This project has received funding from the European Union's Seventh Framework Programme
for research, technological development and demonstration under grant agreement no 266800

FESSUD

FINANCIALISATION, ECONOMY, SOCIETY AND SUSTAINABLE DEVELOPMENT

Working Paper Series

No 193

The System of Provision for Housing in Selected Case Study Countries

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ISSN 2052-8035

The System of Provision for Housing in Selected Case Study Countries

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Abstract: This paper reviews five case studies prepared for Deliverable 8.25 for the EU research programme, Financialisation, economy, society and sustainable development (FESSUD). The case studies – carried out for the UK, Poland, Portugal, South Africa and Turkey – look at the systems of housing provision in each country, focussing on the ways in which they have been shaped by financialisation. The country findings are compared and contrasted across key components of the housing system – development and house purchase finance, land, production, the state, and consumption. For each component, the housing systems were found to be highly variegated, reflecting the particular social and economic conditions in each country. Supply structures, in particular, differed greatly, leading to divergences in the price responsiveness of housebuilding. Nonetheless, some common patterns are identified. A general trend towards commodification has taken the form of expanding owner-occupation, which has served to expand financial markets and incorporate households further within them. The goal of transforming housing into a private asset has been pervasive, though with varying degrees of success. The same is true of land, with land use in all the case study countries increasingly governed by the criterion of highest monetary value, and land and real estate used to appropriate ground rent.

Key words: system of provision, housing, financialisation

Date published as FESSUD working paper: December 2016

Journal of Economic Literature classification: B50, P16, R31, R38

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Acknowledgments: The research leading to these results has received funding from the European Union Seventh Framework Programme (FP7/2007-2013) under grant agreement n° 266800.

This work builds on the extensive work carried out for the five case studies. Grateful thanks for additional input and comments on earlier drafts to: Piotr Lis, Ozlem Celik, Gilad Isaacs, Ana Santos, Kate Bayliss and Ben Fine.

Website: www.fessud.eu

Preface

This Working Paper provides a synthesis of the findings from a series of case studies prepared for Fessud Deliverable 8.25 exploring the systems of provision (sop) for housing in the UK, South Africa, Poland, Portugal and Istanbul. The papers submitted for D8.25 of FESSUD, on which this Working Paper is based, are as follows:

Çelik, Ö., A. Topal and G. Yalman (2015): Fınance and Housing Provision in Istanbul, Middle East Technical University, Ankara

Isaacs, G. (2015): Housing System of Provision – South African Case Study, CSID, University of the Witwatersrand, Johannesburg

Lis, P. (2015): Financialisation of the System of Provision Applied to Housing in Poland, FESSUD Working Paper No. 100, Poznań University of Economics

Robertson, M. (2014): Case Study: Housing and Finance Provision in Britain', FESSUD Working Paper No. 51, University of Leeds

Santos, A. C., N. Serra and N. Teles (2015): Finance and Housing Provision in Portugal, FESSUD Working Paper No. 79, CES, University of Coimbra

1 Introduction

This paper provides a comparative overview of case studies of the housing systems in five different countries (the UK (Robertson, 2014), Portugal (Santos et al, 2015), Poland (Lis, 2015), Turkey (Çelik et al, 2015), and South Africa (Isaacs, 2015)).[1] The case studies employ the systems of provision (sop) approach, which views the economy as divided into unique, integral and overlapping chains of activities – 'sops' - that underpin the provision of different goods. Consumption is said to be determined by the consumption cultures that emerge from the material conditions of provision within these sops.

Being the product of historical developments in different countries, sops are time- and place-specific and the approach is methodologically committed to investigating sops as such. This commitment is reflected in the wide diversity of housing practices, issues and outcomes that emerge across the five case studies, a diversity that is compounded by the way in which the case studies encompass not only countries at different stages of development but also, to some extent, different aspects of housing provision within these countries. For example, the three European countries considered – the UK, Portugal, and Poland – represent a core, a peripheral, and a transitional European country, respectively, while the Turkish case brings the perspective of a middle-income country and South Africa that of a developing country to bear, though all with their own specific characteristics. In addition to this, the UK, Portugal and Poland studies focus on owner-occupation, with other tenures, which tend to cater to lower income groups, dealt with only cursorily; Turkey focuses on Istanbul; South Africa on low-income housing.

In combination, the diversity of housing systems considered, and a commitment to studying them concretely, poses a problem of incommensurability across the case studies. The problem is avoided in virtue of two areas of common ground across the different countries. The first arises because any housing sop has certain core and irreducible components, namely, finance, land, production, labour, consumption and the state. While the form and nature of these components differ across the case studies, all the components are present in all of them in some way. The analysis below is thus organised around these essential activities. The second area of common ground concerns the forces and processes that have shaped the operation of the different housing sops over the periods considered. For while the sop approach shuns generalisation in favour of theoretically-informed specificity, it is also attuned to the global and systemic contexts within which different sops are shaped. This is reflected, for example, in the way in which the overlapping logics of capital accumulation, land value maximisation, and the expansion of financial markets are strongly felt in all the different case studies, albeit in highly differentiated ways.

