x
- Wyly, E., Newman, K., Schafran, A., & Lee, E. (2010). Displacing New York. *Environment and Planning A*, 42(11), 2602-2623.

## Bibliography

### Introduction

- Aalbers, M. (2008). The financialization of home and the mortgage market crisis. *Competition and Change*, 12(2), 148-166.
- Aalbers, M. (2012a). Subprime cities and the twin crises *Subprime cities: The political economy of mortgage markets* (pp. 1-22). Oxford: Blackwell Publishing.
- Aalbers, M. (Ed.). (2012b). *Subprime cities: The political economy of mortgage markets*. Oxford: Blackwell Publishing.
- Allon, F. (2010). Speculating on everyday life: The cultural economy of the quotidian. *Journal of Communication Inquiry*, 34(4), 366-381.
- Arrighi, G. (1994). *The long twentieth century: Money, power, and the origins of our times*. New York: Verso Books.
- Ashton, P. (2009). An appetite for yield: The anatomy of the subprime mortgage crisis. *Environment and Planning A*, 41(6), 1420-1441.
- Congressional Oversight Panel. (2010). *Commercial real estate losses and the risk to financial stability*. Washington, D.C.
- Crump, J., Newman, K., Belsky, E., Ashton, P., Kaplan, D., Hammel, D., & Wyly, E. (2008). Cities destroyed (again) for cash: Forum on the U.S. foreclosure crisis. *Urban Geography*, 29(8), 745-784.
- DeFilippis, J., Fisher, R., & Shragge, E. (2006). Neither romance nor regulation: Re-evaluating community. *International Journal of Urban and Regional Research*, 30(3), 673-689. doi: 10.1111/j.1468-2427.2006.00680.x
- Fine, B. (2009). *Financialisation and social policy*. Paper presented at the Social and political dimensions of the global crisis: Implications for developing countries, Geneva.
- Flyvbjerg, B. (2001). *Making social science matter: How social inquiry fails and how it can succeed again*. Cambridge: Cambridge University Press.
- French, S., Leyshon, A., & Wainwright, T. (2011). Financializing space, spacing financialization. *Progress in Human Geography*, 35(6), 798-819. doi: 10.1177/0309132510396749
- Furman Center for Real Estate and Urban Policy. (2010). New York City's multi-family rental housing and the market downturn *State of the City's Housing and Neighborhoods*.

- Gittelsohn, J. (2012). Foreclosures draw private equity as U.S. sells homes Retrieved June 20, 2012, from <http://www.bloomberg.com/news/2012-01-31/foreclosures-draw-private-equity-as-u-s-selling-200-000-homes-mortgages.html>
- Gotham, K. F. (2009). Creating liquidity out of spatial fixity: The secondary circuit of capital and the subprime mortgage crisis. *International Journal of Urban and Regional Research*, 33(2), 355-371. doi: 10.1111/j.1468-2427.2009.00874.x
- Hackworth, J. (2007). *The neoliberal city: Governance, ideology and development in American urbanism*. Ithaca, N.Y. and London: Cornell University Press.
- Immergluck, D. (2011). The local wreckage of global capital: The subprime crisis, federal policy and high-foreclosure neighborhoods in the U.S. *International Journal of Urban and Regional Research*, 35(1), 130-146.
- Joint Center for Housing Studies. (2011). Rental market stresses: Impacts of the Great Recession on affordability and multifamily lending. Cambridge, MA: Harvard University.
- Krippner, G. (2009). Giovanni Arrighi: An appreciation. *Trajectories*, 21(1), 4-7.
- Langley, P. (2007). Uncertain Subjects of Anglo-American Financialization. *Cultural Critique*(65), 67-91. doi: 10.2307/4539797
- Leitner, H., Peck, J., & Sheppard, E. (2007). *Contesting neoliberalism: Urban frontiers*: Guilford Press.
- Martin, R. (2002). *Financialization of daily life*. Philadelphia: Temple University Press.
- Newman, K. (2009). Post-industrial widgets: Capital flows and the production of the urban. *International Journal of Urban and Regional Research*, 33(2), 314-331.
- Newman, K., & Wyly, E. (2004). Geographies of mortgage market segmentation: The case of Essex County, New Jersey. *Housing Studies*, 19(1), 53-83.
- Parkus, R., & An, J. (2009). The future refinancing crisis in commercial real estate: Estimates of the magnitude of refinancing risk, equity deficiency and losses from maturity defaults *CMBS Research*. New York: Deutsche Bank.
- Pike, A., & Pollard, J. (2010). Economic geographies of financialization. *Economic Geography*, 86(1), 29-51. doi: 10.1111/j.1944-8287.2009.01057.x
- Sassen, S. (2009). When local housing becomes an electronic instrument: The global circulation of mortgages — A research note. *International Journal of Urban and Regional Research*, 33(2), 411-426. doi: 10.1111/j.1468-2427.2009.00868.x
- Savage, H. (1998). *What we have learned about properties, owners and tenants from the 1995 Property Owners and Managers Survey*. (H121/98-1). Washington, D.C.: U.S. Census Bureau.

- Schafran, A. (2012). Origins of an Urban Crisis: The Restructuring of the San Francisco Bay Area and the Geography of Foreclosure. *International Journal of Urban and Regional Research*, 37(2), 663-688.
- Shultz, H., Perine, J., Bahchieva, R., & Dasgupta, D. (2012). The impact of multifamily foreclosures and over-mortgaging in neighborhoods in New York City. New York City: Citizens Housing and Planning Council of New York City.
- Stockhammer, E. (2010). Financialization and the global economy. Amherst, MA: Political Economy Research Institute,.
- Van Ryzin, G., & Genn, A. (1999). Neighborhood change and the City of New York's Ten-Year Housing Plan. *Housing Policy Debate*, 10(4), 799-838.
- Wyly, E., Atia, M., Foxcroft, H., Hammel, D., & Phillips-Watts, K. (2006). American home: Predatory mortgage capital and neighborhood spaces of race and class exploitation in the United States. *Geografiska Annaler*, 88(1), 105-132.
- Wyly, E., Moos, M., Hammel, D., & Kabahizi, E. (2009). The Class-Monopoly Rents of American Subprime Mortgage Capital. *International Journal of Urban and Regional Research*, 33(2), 332-354.

**Writing 1: From property abandonment to predatory equity: A genealogy of housing policy and community practice in New York City, 1976-2012**

- Aalbers, M. (2008). The financialization of home and the mortgage market crisis. *Competition and Change*, 12(2), 148-166.
- Allen, J. (2011). Topological twists: Power's shifting geographies. *Dialogues in Human Geography*, 1(3), 283-298.
- Allred, C. (2000). *Breaking the cycle of abandonment: Using a tax enforcement tool to return distressed properties to sound private ownership*. 2000 Better Government Competition Winner. Pioneer Institute.
- Andersen, A. (1995). Breaking the cycle: Developing an effective intervention strategy for dealing with New York City's in rem housing problem. New York City: Andersen Consulting.
- Armstrong, A., Been, V., Bhalla, C., Ellen, I. G., Madar, J., McDonnell, S., . . . Weselcouch, M. (2009). State of New York City's housing and neighborhoods 2009. New York: Furman Center for Real Estate and Urban Policy.
- Ascierto, J. (2010). Distressed note acquisitions present big risks, big rewards Retrieved March 13, 2013, from <http://www.housingfinance.com/distressed-assets/distressed-note-acquisitions-present-big-risks-big-rewards.aspx>
- Ashton, P. (2012). 'Troubled assets': The financial emergency and racialized risk. *International Journal of Urban and Regional Research*, 36(4), 773-790.

- Association for Neighborhood and Housing Development. (2009). Predatory equity: evolution of a crisis. The threat to New York's affordable rental housing, 2005-2009.
- Association for Neighborhood and Housing Development. (2013). Real affordability: An evaluation of the Bloomberg housing program and recommendations to strengthen affordable housing policy. New York.
- Bagli, C. (2011, February 4). Blighted area? These business owners beg to differ, *The New York Times*.
- Barr, L. (1995). New in rem policies announced. *Real Estate Weekly*.
- Berman, M. (1982). *All that is solid melts into air: The experience of modernity*. New York: Penguin Books.
- Bockmeyer, J. L. (2003). Devolution and the transformation of community housing activism. *The Social Science Journal*, 40(2), 175-188. doi: 10.1016/s0362-3319(03)00002-8
- Braconi, F. (1999). *In rem*: Innovation and expediency in New York City's housing policy. In M. Schill (Ed.), *Housing and community development in New York City*. Albany: State University of New York Press.
- Bram, J., Edgerton, J., Gelb, Y., Haughwout, A., Lagakos, D., McConnell, M., & Orr, J. (2003). *Neighborhood revitalization in New York City in the 1990s*. Paper presented at the Federal Reserve Community Affairs Research Conference, Washington, D.C.
- Bratt, R. (2012). The quadruple bottom line and nonprofit housing organizations in the United States. *Housing Studies*, 27(4), 438-456.
- Brenner, N., & Theodore, N. (2002). Cities and the geographies of "actually existing neoliberalism". *Antipode*, 34(3), 349-378.
- Center for Urban Pedagogy. (2009). Predatory equity: The survival guide. In Making Policy Public series (Ed.). New York.
- Chiwaya, N., Alvi, K., Ademo, M., Llopis-Jepsen, C., Graboski, S., Jeantet, D., & Sabbagh, M. (2011). Troubled Bronx buildings flipped again, *The Bronx Ink*. Retrieved from <http://bronxink.org/2011/12/12/20487-troubled-bronx-buildings-flipped-again/>
- Cohen, B. (1979). Big gaps are reported in data on city housing: Owners still collect rent in some city buildings. *City Limits*, 4, 1-3.
- Congressional Oversight Panel. (2010). *Commercial real estate losses and the risk to financial stability*. Washington, D.C.
- Crotty, P., & Moncrief, R. (1986). *The in rem housing program annual report, FY 1985 and FY 1986*. New York: Department of Housing Preservation and Development.
- Cummings, S. (2002). Community economic development as progressive politics: Toward a grassroots movement for economic justice. *Stanford Law Review*, 54, 400-493.
- Daniels, G., & Schill, M. (2001). State of New York City's housing and neighborhoods 2001. New York: Furman Center for Real Estate and Urban Policy.
- DeFilippis, J. (2003). *Unmaking Goliath: Community control in the face of global capital*. New York: Routledge.

- DeFilippis, J., Fisher, R., & Shragge, E. (2006). Neither romance nor regulation: Re-evaluating community. *International Journal of Urban and Regional Research*, 30(3), 673-689. doi: 10.1111/j.1468-2427.2006.00680.x
- Dobbz, H. (2012). *Nine-tenths of the law: Property and resistance in the United States*. Oakland: AK Press.
- Dreier, P. (2004). Reagan's legacy: Homelessness in America. *Shelterforce*, 135.
- DuPonte, K. (2010). *The definitive guide to distressed debt and turnaround investing*. London: PEI Media.
- Dwyer, J. (2005). City to pay AIDS group in settlement, *The New York Times*.
- Edgerton, J., Haughwout, A., & Rosen, R. (2004). Revenue implications of New York City's tax system. *Federal Reserve Bank of New York Current Issues in Economics and Finance: Second District Highlights*, 10(4), 1-7.
- Ellen, I. G., & O'Regan, K. (2008). Reversal of fortunes? Lower-income urban neighborhoods in the US in the 1990s. *Urban Studies*, 45(4), 845-869.
- Ellen, I. G., Schill, M., Schwartz, A., & Voicu, I. (2003). Housing production subsidies and neighborhood revitalization: New York City's Ten-year capital plan for housing. *Federal Reserve Bank of New York Policy Review*, 9(2), 71-85.
- Fainstein, S. (1994). *The city builders: Property, politics, and planning in London and New York*. Cambridge: Blackwell Publishers.
- Fields, D. (in preparation). The lived experience of predatory equity: Financialization and the meaning of home. *Environment and Planning A*.
- Fields, D. (in revision). Contesting the financialization of urban space: Community-based organizations and the struggle to preserve affordable rental housing in New York City. *Journal of Urban Affairs*.
- Fine, B. (2009). *Financialisation and social policy*. Paper presented at the Social and political dimensions of the global crisis: Implications for developing countries, Geneva.
- Flyvbjerg, B. (2001). *Making social science matter: How social inquiry fails and how it can succeed again*. Cambridge: Cambridge University Press.
- Freeman, J. (2001). *Working class New York: Life and labor since World War II*. New York: New Press.
- Furman Center for Real Estate and Urban Policy. (2010a). New York City's multi-family rental housing and the market downturn *State of the City's Housing and Neighborhoods*.
- Furman Center for Real Estate and Urban Policy. (2010b). State of New York City's housing and neighborhoods: 2009.
- Gliedman, A., & Elstein, B. (1975). *Real estate payment patterns of multiple dwellings taken by the city for non-payment of taxes and resold from January, 1972 to December, 1974*. New York: Housing and Development Administration.

- Gliedman, A., & Raymond, C. (1979). *The in rem housing program first annual report, September 1978 to September 1979*. New York: Department of Housing Preservation and Development.
- Gotham, K. F. (2009). Creating liquidity out of spatial fixity: The secondary circuit of capital and the subprime mortgage crisis. *International Journal of Urban and Regional Research*, 33(2), 355-371. doi: 10.1111/j.1468-2427.2009.00874.x
- Greenberg, M. (2008). *Branding New York: How a city in crisis was sold to the world*. New York: Routledge.
- Groarke, M. (2004). Using community power against targets beyond the neighborhood. *New Political Science*, 26(2), 171-188.
- Hackworth, J. (2007). *The neoliberal city: Governance, ideology and development in American urbanism*. Ithaca, N.Y. and London: Cornell University Press.
- Harvey, D. (1989). From Managerialism to Entrepreneurialism: The Transformation in Urban Governance in Late Capitalism. *Geografiska Annaler, Series B: Human Geography*, 71(1, The Roots of Geographical Change: 1973 to the present), 3-17.
- Harvey, D. (2003). *The new imperialism*: Oxford University Press.
- Harvey, D. (2005). *A brief history of neoliberalism*. Oxford: Oxford University Press.
- Haydu, J. (1998). Making use of the past: Time periods as cases to compare and as sequences of problem solving. *American Journal of Sociology*, 104(2), 339-371. doi: 10.1086/210041
- Henderson, A., Saegert, S., Sierra, L., & Sullivan, B. (1993). *Housing in the balance: Seeking a comprehensive policy for city-owned housing*. New York: The Task Force on City-Owned Property.
- Immergluck, D. (2009). *Foreclosed: High-risk lending, deregulation, and the undermining of America's mortgage market*. Ithaca: Cornell University Press.
- Immergluck, D., & Wiles, M. (1999). *Two steps back: The dual mortgage market, predatory lending and the undoing of community development*. Chicago, IL: Woodstock Institute.
- Jessop, B. (2002). Liberalism, neoliberalism, and urban governance: A state-theoretical perspective. *Antipode*, 34(3), 452-472.
- Joint Center for Housing Studies. (2011a). *America's rental housing: Meeting challenges, building on opportunities*. Cambridge, MA: Harvard University.
- Joint Center for Housing Studies. (2011b). *Rental market stresses: Impacts of the Great Recession on affordability and multifamily lending*. Cambridge, MA: Harvard University.
- Katz, S., & Meyer, M. (1985). Gimme shelter: Self-help housing struggles within and against the state in New York City and West Berlin. *International Journal of Urban and Regional Research*, 9(1), 15-46.
- Krinsky, J. (2006). The dialectics of privatization and advocacy in New York City's workfare state. *Social Justice*, 33(3 (105)), 158-174. doi: 10.2307/29768392