For these two reasons, common themes and issues are present across the different case studies, providing interesting contrasts and comparisons. It will help subsequent analysis of these themes and issues to provide a brief summary of the findings of each case study. This is done in the next section. Subsequent sections compare the five different housing sops across the core areas of: finance, land, production, labour, the state, and consumption. The final section concludes by considering the extent, nature and impact of financialisation on the different housing sops in light of the preceding discussion.

2 Overview – demarcating the housing sops

2.1 UK

The UK case study focuses on the period since the 1980s, when two key changes occurred. First, the vast majority of the social housing stock was privatised through the discounted sale of local government-owned property to sitting tenants. With the aid of state-led discourses that promoted owner-occupation as 'natural' and innately desirable, this led to owner-occupation becoming the dominant tenure form and fed demand for mortgage lending. Second, mortgage market reform removed building societies' privileged access to mortgage markets and opened them up to competition from banks. With the aid of increased international capital flows and, from the mid-1990s, low interest rates, the supply of mortgage credit increased dramatically.

Together, these two changes led to a vast increase in the amount of credit chasing residential land. Owing, on the one hand, to Britain's restrictive planning system and, on the other, to the speculative nature of its private housebuilders, this demand tended to be channelled more into house prices than into housing supply. Housebuilders have made an increasing portion of their profit from land uplift rather than housing production, leading them to stagger output, and to a deterioration of employment conditions, skills, and technical progress. This pursuit of capitalised ground rent by housebuilders has been replicated by consumers, as homeowners have increasingly treated their home as an asset as well as a form of shelter, leaving private and social renters doubly disadvantaged by both deteriorating housing conditions and exclusion from this form of wealth accumulation.

2.2 South Africa

The South Africa case study begins with the transition from apartheid in the early 1990s. The apartheid regime left a legacy of racial segregation whereby the black population was, by and large, confined to rural areas, shantytowns, and publically- or privately-owned hostels in townships on the periphery of urban areas or adjacent to sites of work, such as mines. It also left a one and a half million shortfall in housing units. While the post-apartheid African National Congress (ANC) government was committed in principle to a right to decent housing for all, the shape of post-apartheid policy was heavily shaped by the pro-business think tank, the Urban Foundation (UF). The UF sought the spread of homeownership among the black working and emerging middle class as an avenue to political acquiescence and consumerism. The resulting compromise between the different forces shaping post-apartheid housing policy was the mass provision of standardised serviced sites and/or basic ("top") structures through a one-off capital subsidy, with an expectation that households would take responsibility for adding to and improving these structures over time by borrowing in mortgage markets.

This model delivered one million housing units over six years and has continued to dominate housing provision for South Africa's black population. However, it has run into a number of problems. Most notably, the poor's limited access to credit has impeded their ability to upgrade their homes, and the state's commitment to market-based distribution of land has confined provision to urban peripheries with concomitant problems regarding access to employment and infrastructure. Furthermore, while units were initially built by large construction firms, low profit margins due to rising quality requirements and building costs, led to their withdrawal. This, along with government's more general desire to shift responsibility for delivery to local government, led to local authorities taking a more active role in delivery. The limited capacity of smaller construction firms, fiscal constraints, a stubborn commitment to providing free-standing units, corruption, and local government weaknesses held back delivery in this period and the housing backlog had grown to 2.1 million by 2014. In recognition of some of these problems, policy emphasis later shifted to 'sustainable human settlements' and tenure diversification, though implementation of these new policy dimensions has been limited. More generally, broader financialisation trends within the economy – in particular, increased investment in the middle and high end property markets spurred by speculative capital inflows – have meant that houses in the formal market are unaffordable to the working poor and lower-middle class. The promotion of housing as a 'financial and economic asset' by Government and pro-business groups – itself a manifestation of market-oriented policy – has failed in part because of the dysfunctional nature of township property markets.

2.3 Turkey

The Turkish case study focuses on Istanbul as the epitomy of processes of state-led gentrification that have dominated housing provision since the 2000s. The origin of these processes lies in the development of squatter communities, or 'gecekondu', arising out of mass urban in-migration in the 1950s-70s. In the absence of state-supported social housing, the gecekondu were socially, if implicitly, perceived as a solution to the problem of housing poor urban migrants, and property rights over settled land were granted through subsequent amnesties. This in turn facilitated the upgrading of gecekondu properties and capture of rising urban ground rents by residents or local strongmen. The gecekondu co-existed with the 'build-and-sell' model utilised by small contractors to provide housing to the middle classes. Under this model, the contractor secured access to land at minimal capital outlay by promising the landowner a share of the proceeds of development. They then sold basement and first floor flats to finance production of higher level flats. The ground rents arising from rapid urban development, and an underdeveloped financial sector, meant housing provision was heavily shaped by land speculation in this period. However, rising land values, higher interest rates, and middle class relocation to new flats from the 1980s saw the gradual erosion of this model and its replacement by state-backed mass housing developments.

It was against this background that a newly-empowered Mass Housing Development Administration (TOKI) intervened to create a state-led construction boom in the early 2000s. TOKI acquired comprehensive land-use and planning rights, which it has utilised to deliver the mass production of housing units. This delivery has exhibited two controversial characteristics. First, TOKI has made high value, inner-city urban land available to private developers serving top-end markets, in exchange for a share of proceeds under its 'revenue-sharing' model. This revenue is then used to provide housing for lower- and middle-income groups on peripheral land, often with the aid of government-issued mortgage loans. However, despite the provision of low-cost housing being TOKI's raison d'être, it is alleged that many of the dwellings built by TOKI are unaffordable to low income groups. Second, this high value, inner-city land has often been acquired through the displacement of gecekondu and dilapidated housing areas, including historical areas and affordable housing units, under the guise of urban regeneration. These features have made TOKI's role in contemporary housing provision highly contested.

2.4 Portugal

The Portuguese case in part resembles that of the UK in documenting how financial liberalisation facilitated the growth of mortgage markets and owner-occupation. In Portugal, these processes were aided by state subsidies and tax breaks for mortgages, and by the imperatives created by European integration, which included cheaper credit resulting from lower levels of compulsory reserves. However, unlike the UK, bank lending to construction firms, lax land use regulation, and state investment in infrastructure meant that, in Portugal, the boom in mortgage lending was accompanied by a construction boom. This boom tailed off rapidly in 2002 as the result of the withdrawal of state support for mortgages and infrastructure investment, but a hospitable financial climate sustained mortgage lending and, consequently, the secondary real estate market and house prices. This has meant that those able to access the mortgage market – generally, those with higher incomes - have benefitted from both low housing costs and appreciating housing assets, if at lower rates than seen in the UK. The losers in the Portuguese housing sop have been those excluded from mortgage markets, who, notwithstanding a small number of state-provided socially rented housing estates on urban peripheries, have been confined to a rental sector that is either costly or rent-controlled and suffering from under-investment.

2.5 Poland

The study of Poland covers the period of transition from a socialist to a market system from 1990. Whereas the socialist era was characterised by heavy state subsidies, administered rents, and a prevalence of housing cooperatives, the period since 1990 has been characterised by privatisation and decentralisation. The rapid sale of dwellings to sitting tenants at heavily discounted rates accomplished a sudden shift to a model of housing provision in which owner-occupation became dominant. In conjunction with financial liberalisation and state subsidies, the shift to owner-occupation led to a growth in mortgage markets, with a heavy presence of foreign currency (predominantly Swiss Franc) loans in the years 2000-12. Though the volume of mortgage lending was less dramatic than seen in the UK or Portugal, Poland exhibited one of the highest rates of mortgage market growth in the EU28. In this model, most new housing was provided by the private sector, which combined private development for sale and self-promotion, whereby households manage the delivery of their own houses.

While Poland's 'shock therapy' accomplished a sudden shift to a market-based system, it also gave birth to a number of dysfunctionalities. Most new homeowners lacked the means to invest in the improvement of their property, meaning that the deterioration of the housing stock has continued. Foreign currency-denominated mortgages created distress for many mortgages when the Franc rose against the Polish Zloty in the midst of the financial crisis. As a result, the Polish Financial Supervision Authority introduced new regulations pertaining to these loans in 2011, leading to a marked decline in foreign currency mortgage lending since 2012. An under-developed planning system has favoured small-site development (often self-promotion) on urban peripheries, while impeding the preparation of larger urban sites, thus leading to chaotic urban sprawl with limited access to infrastructure. Meanwhile, responsibility for housing needy households was assigned to local authorities, but their ability to meet this responsibility has been impeded by their limited resources, in part reflecting the discounts to sitting tenants that accompanied privatisation.

3 Finance

Having provided an overview of the five case studies, I now turn to their analysis, beginning with finance. While finance may intervene in housing sops in multiple ways, it is useful to distinguish between the two broad categories of consumption finance (which concerns the role of finance in households' demand and access to housing, principally in the form of mortgages) and development finance (which concerns the role of finance in housebuilding).

3.1 Consumption Finance

Mortgage market growth, as the counterpart to the promotion of owner-occupation, has been a feature of all the sops, though the extent and character of this growth have varied. The UK experienced the highest levels of mortgage lending. Total gross residential mortgage lending increased by 521% between 1995 and 2005, while the ratio of mortgage debt to GDP increased by 50%, from 53.3% to 80%, over the same period. In Portugal, household debt increased from 35% of disposable income in 1995 to a peak of 130.5% in 2009, with the share of housing debt in the total rising from 70% in 1995 to 81% in 2011. The average in Portugal was 71%, a bit below the EU average of 79%. In Poland, households' housing debt grew from 0.2% of GDP at end of 1996 to 20.5% at the end of 2013. This is low compared to other EU countries but, nonetheless, represented a relatively rapid growth in the years to 2012, when Poland's financial regulatory framework was tightened. The maximum LTV ratio in Poland ranged from 80-110% for loans made in Polish zloty and 70-120% for those made in foreign currency. Mortgage lending in Turkey has also displayed rapid growth from a very low base. There, the share of mortgages in total consumer credits increased from 4.2% to 37.5% over the period 2001-6.