- Krinsky, J. (2011). Neoliberal times: Intersecting temporalities and the neoliberalization of New York City's public-sector labor relations. *Social Science History*, 35(3), 381-422.
- Krippner, G. (2005). The financialization of the American economy. *Socio-Economic Review*, 3(2), 173-208.
- Krippner, G. (2011). *Capitalizing on crisis: The political origins of the rise of finance*. Cambridge: Harvard University Press.
- Kusisto, L. (2013, January 9). City to push owners for core repairs, *The Wall Street Journal*.
- Lawson, R. (1984). The rent strike in New York City, 1904-1980: The evolution of a social movement strategy. *Journal of Urban History*, 10(3), 235-258.
- Lawson, R., & Johnson, R. I. (1986). Tenant responses to the urban housing crisis, 1970-1984. In R. Lawson & M. Naison (Eds.), *The tenant movement in New York City, 1904-1984*. New Brunswick: Rutgers University Press.
- Leavitt, J., & Saegert, S. (1988). The community-household: Responding to housing abandonment. *Journal of the American Planning Association*, 54(4), 489-500.
- Lefebvre, H. (2003 [1970]). *The urban revolution*. Minneapolis and London: University of Minnesota Press.
- Lefebvre, H., & Nicholson-Smith, D. (1991). *The production of space*. Oxford: Blackwell Oxford.
- Lemann, N. (1994, January 9). The myth of community development, *The New York Times*.
- Linneman, P. (2004). *Real estate finance and investments: Risks and opportunities*. Philadelphia: Linneman Associates.
- Ludwig, S. (2007). Losing ground. *Shelterforce*, 8-13.
- Massey, D. (2012, February 9). Quinn: Landlords must fix the system, *Crain's New York Business*.
- Mayor's Press Office. (1999). *Mayor Giuliani touts success of the Department of Housing Preservation and Development in fiscal year 1999*. New York: Mayor's Press Office.
- McLeod, J., & Thomson, R. (2009). *Researching social change*. London: SAGE Publications.
- Moody, K. (2007). *From welfare state to real estate: Regime change in New York City, 1976 to the present*. New York: New Press.
- Morgenson, G. (2008, May 9). Questions of rent tactics by private equity, *The New York Times*. Retrieved from <http://www.nytimes.com/2008/05/09/business/09rent.html?pagewanted=print>
- Morgenson, G., & Story, L. (2009, December 23). Banks bundled bad debt, bet against it and won, *The New York Times*.
- Mueller, L. (2003). Third Party Transfer initiatives in New York City: A solution to property abandonment. New York: Local Initiatives Support Corporation.
- Murdock, D. (2001). Rudy's legacy. *National Review Online*.

- New York City Comptroller. (2012). *The New York City tax lien sale: history and impact*. New York: New York City Comptroller's Office.
- New York City Department of City Planning. (2004). *The newest New Yorkers: Immigrant New York in the new millenium*. (NYC DCP #04-10). New York.
- New York City Rent Guidelines Board. (2003). *Changes to the rent stabilized housing stock in New York City, 1994-2002*. New York: Rent Guidelines Board.
- Newman, K. (2009). Post-industrial widgets: Capital flows and the production of the urban. *International Journal of Urban and Regional Research*, 33(2), 314-331.
- Newman, K., & Lake, R. (2006). Democracy, bureaucracy and difference in U.S. community development politics since 1968. *Progress in Human Geography*, 30(1), 44-61.
- Newman, K., & Wyly, E. (2006). The right to stay put, revisited: Gentrification and resistance to displacement in New York City. *Urban Studies*, 43(1), 23-57.
- Office of the Mayor. (2001). *Mayor's Management Report: Reengineering municipal service delivery* New York: City of New York.
- Orlebeke, C. (1997). *New life at ground zero: New York, home ownership, and the future of American cities*. Albany: Rockefeller Institute Press.
- Parkus, R., & An, J. (2009). The future refinancing crisis in commercial real estate: Estimates of the magnitude of refinancing risk, equity deficiency and losses from maturity defaults *CMBS Research*. New York: Deutsche Bank.
- Peck, J., & Tickell, A. (2002). Neoliberalizing space. *Antipode*, 34(3), 380-440.
- Perine, J., Shultz, H., & Marazzi, S. (2011). *The invisible transformation: Turning debt into revenue*. Citizens Housing and Planning Council.
- Pike, A., & Pollard, J. (2010). Economic geographies of financialization. *Economic Geography*, 86(1), 29-51. doi: 10.1111/j.1944-8287.2009.01057.x
- Rao, J. (2012). *The other foreclosure crisis: Property tax lien sales*. Boston: National Consumer Law Center.
- Saegert, S., & Winkel, G. (1998). Social capital and the revitalization of New York City's distressed inner-city housing. *Housing Policy Debate*, 9(1), 17-60.
- Sanjek, R. (2000). *The future of us all: Race and neighborhood politics in New York City*. Ithaca: Cornell University Press.
- Sassen, S. (2000). The global city: strategic site/new frontier. *American Studies*, 79-95.
- Schill, M., Ellen, I. G., Schwartz, A., & Voicu, I. (2002). Revitalizing inner-city neighborhoods: New York City's Ten Year Plan. *Housing Policy Debate*, 13(3), 529-566.
- Schur, R., & Sherry, V. (1977). *The neighborhood housing movement*. New York: Association of Neighborhood Housing Developers.
- Schwartz, A. (1999). New York City and subsidized housing: Lessons and impacts of the City's \$5 billion capital budget housing plan. *Housing Policy Debate*, 10(4), 839-877.