For middle- and upper-income groups, the pattern is similar in South Africa, but poor black households – on which the South African study focuses – have been persistently excluded from mortgage markets. For example, only 14% of subsidised housing was credit-linked over the period 1994-7. This reflected the poor quality and location of subsidised start homes - which meant they were not seen as providing sufficient collateral – as well as an unwillingness to take on housing debt among the poor. The pattern of mortgage markets catering to the better off is replicated elsewhere. Indeed, only in the UK was there anything resembling the US subprime market, and this disappeared after the financial crisis.

In all of the case studies, increased international capital flows creating a surplus of finance for lending was viewed as a factor in explaining increased mortgage lending. The state has also played a central role in facilitating mortgage lending. First and foremost this involved creating a regulatory environment that allowed mortgage lending to take place, but states have also supported mortgage lending more directly through subsidies. Mortgage subsidies were in place in the UK until the 1990s, and in Portugal and Poland until the 2000s. The state in Turkey continues to provide mortgages to low-income households.

In South Africa, intervention has been less direct. With subsidies for the poor focused on capital investment, the state has sought to encourage lending using the stick of veiled threats of nationalisation accompanied by the carrot of government pledges to stabilise the housing market. This gave rise to a Record of Understanding between government and banks in October 1994, but failed to significantly increase lending to poor households. As a result of the Record's failure, the government briefly pursued a more adversarial approach, culminating with the 2002 Community Reinvestment Bill targeting discrimination in credit lending. However, this approach was quickly side-lined by the adoption of a new voluntary agreement between the government and the banking sector – the Financial Services Charter – which provided the basis for a new Memorandum of Understanding. Nonetheless, lending the poor households remains limited, and the South Africa case study argues that the country faces a chicken and egg dilemma with banks arguing that the government should first stabilise the housing market in order to create appropriate conditions for credit to enter, and the government arguing the credit entry was needed to stabilise the low-income housing market.

This project has received funding from the European Union's Seventh Framework Programme for research, technological development and demonstration under grant agreement no 266800

Mortgage markets in the case study countries have also developed specific features, reflecting the particularities of the countries concerned. As mentioned, the UK mortgage market has been the most securitised, which has meant that UK housing assets have been packaged up and traded on international financial markets. The UK also developed a pre-crisis subprime market, albeit one far more limited than that of the USA. In Portugal mortgage lending was encouraged by processes of European integration, which removed exchange rate risk and lowered interest rates. In Poland, foreign currency loans – predominantly in Swiss Francs - have been a major feature of the mortgage market, reflecting high interest rates in Poland and the appreciation of the Polish Zloty against the Franc. The 'flight to safety' on international markets in the midst of the financial crisis caused the Swiss Franc to appreciate, which in turn created repayment distress for many Polish mortgagees. However, the fall-out has been more contained than in other East European countries with high levels of foreign currency mortgages – the result of forex borrowers in Poland tending to be wealthier than those borrowing in Zloty, as well as regulation introduced in 2009 and 2011.[2] Foreign currency loans have also been a feature of the Turkish mortgage market, though so far this market has proved more stable. Microfinance is a distinctive feature of the financial landscape of developing countries, though in South Africa its success in relation to mortgages has been limited. A combination of larger banks capturing the most secure loans and micro-lenders' limited access to capital have led them to prefer small, short-term cash loans, and hence focus on consumption rather than housing loans.

Although the nature and extent of mortgage market growth has been highly variable across the five case studies, the analysis in this section points to three generalizable aspects. First, mortgage markets have been driven by lending to better-off households. Second, the goal of extending mortgage lending to worse off households has been pervasive, but has tended to be best achieved in wealthier countries with more mature mortgage markets. Third, variegation in the nature and size of mortgage markets to a significant extent reflects the character of mortgage market exclusion and attempts to address it. As will be discussed in more detail below, however, the implications of these general patterns for housing supply have exhibited considerable divergence.

3.2 Development Finance

Development finance concerns how housebuilding is financed. The form and arrangements for development finance vary across each country in ways that are key in determining whether the abundance of finance capital described in the previous section has tended to feed through more into housebuilding or house prices.

The UK stands out at one extreme among the case studies in having almost no direct state intervention in development finance. [3] The majority of housebuilding is instigated by private developers funded through a combination of bank borrowing and equity issue. The UK case study notes an asymmetry between house purchase finance and development finance, with far more being channelled to the former than the latter, leaving housebuilders facing capital constraints. In combination with a restrictive planning system and the speculative character of housebuilding – both of which are discussed in more detail below – this has meant credit has fed through into prices more than supply.

South Africa is at the other extreme in that development finance for low income housing has been provided almost entirely by the state in the form of capital subsidies. Under this model, the state provided a one-off subsidy to developers overseeing the construction of housing for low income households. The subsidy was intended to cover the costs of a foundational housing unit, comprised of land and basic top structure, for each eligible household. This model facilitated a mass building programme, with one million units constructed in the first six years of the programme from 1994, but subsequently ran into capital constraints of its own and saw demand outstripping supply. The initial need for the subsidy to cover the cost of land confined subsidised building to urban peripheries where land is cheap, which has meant that inhabitants have difficulty accessing employment. More recently, land costs were excluded from the capital subsidy, but the state's ongoing refusal to intervene in land markets has perpetuated the pattern of peripheral development. Resource constraints have also meant that the top structures are of questionable quality. Furthermore, the inability of most households eligible for the subsidy to access mortgages has meant that few have been able to upgrade and improve the top structure provided under the subsidy.

Portugal and Turkey fall somewhere between the UK and South Africa. Portugal is similar to the UK in that, with the exception of a small state-funded social sector, development is financed privately. However, it differs from the UK in that the surplus of finance capital following financial liberalisation and European integration has been channelled into construction as well as mortgage lending. The case study argues that Portugal's entry into the single currency was a major reason for this. The claim that a strong euro penalised Portugal's tradeable goods sector, and thus encouraged domestic capital to move into construction and real estate, needs to be considered in light of the pre-existing weakness of Portugal's tradeable goods sector. However, it is plausible that the removal of the possibility of currency devaluation exacerbated this weakness. In any case, the portion of all business loans granted to the construction and real estate sectors increased from 10% in 1992 to 40% in 2008. The state also supported developers by making land available for development and building supporting infrastructure. All this meant that Portugal experienced both a construction boom and a house price boom, at least until 2002 when state support for mortgages was curtailed. The construction boom ended after this point, but house prices have proved resilient because the number of housing transactions was consistently higher than the number of completed dwellings over the period 2003-8. This reflected low interest rates, which maintained a speculative demand for housing. Although lending to new mortgagees tailed off, banks continued to expand mortgage facilities to existing borrowers by increasing the value of loans and offering loans for the purchase of second homes.

Turkey has also experienced both a house price and a construction boom, which again reflected capital being channelled into the construction sector as well as into housing demand in the form of mortgage lending. However, the state has played a more proactive role in financing development in Turkey than in Portugal, owing to the role played by TOKI. TOKI lacks direct state-funding but has used its extensive powers over land acquisition and use to provide land to large housebuilders catering to middle- and upper-income groups. With central urban land increasingly rare and expensive in Istanbul, particularly in the form of large sites, this represented a substantial investment contribution. Under TOKI's revenue-sharing model, TOKI received a share of the profits of such developments in exchange for its land contribution, which it then deployed for building of lower income housing. In this way, TOKI has helped to finance housebuilding for both middle/upper- and lower-income groups.

In Poland housing demand has tended to outstrip supply, leading to rising house prices. Excepting the years 2001-2, when property prices fell, house price increases averaged 10-20% per year after 2002 and even 55-75% in 2006 (Kierzenkowski, 2008). This in part reflects fundamentals, and therefore reasons extraneous to finance. For example, over the period considered, demand was buoyed by rising wages and GDP per capita, while housing construction has been constrained by the emerging character of development firms and the planning system, which favours small-scale development (see below). However, financial arrangements have also played a role.

The two most important types of housing development in Poland are self-build and private development firms. State-subsidised loans for development are available to Associations of Social Housing, which build socially-rented housing, though this constitutes just 0.5% of the total housing stock (Kierzenkowski, 2008). For self-build, development and consumption finance dovetail to some degree, as self-build housing tends to be financed through mortgages, which are usually secured on the value of the land already owned by the borrower. Between 2007-12, a subsidy covering up to 50% of the interest paid on mortgage could be obtained by borrowers who did not own any other housing. However, the subsidy was subject to price and size limits, which meant that, in the context of excess demand and rising house prices, these limits were rapidly exceeded by market prices, making the subsidy relatively ineffective. The subsidy scheme may even have contributed to inflating prices, as it also applied to those buying houses from private developers. Reflecting their relative infancy, Poland's private developers have been characterised by a relatively large share of owner's equity (40%). This was compounded by conservative bank lending policies to construction firms following a series of losses in the late 1990s. Development firms tend to be reliant on foreign capital and therefore vulnerable to changes in its costs or availability. The under-capitalisation of the private development sector, compounded by barriers to large-scale development created by the planning system have fed house price growth.

There is no unifying trend in housing development finance to correspond to the rise of mortgage lending in housing consumption finance. Nonetheless, and despite the tendency for literature on housing finance to focus on mortgage markets, it is clear from the case studies that the character and availability of development finance play a decisive role in shaping the housing system.

4 Land

Land features in all housing sops as the site on which housing is built; its role as such is defined by the way in which property rights in land can serve as a means to capture ground rent. Indeed, the processes of creating and appropriating ground rents are crucial factors governing the operation of housing sops and the behaviour of agents within them.

While some ground rent on residential land is appropriated from producers out of the value created through productive investment on that land, a substantial portion tends to be appropriated from the purchasers or consumers of that land, out of the circulation of revenues. The level of this portion of ground rent on residential land will reflect the relative balance between supply and demand for housing. An excess of demand over supply will, other things being equal, inflate ground rents, while an excess of supply over demand will reduce them. On the supply side, rent is determined by land availability and house building rates. On the demand side, in addition to wage levels, credit plays a key role in the determination of ground rent by inflating effective demand for land and driving up rents. Ground rents on particular pieces of land arise from their differential qualities, reflecting, for example, proximity to economic activity and desirable amenities, which are themselves subject to change in the course of urban development. Land use planning also plays a central role in determining and distributing ground rent. This may variously involve: inflating ground rent through restrictive planning laws; allocating and distributing rent by determining what can be built where; or lowering ground rent by making land available for lower value activities.