- Shepard, C. (2012). Self-help housing: The story of the Urban Homestead Assistance Board. *Urban Omnibus*.
- Shultz, H. (2009). Debt threat: Saving multifamily rental housing from zombie mortgages. New York City: Citizens Housing and Planning Council.
- Shultz, H., Perine, J., Bahchieva, R., & Dasgupta, D. (2012). The impact of multifamily foreclosures and over-mortgaging in neighborhoods in New York City. New York City: Citizens Housing and Planning Council of New York City.
- Shultz, H., Walsh, D., & Levy, D. (2010). *Strategies for preservation of overleveraged multifamily housing*. Paper presented at the New York State Association for Affordable Housing, New York City.
- Sierra, L. (1992). Uncertain futures: Occupied city-owned housing in East Harlem. New York: Community Service Society.
- Sites, W. (1997). The limits of urban regime theory: New York City under Koch, Dinkins, and Giuliani. *Urban Affairs Review*, 32(4), 536-551.
- Sites, W. (2003). *Remaking New York: Primitive globalization and the politics of urban community*. Minneapolis: University of Minnesota Press.
- Sites, W., Chaskin, R., & Parks, V. (2007). Reframing community practice for the 21st century: Multiple traditions, multiple challenges. *Journal of Urban Affairs*, 29(5), 519-541.
- Smith, N. (1979). Toward a theory of gentrification: A back to the city movement by capital, not the people. *Journal of the American Planning Association*, 45, 538-548.
- Smith, N. (1984). *Uneven development: Nature, capital and the production of space*. Cambridge: Basil Blackwell Publishers.
- Smith, N. (1996). *The new urban frontier: Gentrification and the revanchist city*. New York: Routledge.
- Smith, N. (1998). Giuliani time: the revanchist 1990s. *Social Text*(57), 1-20.
- Smith, N., & DeFilippis, J. (1999). The reassertion of economics: 1990s gentrification in the Lower East Side. *International Journal of Urban and Regional Research*, 23(4), 638-653.
- Stegman, M. (1981). *New York City Housing and Vacancy Survey*. New York: Department of Housing Preservation and Development.
- Stein, E. (2001). Quantifying the economic cost of predatory lending. Durham, NC: Coalition for Responsible Lending.
- Stockhammer, E. (2010). Financialization and the global economy. Amherst, MA: Political Economy Research Institute.
- Story, L., & Morgenson, G. (2010, April 17). S.E.C. accuses Goldman of fraud in housing deal, *The New York Times*.
- Swanstrom, T. (1999). The nonprofitization of United States housing policy: Dilemmas of community development. *Community Development Journal*, 34(1), 26-37.
- Tabb, W. (1982). *The long default*. New York: Monthly Review Press.

- The White House. (2000). *President Clinton's New Markets initiative*. Washington, D.C.
- Thompson, J. P. (2006). *Double trouble: Black mayors, black communities, and the call for a deep democracy*: Oxford University Press, USA.
- United States General Accounting Office. (1991). *Federal Home Loan Mortgage Corporation: Abuses in multifamily program increase exposure to financial losses*. Washington, D.C.: GAO.
- Van Ryzin, G., & Genn, A. (1999). Neighborhood change and the City of New York's Ten-Year Housing Plan. *Housing Policy Debate*, 10(4), 799-838.
- Wallace, D., & Wallace, R. (1998). *A plague on your houses: how New York was burned down and national public health crumbled*. New York: Verso Books.
- Weber, R. (2002). Extracting value from the city: Neoliberalism and urban development. *Antipode*, 34(3), 519-540.
- Weikart, L. (2001). The Giuliani administration and the new public management in New York City. *Urban Affairs Review*, 36(3), 359-381.
- Wyly, E., Atia, M., Foxcroft, H., Hammel, D., & Phillips-Watts, K. (2006). American home: Predatory mortgage capital and neighborhood spaces of race and class exploitation in the United States. *Geografiska Annaler*, 88(1), 105-132.
- Wyly, E., Atia, M., & Hammel, D. (2004). Has mortgage capital found an inner-city spatial fix? *Housing Policy Debate*, 15(3), 623-684.
- Wyly, E., Moos, M., Hammel, D., & Kabahizi, E. (2009). Cartographies of race and class: Mapping the class-monopoly rents of American subprime mortgage capital. *International Journal of Urban and Regional Research*, 33(2), 332-354. doi: 10.1111/j.1468-2427.2009.00870.x
- Wyly, E., Newman, K., Schafran, A., & Lee, E. (2010). Displacing New York. *Environment and Planning A*, 42(11), 2602-2623.
- Zipp, S. (2010). *Manhattan projects: The rise and fall of urban renewal in Cold War New York*. New York: Oxford University Press.

## **Writing 2: The lived experience of predatory equity: Financialization and the meaning of home**

- Aalbers, M. (2008). The financialization of home and the mortgage market crisis. *Competition and Change*, 12(2), 148-166.
- Allen, R. (2011). Who experiences foreclosures? The characteristics of households experiencing a foreclosure in Minneapolis, Minnesota. *Housing Studies*, 26(6), 845-866. doi: 10.1080/02673037.2011.593129
- Andrews, D., Caldera Sanchez, A., & Johansson, A. (2011). *Housing markets and structural policies in OECD countries*.

- Arrighi, G. (2004). Spatial and other "fixes" of historical capitalism. *Journal of World-Systems Research*, 10(2), 527-539.
- Association for Neighborhood and Housing Development. (2009). Predatory equity: evolution of a crisis. The threat to New York's affordable rental housing, 2005-2009.
- Bagli, C. (2008, October 6). Mortgage crisis is foreseen in housing owned by private equity firms, *The New York Times*. Retrieved from <http://www.nytimes.com/2008/10/06/nyregion/06default.html?pagewanted=all>
- Been, V. (2009). Renters and foreclosure: Testimony before New York City Council Committee on Housing and Buildings. New York: Furman Center for Real Estate and Urban Policy.
- Brescia, R. (2008). Line in the sand: Progressive lawyering, "master communities", and a battle for affordable housing in New York City. *Albany Law Review*, 73(3), 715-763.
- Bromley, C., Campen, J., Nafici, S., Rust, A., Smith, G., Stein, K., & van Kerkhove, B. (2008). Paying more for the American dream: The subprime shakeout and its impact on lower-income and minority communities.
- Center for Urban Pedagogy. (2009). Predatory equity: The survival guide. In Making Policy Public series (Ed.). New York.
- Chiwaya, N., Alvi, K., Ademo, M., Llopis-Jepsen, C., Graboski, S., Jeantet, D., & Sabbagh, M. (2011). Troubled Bronx buildings flipped again, *The Bronx Ink*. Retrieved from <http://bronxink.org/2011/12/12/20487-troubled-bronx-buildings-flipped-again/>
- Congressional Oversight Panel. (2010). *Commercial real estate losses and the risk to financial stability*. Washington, D.C.
- Corburn, J., Osleeb, J., & Porter, M. (2006). Urban asthma and the neighbourhood environment in New York City. *Health and Place*, 12(2), 167-179. doi: 10.1016/j.healthplace.2004.11.002
- Dixon, J., & Durrheim, K. (2000). Displacing place identity: A discursive approach to locating self and other. *British Journal Of Social Psychology*, 39, 27-44.
- Dupuis, A., & Thorns, D. C. (1998). Home, home ownership and the search for ontological security. *The Sociological Review*, 46(1), 24-47. doi: 10.1111/1467-954x.00088
- Evans, J., & Hubbard, P. (2008). From shareholder value to private equity: The changing face of financialisation of the economy. *Transfer: European Review of Labour and research*, 2008(14), 1.
- Fields, D. (in revision). Contesting the financialization of urban space: Community-based organizations and the struggle to preserve affordable rental housing in New York City. *Journal of Urban Affairs*.
- Fine, B. (2009). *Financialisation and social policy*. Paper presented at the Social and political dimensions of the global crisis: Implications for developing countries, Geneva.
- Fraser, N. (2010). *Marketization, social protection, emancipation: Toward a neo-Polanyian conception of capitalist crisis*. Paper presented at the The World Crisis and Change.
- Froud, J., & Williams, K. (2007). Private equity and the culture of value extraction. *New Political Economy*, 12(3), 405-420. doi: 10.1080/13563460701485656