In all of the case study countries, the extent to which land use is governed by the pursuit of ground rents is high. This applies to land owned by the state and to land owned by private agents, and to how planning authorities make decisions about how land is used. In both cases, best value has become an increasingly important criterion governing land use. While the precise nature of land value determination, capture and distribution differ in each country, in all cases the growing commitment to the valorisation of land has had profound consequences for housing outcomes and wealth distribution.

In the UK, ground rents have been exceptionally high and rising over the period considered, owing to a combination of a restrictive planning system, low housing supply and abundant mortgage credit. While planning authorities in the UK have been unwilling to make land available for uses below its highest potential value, a combination of a discretionary planning system, concentrated and opaque land ownership, and widespread 'NIMBYism' have combined to restrict the amount of land available for development. Planning has thus become a site of struggle between landowners and housebuilders, with each seeking to influence planning decisions over the allocation of land for development in ways that increases the ground rents that they are able to capture. Planning authorities intervene in this struggle, though who they benefit in doing so depends on the circumstances of the particular case at hand. For example, a restrictive approach to planning will tend to drive up land values, though the benefit of this to landowners is limited unless development is permitted on their particular piece of land. Similarly, housebuilders want planning permission to be granted for their own developments to allow them to realise ground rents, but not on land owned by others lest this drive down prices in the area. Existing homeowners will benefit from the inflation of house prices arising from a restrictive planning policy, but a more permissive policy will, other things equal, enable households to get on the housing ladder. The beneficiaries of particular planning decisions in the UK, therefore, vary case by case, but the recent pattern of high mortgage lending and low house building has tended to be to the advantage of landowners and existing homeowners, to whom large capital gains most commonly accrue.

A similar unwillingness to assign land to uses below its market value is evident in South Africa, where the state has refused to use powers available to it to expropriate land from private owners for the development of low cost housing, particularly in inner city areas. Even where prime land has remained vacant, it has been viewed as inappropriate for low-income housing.[4] As discussed elsewhere, this has meant that state-subsidised, low-income housing has been confined to urban peripheries, with negative consequences for the viability of such developments. It has also meant that land-use policy in South Africa has reproduced the racial geographies of apartheid, with the regeneration of certain areas biased towards a (predominantly, though not exclusively) middle- and upper-classes, while the majority of new homes for poor blacks are built on urban peripheries. Of course, some inner-city areas continue to be "no go" areas for the wealthy because of their association with crime and poverty. But where inner-city regeneration has occurred, it has focused on business development and attracting better-off households from the suburbs, displacing the existing poor residents. Following Smith (2002), this process of gentrification should be viewed as a conscious strategy to develop globally competitive cities and attract international investment by mobilising inner-city real estate as a vehicle of capital accumulation: 'the construction of new gentrification complexes in central cities across the world has become an increasingly unassailable capital accumulation strategy for competing urban economies' (Smith, 2002 p. 443).

In Turkey, and, to a lesser extent, Portugal, the state has been proactive in making land available for higher value uses. In Turkey, this has meant utilising extensive powers of land acquisition granted to TOKI, most dramatically through the displacement of the gecekondu and historical area housing units, to free up large parcels of land for development by private developers. The central role played by TOKI in this process was a product of the shortage of large tracts of urban land suitable for mass housing development in the 1990s and 2000s, itself a product of rapid but small-scale urbanisation in earlier decades. It is noted in the case study that, in part by virtue of the imperatives created by the revenue-sharing model, TOKI's exercise of its land use powers is governed by considerations of profitability and rent extraction. This is why gecekondu residents have regularly been relocated to less valuable peripheral land. As in South Africa, urban regeneration is driven by gentrification, itself a strategy to attract investment in an accumulation process dominated by real estate. In addition to the removal of lower income communities from prime land, this strategy has involved shifting manufacturing to peripheries in order to make room for more high value service sector activities, and an increased emphasis on brand and place-making geared towards attracting international capital. More than in South Africa, however, in Turkey such an approach has coincided with a large expansion of housing supply, though increasingly in ways that have reinforced inequalities in land access.

The role of the state in Portugal has been more permissive, with lax land use controls allowing rapid urban development. But reassignment of land use has nonetheless proved an important rent redistribution mechanism, with planning authorities regularly capitulating to pressure from developers to fast-track planning applications. Local authorities have done this because they see such development as aiding local economic growth and employment, and improving their tax intake. In Portugal, as elsewhere, state-funded, low-income housing has been confined to peripheries, illustrating the state's reluctance to use its own powers over land use to violate market-like allocation in which land is assigned to its highest value use. In Portugal, this reluctance was enshrined in a 1991 law that increased the amount of compensation required for public appropriation by shifting the basis on which land was valued from present (mostly agricultural) use to potential future use.

In Poland, the demolition of the strict hierarchy of planning controls in place under communism was followed by the devolution of planning powers to local government units. This devolution was shaped by the firm commitments to private property rights and the putative free market that accompanied transition. However, limited resources relative to an arduous procedure for adopting local plans, along with fear of conflict with existing real estate owners and the absence of penalties for failing to produce a plan, have meant that the majority of local authorities do not have plans in place. Indeed, the case study finds that less than a third of land in Poland is covered by a spatial plan. Planning permissions for land not governed by a plan are granted through piecemeal administrative decisions. This has favoured small-scale, and, especially, self-build, developments regarding which planning administrations tend to be permissive, while obstructing larger developments requiring more complex planning decisions. The result has been low density urban sprawl, particularly onto former farmland. The minimal rules governing the development of greenfield land lying outside of a spatial plan – which require that a neighbouring plot is developed with housing and that the site has access to a public road – has given this sprawl a ribbon-like character (Halleux et al 2012).

Across the case studies, then, land use is increasingly governed by the imperative of realising higher land values, leading to the growing subordination of use values to exchange values in land use decisions. It is notable that this finding holds true even where planning systems are restrictive. Such planning systems intervene extensively in determining land use, but they do so in a way that seeks to fit into the grooves of the market rather than subverting it.

5 Production

The question of production is concerned with who delivers new housing and how, and with what implications for housing outcomes. It is helpful to divide the case study countries into those that have experienced mass building over the period being considered and those that have not. The former group comprises Turkey, South Africa, and Portugal, while the latter group consists of the UK and Poland. In Turkey and South Africa the state has – as discussed in the section on development finance - played a central role in facilitating production, though the construction itself has been carried out by the private sector. Portugal is somewhat distinctive in having experienced a building boom despite provision being largely private-sector led. This notwithstanding, the state played an important role in supporting Portugal's housing boom, as was revealed by its abrupt end following the withdrawal of state support. In the latter group, consisting of the UK and Poland, production has been more comprehensively left to private agents. Even in these cases, however, the state has historically been a major contributor to the total housing stock, having previously provided large quantities of housing that were privatised over the period considered.

As discussed above, Turkey experienced a construction boom in the 2000s, mostly in the form of large-scale redevelopment projects. This state of affairs arose out of the breakdown in models of provision that prevailed prior to the 1980s. In the 1960s and 70s, housing provision in Istanbul was dominated, on the one hand, by gecekondus and, on the other, by small contractors (yapsatçı) who produced housing using the 'build and sell' model. Both models were characterised by small-site development with a strong speculative element. Gecekondus arose from urban migrants building informal settlements on squatted land. The lack of alternative forms of housing meant that these settlements were tolerated and, over time, amnesties were granted, legalising their status. As a result, gecekondus ceased to be precarious and marginal. Instead, they underwent physical upgrading and acquired commercial potential, becoming sites for speculation and accumulation. Squatter lords began to buy up peripheral land and sell tiny plots to migrants, meaning that gecekondus were no longer technically squatted.

Meanwhile, middle-income housing production was dominated by yapsatçı, who were responsible for half of all new housing units over this period. Being heavily capital constrained, yapsatçı acquired small plots of land by making profit-sharing deals with landowners, and then sold basement and first floor flats immediately, using the proceeds to fund the production of higher floors. The profitability of the model depended on the firm delaying the sale of higher level flats while their value rose as the result of rapid urban development, high levels of migration, and Turkey's then under-developed financial sector which, in the inflationary environment of the 1970s, encouraged purchase of real estate as an 'inflation-proof' form of investment.

The gecekondu and yapsatçı models of development were undermined in the late 1970s by the depletion of city centre land and consequent rising land prices. These squeezed the profit margins of yapsatçı, while increasing their capital requirements. Urban land shortages also paved the way for the stigmatisation of gecekondu, which came to be viewed more as a means of enrichment of squatter lords than a way of housing the needy. Coincidentally, with the tailing off of construction business in the Middle East, larger construction firms began to turn their attention to domestic markets. However, the entry of big firms into the housing sector was contingent on the spread of larger-scale developments in which big firms were more competitive, in part because they made industrialised construction techniques feasible.

With small-scale production models increasingly dysfunctional and the state under pressure from big construction capital, in the 1980s policy shifted to the promotion of mass housing cooperatives. At the same time, higher-income groups began moving to gated communities. These both required larger and better-arranged urban environments as a precondition to emerge. The extensive land use powers granted to TOKI in 2003 should be viewed against this backdrop, as a means of making available larger plots of land suitable to mass building, in the context of a squeezed land market. As described above, TOKI's deployment of these powers in turn created a state-led boom through two channels. First, TOKI provided land to private developers constructing middle-income housing for sale on the market, in exchange for a share of revenues. Second, TOKI contracted private builders to develop housing for sale to lower income households using state-issued mortgages. As a result, TOKI built 419,000 units between 2003-10, and the average rate of growth of the construction sector was nearly twice that of GDP over the period 2001-7.

In South Africa, the government claims to have provided 3.7 million housing units through the capital subsidy model, a scale of building that represents a significant accomplishment. However, supply has continued to lag demand and the housing backlog of 1.5 million households that existed in 1994 has grown to 2.1 million households. Following an early production push, and in response to the limitations of a policy creating dormitory settlements, emphasis was shifted from quantity of housing units to quality. The more holistic goal of creating 'sustainable human settlements' equipped with infrastructure, amenities and employment opportunities was adopted and pursued concurrently through the in situ upgrading of informal settlements and the creation of new flagship communities. However, despite increases in the level of the subsidy, and the removal of land costs from its spending requirements, the unit-focused approach continued to dominate, while unit production fell. Policy has paid lip service to alternative tenures but they have remained marginal in practice.