- Furman Center for Real Estate and Urban Policy. (2010). State of the city's housing and neighborhoods. New York City: New York University.
- Gittelsohn, J. (2012). Foreclosures draw private equity as U.S. sells homes Retrieved June 20, 2012, from <http://www.bloomberg.com/news/2012-01-31/foreclosures-draw-private-equity-as-u-s-selling-200-000-homes-mortgages.html>
- Gotham, K. F. (2009). Creating liquidity out of spatial fixity: The secondary circuit of capital and the subprime mortgage crisis. *International Journal of Urban and Regional Research*, 33(2), 355-371. doi: 10.1111/j.1468-2427.2009.00874.x
- Hart, G. (2006). Denaturalizing dispossession: Critical ethnography in the age of resurgent imperialism. *Antipode*, 38(5), 977-1004. doi: 10.1111/j.1467-8330.2006.00489.x
- Harvey, D. (1974). Class-monopoly rent, finance capital and the urban revolution. *Regional Studies*, 8(3-4), 239-255.
- Harvey, D. (2003). *The new imperialism*: Oxford University Press.
- Harvey, D. (2012). *Rebel cities: From the right to the city to the urban revolution*. New York: Verso.
- Hiscock, R., Kearns, A., MacIntyre, S., & Ellaway, A. (2001). Ontological security and psychosocial benefits from the home: Qualitative evidence on issues of tenure. *Housing, Theory and Society*, 18(1-2), 50-66. doi: 10.1080/14036090120617
- Hulse, K., & Saugeres, L. (2008). Housing insecurity and precarious living: An Australian exploration. Swinburne-Monash Research Centre: Australian Housing and Urban Research Institute.
- Immergluck, D. (2009). *Foreclosed: High-risk lending, deregulation, and the undermining of America's mortgage market*. Ithaca: Cornell University Press.
- Joint Center for Housing Studies. (2011a). America's rental housing: Meeting challenges, building on opportunities. Cambridge, MA: Harvard University.
- Joint Center for Housing Studies. (2011b). Rental market stresses: Impacts of the Great Recession on affordability and multifamily lending. Cambridge, MA: Harvard University.
- Kaplan, D. H., & Sommers, G. G. (2009). An analysis of the relationship between housing foreclosures, lending practices, and neighborhood ecology: Evidence from a distressed county. *The Professional Geographer*, 61(1), 101-120. doi: 10.1080/00330120802577723
- Krippner, G. (2005). The financialization of the American economy. *Socio-Economic Review*, 3(2), 173-208.
- Lee, M. W. (2009). Housing New York City 2008. New York City: Department of Housing Preservation and Development.
- Libman, K., Fields, D., & Saegert, S. (2011a). Housing and health: A social ecological perspective on the US foreclosure crisis. *Housing, Theory and Society*, 29(1), 1-24. doi: 10.1080/14036096.2012.624881

- Libman, K., Fields, D., & Saegert, S. (2011b). Toward a research agenda at the intersections of housing and health. *Housing, Theory and Society*, 29(1), 47-55. doi: 10.1080/14036096.2012.624882
- Manzo, L. C. (2003). Beyond house and haven: Toward a revisioning of emotional relationships with places. *Journal of Environmental Psychology*, 23(1), 47-61.
- Martin, R. (2011). The local geographies of the financial crisis: From the housing bubble to economic recession and beyond. *Journal of Economic Geography*, 11(4), 587-618. doi: 10.1093/jeg/lbq024
- Mazur, C., & Wilson, E. (2011). *Housing characteristics: 2010*. Washington, D.C.: U.S. Department of Commerce: Economics and Statistics Administration, Retrieved from <http://www.census.gov/prod/cen2010/briefs/c2010br-07.pdf>.
- Morgan, D. (1995). Focus groups. *Annual Review of Sociology*, 22, 129-152.
- Morgenson, G. (2008, May 9). Questions of rent tactics by private equity, *The New York Times*. Retrieved from <http://www.nytimes.com/2008/05/09/business/09rent.html?pagewanted=print>
- Morgenson, G., & Story, L. (2009, December 23). Banks bundled bad debt, bet against it and won, *The New York Times*.
- New York State Division of Housing and Community Renewal. (1993). Rent regulation after 50 years: An overview of New York State's rent regulated housing.
- Newman, K. (2009). Post-industrial widgets: Capital flows and the production of the urban. *International Journal of Urban and Regional Research*, 33(2), 314-331.
- Newman, K., & Wyly, E. (2004). Geographies of mortgage market segmentation: The case of Essex County, New Jersey. *Housing Studies*, 19(1), 53-83.
- Parkus, R., & An, J. (2009). The future refinancing crisis in commercial real estate: Estimates of the magnitude of refinancing risk, equity deficiency and losses from maturity defaults *CMBS Research*. New York: Deutsche Bank.
- Pike, A., & Pollard, J. (2010). Economic geographies of financialization. *Economic Geography*, 86(1), 29-51. doi: 10.1111/j.1944-8287.2009.01057.x
- Powell, M. (2011, August 16). Her Chinatown home is "underperforming", *The New York Times*.
- Saegert, S., Fields, D., & Libman, K. (2011). Mortgage foreclosure and health disparities: Serial displacement as asset extraction in African American populations. *Journal of Urban Health*, 88(3), 390-402. doi: 10.1007/s11524-011-9584-3
- Schloemer, E., Li, W., Ernst, K., & Keest, K. (2006). Losing ground: Foreclosures in the subprime market and their cost to homeowners (pp. 56): Center for Responsible Lending.
- Shultz, H. (2009). Debt threat: Saving multifamily rental housing from zombie mortgages. New York City: Citizens Housing and Planning Council.
- Shultz, H., Perine, J., Bahchieva, R., & Dasgupta, D. (2012). The impact of multifamily foreclosures and over-mortgaging in neighborhoods in New York City. New York City: Citizens Housing and Planning Council of New York City.

- Stockhammer, E. (2010). *Financialization and the global economy*. Amherst, MA: Political Economy Research Institute,.
- Story, L., & Morgenson, G. (2010, April 17). S.E.C. accuses Goldman of fraud in housing deal, *The New York Times*.
- Swarns, R. (2008, June 21). Rise in number of renters erases a decade's gain in home ownership, *The New York Times*.
- Uffer, S. (under review). Institutional investors in Berlin's housing market: How do they shape the built environment? *Journal of Urban Research*(special issue on the geography of finance and real estate).
- Weselcouch, M. (2012). *Foreclosure crisis in New York City: Causes and consequences*. Paper presented at the American Planning Association: New York Metro Chapter, New York.
- Wilkinson, S. (1999). Focus groups as feminist method. *Psychology of Women Quarterly*, 23(2), 221.
- Wyly, E., Moos, M., Hammel, D., & Kabahizi, E. (2009). Cartographies of race and class: Mapping the class-monopoly rents of American subprime mortgage capital. *International Journal of Urban and Regional Research*, 33(2), 332-354. doi: 10.1111/j.1468-2427.2009.00870.x

### **Writing 3: Contesting the financialization of urban space: Community organizations and the struggle to preserve affordable rental housing in New York City**

- Aalbers, M. (2008). The financialization of home and the mortgage market crisis. *Competition and Change*, 12(2), 148-166.
- Allen, J. (2011). Topological twists: Power's shifting geographies. *Dialogues in Human Geography*, 1(3), 283-298.
- Allon, F. (2010). Speculating on everyday life: The cultural economy of the quotidian. *Journal of Communication Inquiry*, 34(4), 366-381.
- Ashton, P. (2009). An appetite for yield: The anatomy of the subprime mortgage crisis. *Environment and Planning A*, 41(6), 1420-1441.
- Association for Neighborhood and Housing Development. (2009a). *The \$20,000 stove: How fraudulent rent increases undermine New York's affordable housing*. New York: Association for Neighborhood and Housing Development.
- Association for Neighborhood and Housing Development. (2009b). *Predatory equity: evolution of a crisis. The threat to New York's affordable rental housing, 2005-2009*.
- Bagli, C. (2008, October 6). Mortgage crisis is foreseen in housing owned by private equity firms, *The New York Times*. Retrieved from <http://www.nytimes.com/2008/10/06/nyregion/06default.html?pagewanted=all>
- Bockmeyer, J. L. (2003). Devolution and the transformation of community housing activism. *The Social Science Journal*, 40(2), 175-188. doi: 10.1016/s0362-3319(03)00002-8

- Borrero, T. (2006, June 27). Welcome to the 10 Worst Landlords: Steven Kessner, *The Village Voice*.
- Brenner, N., & Theodore, N. (2002). Cities and the geographies of "actually existing neoliberalism". *Antipode*, 34(3), 349-378.
- Center for Urban Pedagogy. (2009). Predatory equity: The survival guide. In Making Policy Public series (Ed.). New York.
- Congressional Oversight Panel. (2010). *Commercial real estate losses and the risk to financial stability*. Washington, D.C.
- DeFilippis, J. (2004). *Unmaking Goliath: Community control in the face of global capital*. London and New York: Routledge.
- DeFilippis, J., Fisher, R., & Shragge, E. (2006). Neither romance nor regulation: Re-evaluating community. *International Journal of Urban and Regional Research*, 30(3), 673-689. doi: 10.1111/j.1468-2427.2006.00680.x
- DeFilippis, J., Fisher, R., & Shragge, E. (2009). What's left in the community? Oppositional politics in contemporary practice. *Community Development Journal*, 44(1), 38-52.
- DeFilippis, J., & Saegert, S. (2012). Communities develop: The question is how? In J. DeFilippis & S. Saegert (Eds.), *The Community Development Reader* (2nd ed.). New York: Routledge.
- Dolnick, S. (2010, September 6). Hope for a Bronx tower of hip-hop lore, *The New York Times*. Retrieved from <http://www.nytimes.com/2010/09/07/nyregion/07sedgwick.html>
- DuPonte, K. (2010). *The definitive guide to distressed debt and turnaround investing*. London: PEI Media.
- Elwood, S. (2006). Beyond cooptation or resistance: Urban spatial politics, community organizations, and GIS-based spatial narratives. *Annals of the Association of American Geographers*, 96(2), 323-341. doi: 10.1111/j.1467-8306.2006.00480.x
- Evans, J., & Hubbard, P. (2008). From shareholder value to private equity: The changing face of financialisation of the economy. *Transfer: European Review of Labour and research*, 2008(14), 1.
- Federal Deposit Insurance Corporation. (2011). *Community Reinvestment Act performance evaluation: New York Community Bank*. New York: FDIC Retrieved from [http://www2.fdic.gov/crapes/2011/16022\\_110314.PDF](http://www2.fdic.gov/crapes/2011/16022_110314.PDF).
- Fields, D. (in preparation). The lived experience of predatory equity: Financialization and the meaning of home. *Environment and Planning A*.
- Fine, B. (2009). *Financialisation and social policy*. Paper presented at the Social and political dimensions of the global crisis: Implications for developing countries, Geneva.
- Fisher, R., & Shragge, E. (2000). Challenging community organizing. *Journal of Community Practice*, 8(3), 1-19. doi: 10.1300/J125v08n03\_01
- Fraser, J., & Kick, E. (2005). Understanding community building in urban America. *Journal of Poverty*, 9(1), 23-43.

- Fraser, N. (2010). *Marketization, social protection, emancipation: Toward a neo-Polanyian conception of capitalist crisis*. Paper presented at the The World Crisis and Change.
- French, S., Leyshon, A., & Wainwright, T. (2011). Financializing space, spacing financialization. *Progress in Human Geography*, 35(6), 798-819. doi: 10.1177/0309132510396749
- Froud, J., & Williams, K. (2007). Private equity and the culture of value extraction. *New Political Economy*, 12(3), 405-420. doi: 10.1080/13563460701485656
- Furman Center for Real Estate and Urban Policy. (2010). New York City's multi-family rental housing and the market downturn *State of the City's Housing and Neighborhoods*.
- Gotham, K. F. (2009). Creating liquidity out of spatial fixity: The secondary circuit of capital and the subprime mortgage crisis. *International Journal of Urban and Regional Research*, 33(2), 355-371. doi: 10.1111/j.1468-2427.2009.00874.x
- Hackworth, J. (2007). *The neoliberal city: Governance, ideology and development in American urbanism*. Ithaca, N.Y. and London: Cornell University Press.
- Harvey, D. (2003). *The new imperialism*: Oxford University Press.
- Joint Center for Housing Studies. (2011). Rental market stresses: Impacts of the Great Recession on affordability and multifamily lending. Cambridge, MA: Harvard University.
- Katz, C. (2001). On the grounds of globalization: A topography for feminist political engagement. *Signs*, 26(4), 1213-1234.
- Krippner, G. (2005). The financialization of the American economy. *Socio-Economic Review*, 3(2), 173-208.
- Larner, W., & Craig, D. (2005). After neoliberalism? Community activism and local partnerships in Aotearoa New Zealand. *Antipode*, 37(3), 402-424. doi: 10.1111/j.0066-4812.2005.00504.x
- Leitner, H., Peck, J., & Sheppard, E. (2007a). *Contesting neoliberalism: Urban frontiers*: Guilford Press.
- Leitner, H., Peck, J., & Sheppard, E. (2007b). Squaring up to neoliberalism. In H. Leitner, J. Peck & E. Sheppard (Eds.), *Contesting neoliberalism: Urban frontiers* (pp. 311-327). New York: Guilford Press.
- Leitner, H., Sheppard, E., Sziarto, K., & Maringanti, A. (2007). Contesting urban futures: Decentering neoliberalism. In H. Leitner, J. Peck & E. Sheppard (Eds.), *Contesting neoliberalism: Urban frontiers* (pp. 311-327). New York: Guilford Press.
- Levy, D. (2011). Fighting predatory equity. *Shelterforce*.
- Linneman, P. (2004). *Real estate finance and investments: Risks and opportunities*. Philadelphia: Linneman Associates.
- Maeckelbergh, M. (2012). Mobilizing to stay put: housing struggles in New York City. *International Journal of Urban and Regional Research*, 36(4), 655-673.

- Majic, S. (2011). Serving sex workers and promoting democratic engagement: Rethinking nonprofits' role in American civic and political life. *Perspectives on Politics*, 9(04), 821-839.
- Making Policy Public. (2013). Making Policy Public: How it works Retrieved March 15, 2013, from <http://makingpolicypublic.net/index.php?page=how-it-works>
- Martin, D. (2003). "Place-Framing" as Place-Making: Constituting a Neighborhood for Organizing and Activism. *Annals of the Association of American Geographers*, 93(3), 730-750.
- Martin, R. (2002). *Financialization of daily life*. Philadelphia: Temple University Press.
- Martin, R. (2011). The local geographies of the financial crisis: From the housing bubble to economic recession and beyond. *Journal of Economic Geography*, 11(4), 587-618. doi: 10.1093/jeg/lbq024
- Mazur, C., & Wilson, E. (2011). *Housing characteristics: 2010*. Washington, D.C.: U.S. Department of Commerce: Economics and Statistics Administration, Retrieved from <http://www.census.gov/prod/cen2010/briefs/c2010br-07.pdf>.
- Milbank Real Estate. (2007). Portfolios: Bronx collection 1 and II Retrieved March 5, 2013, from <http://www.milbankre.com/portfolio.php>
- Miraftab, F. (2009). Insurgent planning: situating radical planning in the Global South. *Planning Theory*, 8(1), 32-50.
- Morgenson, G. (2008, May 9). Questions of rent tactics by private equity, *The New York Times*. Retrieved from <http://www.nytimes.com/2008/05/09/business/09rent.html?pagewanted=print>
- Morgenson, G. (2010, January 30). All those little Stuyvesant Towns, *The New York Times*.
- Morgenson, G., & Story, L. (2009, December 23). Banks bundled bad debt, bet against it and won, *The New York Times*.
- New York City Council. (2009). *Council Announces new Predatory Equity Task Force following sale of Ocelot portfolio*. Retrieved from [http://council.nyc.gov/html/pr/equity\\_tf\\_12\\_2\\_09.shtml](http://council.nyc.gov/html/pr/equity_tf_12_2_09.shtml).
- Newman, K. (2009). Post-industrial widgets: Capital flows and the production of the urban. *International Journal of Urban and Regional Research*, 33(2), 314-331.
- Newman, K. (2010). Go Public! *Journal of the American Planning Association*, 76(2), 160-171.
- Newman, K., & Lake, R. (2006). Democracy, bureaucracy and difference in U.S. community development politics since 1968. *Progress in Human Geography*, 30(1), 44-61.
- O'Connor, A. (2012). Swimming against the tide: A brief history of federal policy in poor communities. In J. DeFilippis & S. Saegert (Eds.), *The Community Development Reader* (2nd ed.). New York: Routledge.
- O'Donnell, V. (2009). *Comments regarding RIN 2590-AA27, Notice of Proposed Rulemaking on the Enterprises*. Washington, D.C.: Federal Housing Finance Agency, Retrieved from [http://www.fhfa.gov/webfiles/16000/75\\_Local\\_Initiatives\\_Support\\_Corporation-LISC.pdf](http://www.fhfa.gov/webfiles/16000/75_Local_Initiatives_Support_Corporation-LISC.pdf).

- Parkus, R., & An, J. (2009). The future refinancing crisis in commercial real estate: Estimates of the magnitude of refinancing risk, equity deficiency and losses from maturity defaults *CMBS Research*. New York: Deutsche Bank.
- Picture the Homeless. (2012). Banking on vacancy: Homelessness and real estate speculation. New York: Picture the Homeless.
- Pike, A., & Pollard, J. (2010). Economic geographies of financialization. *Economic Geography*, 86(1), 29-51. doi: 10.1111/j.1944-8287.2009.01057.x
- Powell, M. (2011, August 16). Her Chinatown home is "underperforming", *The New York Times*.
- Rent Guidelines Board. (2009). Explanatory statement: Apartment order #41. New York: Rent Guidelines Board.
- Roy, P. (2011). Non-profit and community-based green space production in Milwaukee: Maintaining a counter-weight within neo-liberal urban environmental governance. *Space and Polity*, 15(2), 87-105.
- Rutland, T. (2010). The financialization of urban redevelopment. *Geography Compass*, 4(8), 1167-1178.
- Savage, H. (1998). *What we have learned about properties, owners and tenants from the 1995 Property Owners and Managers Survey*. (H121/98-1). Washington, D.C.: U.S. Census Bureau.
- Schumer, C. (2008). *Schumer reveal: So-called predatory equity deals just like subprime loans but for entire NYC housing complexes*. Retrieved from <http://www.schumer.senate.gov/Newsroom/record.cfm?id=305397>.
- Shultz, H. (2009). Debt threat: Saving multifamily rental housing from zombie mortgages. New York: Citizens Housing and Planning Council.
- Shultz, H., Perine, J., Bahchieva, R., & Dasgupta, D. (2012). The impact of multifamily foreclosures and over-mortgaging in neighborhoods in New York City. New York City: Citizens Housing and Planning Council of New York City.
- Shultz, H., Walsh, D., & Levy, D. (2010). *Strategies for preservation of overleveraged multifamily housing*. Paper presented at the New York State Association for Affordable Housing, New York City.
- Sites, W., Chaskin, R., & Parks, V. (2007). Reframing community practice for the 21st century: Multiple traditions, multiple challenges. *Journal of Urban Affairs*, 29(5), 519-541.
- Stockhammer, E. (2010). Financialization and the global economy. Amherst, MA: Political Economy Research Institute,.
- Story, L., & Morgenson, G. (2010, April 17). S.E.C. accuses Goldman of fraud in housing deal, *The New York Times*.
- University Neighborhood Housing Program. (2011). New York City's multifamily housing in distress: Using the Building Indicator Project to identify and address physical and financial distress.
- Urban Homesteading Assistance Board. (2012). Breaking the banks: Turning crisis into opportunity.

- Weber, R. (2002). Extracting value from the city: Neoliberalism and urban development. *Antipode*, 34(3), 519-540.
- Wolf-Powers, L. (2009). Keeping counterpublics alive in planning. In P. Marcuse, J. Connolly, J. Novy, I. Olivo, C. Potter & J. Steil (Eds.), *Searching for the just city: Debates in urban theory and practice* (pp. 161-172). London: Routledge.
- Wyly, E. (2009). Strategic positivism. *The Professional Geographer*, 61(3), 310-322.
- Wyly, E. (2011). Positively radical. *International Journal of Urban and Regional Research*.
- Wyly, E., Moos, M., Hammel, D., & Kabahizi, E. (2009). Cartographies of race and class: Mapping the class-monopoly rents of American subprime mortgage capital. *International Journal of Urban and Regional Research*, 33(2), 332-354. doi: 10.1111/j.1468-2427.2009.00870.x
- Wyly, E., Newman, K., Schafran, A., & Lee, E. (2010). Displacing New York. *Environment and Planning A*, 42(11), 2602-2623.
- Zupan, S. (2011). Enacting an equitable agenda: Exploring community strategies in Milwaukee's inner-city redevelopment. *Urban Geography*, 32(7), 1043-1065.

## Conclusions

- Aalbers, M. B., & Holm, A. (2008). Privatising Social Housing in Europe: The Cases of Amsterdam and Berlin. In K. Adelhof, B. Glock, J. Lossau & M. Schulz (Eds.), *Urban Trends in Berlin and Amsterdam. Heft 110* (pp. 12-23). Berlin: Geographisches Institut, HU Berlin.
- Allen, J. (2011). Topological twists: Power's shifting geographies. *Dialogues in Human Geography*, 1(3), 283-298.
- Allred, C. (2000). *Breaking the cycle of abandonment: Using a tax enforcement tool to return distressed properties to sound private ownership*. 2000 Better Government Competition Winner. Pioneer Institute.
- Andersen, A. (1995). Breaking the cycle: Developing an effective intervention strategy for dealing with New York City's in rem housing problem. New York City: Andersen Consulting.
- Ashton, P. (2009). An appetite for yield: The anatomy of the subprime mortgage crisis. *Environment and Planning A*, 41(6), 1420-1441.
- Ashton, P., Doussard, M., & Weber, R. (2012). The Financial Engineering of Infrastructure Privatization: What Are Public Assets Worth to Private Investors? *Journal of the American Planning Association*, 78(3), 300-312.
- Association for Neighborhood and Housing Development. (2009). Predatory equity: evolution of a crisis. The threat to New York's affordable rental housing, 2005-2009.
- Boyer, R. (2013). The present crisis. A trump for a renewed political economy. *Review of Political Economy*, 25(1), 1-38.

- Brash, J. (2011). *Bloomberg's New York: class and governance in the luxury city* (Vol. 6): University of Georgia Press.
- Brenner, N. (2000). The urban question as a scale question: Reflections on Henri Lefebvre, urban theory and the politics of scale. *International Journal of Urban and Regional Research*, 24(2), 361-378.
- Brenner, N., & Theodore, N. (2002). Cities and the geographies of "actually existing neoliberalism". *Antipode*, 34(3), 349-378.
- Citizens Budget Commission. (2010). *Rent regulation: Beyond the rhetoric*. New York.
- Crump, J. (2002). Deconcentration by demolition: public housing, poverty, and urban policy. *Environment and Planning D*, 20(5), 581-596.
- DePonte, K. (2012). An overview of the private equity distressed debt and restructuign markets. In K. DuPonte (Ed.), *The guide to distressed debt and turnaround investing: Making, managing and exiting investments in distressed companies and their securities*. London: Private Equity International.
- Donovan, S. (2002). *Background paper on market-rate multifamily rental housing*. Millennial Housing Commission: Finance Task Force.
- Evans, J., & Hubbard, P. (2008). From shareholder value to private equity: The changing face of financialisation of the economy. *Transfer: European Review of Labour and research*, 2008(14), 1.
- Fields, D., & Uffer, S. (under review). The financialization of rental housing: A comparative analysis of New York City and Berlin. *Urban Studies*(special issue: Global Finance Capital and the Production of Urban Space).
- French, S., Leyshon, A., & Wainwright, T. (2011). Financializing space, spacing financialization. *Progress in Human Geography*, 35(6), 798-819. doi: 10.1177/0309132510396749
- Furman Center for Real Estate and Urban Policy. (2009). *Foreclosures and Neighborhood Stabilization in New York City Land Use & Housing Policy Breakfast Series*.
- Furman Center for Real Estate and Urban Policy. (2010). *State of New York City's housing and neighborhoods: 2009*.
- Gotham, K. F. (2009). Creating liquidity out of spatial fixity: The secondary circuit of capital and the subprime mortgage crisis. *International Journal of Urban and Regional Research*, 33(2), 355-371. doi: 10.1111/j.1468-2427.2009.00874.x
- Hackworth, J. (2007). *The neoliberal city: Governance, ideology and development in American urbanism*. Ithaca, NY: Cornell University Press.
- Hart, G. (2006). Denaturalizing dispossession: Critical ethnography in the age of resurgent imperialism. *Antipode*, 38(5), 977-1004. doi: 10.1111/j.1467-8330.2006.00489.x
- Harvey, D. (1989). From Mangerialism to Entrepreneurialism: The Transformation in Urban Governance in Late Capitalism. *Geografiska Annaler, Series B: Human Geography*, 71(1, The Roots of Geographical Change: 1973 to the present), 3-17.

- Harvey, D. (2012). *Rebel cities: From the right to the city to the urban revolution*. New York: Verso.
- Haughney, C. (2009, November 19). Flush in a recession, a Bronx landlord is ready to shop, *The New York Times*.
- Herring, R., & Litan, R. E. (1995). *Financial regulation in the global economy*: Brookings Institution Press.
- Hum, T. (2010). Planning in neighborhoods with multiple publics: Opportunities and challenges for community-based nonprofit organizations. *Journal of Planning Education and Research*, 29(4), 461-477.
- Jones, D. (2012). Vantage digs out of distress. Retrieved April 22, 2013, from [http://therealdeal.com/issues\\_articles/a-new-vantage-point/](http://therealdeal.com/issues_articles/a-new-vantage-point/)
- Krippner, G. (2005). The financialization of the American economy. *Socio-Economic Review*, 3(2), 173-208.
- Krippner, G. (2011). *Capitalizing on crisis: The political origins of the rise of finance*. Cambridge: Harvard University Press.
- Lander, B., & Wolf-Powers, L. (2004). *Remaking New York City: Can Prosperity Be Shared and Sustainable?* Pratt Institute: Pratt Center for Community Development.
- Langley, P. (2007). Uncertain Subjects of Anglo-American Financialization. *Cultural Critique*(65), 67-91. doi: 10.2307/4539797
- Lefebvre, H. (2003 [1970]). *The urban revolution*. Minneapolis and London: University of Minnesota Press.
- Linneman, P. (2004). *Real Estate Finance & Investments: Risks and Opportunities*: Linneman Associates.
- Ludwig, S. (2007). Losing ground. *Shelterforce*, 8-13.
- Martin, R. (2002). *Financialization of daily life*. Philadelphia: Temple University Press.
- Morgenson, G. (2008, May 9). Questions of rent tactics by private equity, *The New York Times*. Retrieved from <http://www.nytimes.com/2008/05/09/business/09rent.html?pagewanted=print>
- Newman, K. (2009). Post-industrial widgets: Capital flows and the production of the urban. *International Journal of Urban and Regional Research*, 33(2), 314-331.
- Newman, K. (2012). The new economy and the city: Foreclosures in Essex County, New Jersey. In M. Aalbers (Ed.), *Subprime cities: The political economy of mortgage markets* (pp. 219-241). West Sussex, UK: Wiley-Blackwell.
- Newman, K., & Lake, R. (2006). Democracy, bureaucracy and difference in U.S. community development politics since 1968. *Progress in Human Geography*, 30(1), 44-61.
- Peck, J., Theodore, N., & Brenner, N. (2009). Neoliberal urbanism: Models, moments, mutations. *Sais Review*, 29(1), 49-66.
- Peck, J., & Tickell, A. (2002). Neoliberalizing space. *Antipode*, 34(3), 380-440.

- Phillips-Fein, K. (2013, April 16). The legacy of the 1970s fiscal crisis. *The Nation*.
- Rent Guidelines Board. (2009). Explanatory statement: Apartment order #41. New York: Rent Guidelines Board.
- Sassen, S. (1999). *Globalization and its discontents: Essays on the new mobility of people and money*. New York: The New Press.
- Savage, H. (1998). *What we have learned about properties, owners and tenants from the 1995 Property Owners and Managers Survey*. (H121/98-1). Washington, D.C.: U.S. Census Bureau.
- Schafran, A. (2012). Origins of an Urban Crisis: The Restructuring of the San Francisco Bay Area and the Geography of Foreclosure. *International Journal of Urban and Regional Research*, 37(2), 663-688.
- Schwartz, A. (2010). *Housing Policy in the United States* (2nd ed.). New York: Routledge.
- Turner, B., & Whitehead, C. (2002). Reducing Housing Subsidy: Swedish Housing Policy in an International Context. *Urban Studies*, 39(2), 201-217.
- Uffer, S. (2012). *What is the nature of institutional investors in comparison with state-owned housing companies?* . Paper presented at the Association of American Geographers, New York, NY.
- United States Census. (2011). *Data summary tables for 1995 Property Owners and Managers Survey*. Retrieved from <http://www.census.gov/housing/poms/data/>.
- Weber, R. (2002). Extracting value from the city: Neoliberalism and urban development. *Antipode*, 34(3), 519-540.
- Wyly, E., Moos, M., Hammel, D., & Kabahizi, E. (2009). Cartographies of race and class: Mapping the class-monopoly rents of American subprime mortgage capital. *International Journal of Urban and Regional Research*, 33(2), 332-354. doi: 10.1111/j.1468-2427.2009.00870.x
- Wyly, E., Newman, K., Schafran, A., & Lee, E. (2010). Displacing New York. *Environment and Planning A*, 42(11), 2602-2623.