Throughout the lifetime of the capital subsidy model, the actual building has been done by private construction firms. In the early stage of the programme – coinciding with large-scale delivery - construction was dominated by large firms, who took responsibility for instigating and delivering production, with private conveyancers responsible for dispersing subsidies. However, policy-driven increases in minimum standards and rising building costs – reflecting increases in the costs of wages and raw materials – eroded profit margins of big construction firms. This, combined with allegations of profiteering and shoddy production, and the availability of alternative avenues of business in the form of mega-projects, caused large construction firms to withdraw from low-income housebuilding. This coincided with a shift in the orientation of housing policy implementation towards local government and led, from 2002, to the responsibility for managing development being transferred

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from national to local government, though with only partial success (see section on the state, below). In response to the withdrawal of large construction firms and complaints from smaller construction firms that they had difficulty accessing work funded by the capital subsidy, local government delivery turned to smaller contractors. However, the limited capacity of such firms, and regulatory challenges facing local government delivery meant that production rates were lower in this period.

Portugal is the anomaly among the construction boom countries in that its building boom was private sector-led. In Portugal, the construction of housing also grew dramatically over the period considered, tripling from 40,000 to 120,000 per year between 1995 and 2002. Almost all of this housing was built by the private sector, whose share in total housing production averaged 89% between 1950 and 2002 and grew steadily throughout this period. The private construction sector incorporated private companies and direct development by households, with production relatively evenly divided between the two. However, individual promotion in practice encompasses a wide variety of production models, ranging from the informal to more market-like strategies such as subcontracting.

The Portuguese building boom was a product of the way in which finance was channelled to construction firms as well as mortgage lenders, as described above in the section on development finance. However, the state played an important facilitating role by making land available for development, investing in infrastructure, and subsidising mortgages. Following the ending of such subsidies in 2002, housing production fell from a peak of 122,000 in 2002 to 73,000 in 2004 and 28,000 in 2012.

The UK contrasts with these three countries in having persistently low housing construction rates. The absence of any significant supply-side intervention by the state since the 1980s is a factor in explaining this, but also crucial are the speculative structure of housebuilding firms in the UK and the UK's restrictive planning system. UK housebuilders are speculative in the sense that they acquire land for development and build out on it without having a pre-arranged buyer. This means that any change in land values between its purchase and sale are a significant determinant of housebuilder profits. Housebuilder profits depend on buying land as cheaply as possible and selling it – with houses built out – for as much as possible, endowing housebuilder activities with a strong mercantilist element. The result is that housebuilders have a powerful incentive to stagger output. Flooding markets with new housing would lower prices and erode margins on all land owned by the housebuilder, so instead, where possible, housebuilders tend to build out on land that they own only gradually. Housebuilders' ability to stagger output in this way is sustained by the planning system, which makes minimal land available for development and thus creates localised monopolies over planning permissioned land that housebuilders are able to exploit. Increased mortgage lending since the 1980s, and consequent upward pressure on land prices has raised the stakes in the mercantile aspect of UK housebuilders' activities, and thus accentuated these restrictive tendencies relative to rising demand for housing.

Poland had a housing shortage of at least a million units over most of the period considered. The Polish case study finds that this deficit has been turned into a surplus of half a million units, but this view conflicts with findings reported elsewhere. For example, Kierzenkowski (2008) notes that in 2006 Poland had one of the lowest numbers of dwelling per 1000 inhabitants – at 337 compared to an average of 470 in the EU15 – and that Poland's ratio of residential investment to GDP is also comparatively low (Kierzenkowski, 2008). The different time frame used by the two studies may account for some of the difference, as Kierenkowski was published in 2008 whereas the case study uses housing supply data that goes up to 2011. However, a later OECD study (OECD, 2011), which coincides with the data use in the case study, estimates a housing shortage of 1.5-1.8 million. Another possible reason for the disparity of estimates is household formation. The case study assumes a constant average household size of 2.8, whereas OECD (2011) hold that household size has been shrinking over the period considered. The latter view is supported by Happach whose competing estimates of household numbers in Poland are persistently larger than those in the case study.[5] The case study's inclusion of uninhabited dwellings in its calculation of the total housing stock also begs the question of why these dwellings are uninhabited. The poor quality of the housing stock in Poland – inherited from the socialist era, but exacerbated by the failure of privatisation to secure investments in improvements by new owners – is widely recognised to be a problem. If dwellings are uninhabited because poor quality has made them uninhabitable, then their inclusion in estimates of the total housing stock is questionable.

As a result of rapid privatisation during transition, the bulk of Polish housing is produced privately. Self-build accounted for almost half of all units produced between 1991 and 2013, reflecting the lack of formalised planning regulation. This prevalence of small-scale production may in part account for low supply-responsiveness, but the latter also reflects characteristics of private development of the industry. Capital constraints and the barriers that the planning system places on large-scale development have already been mentioned. These notwithstanding, a building boom emerged in the early 2000s, but ran into bottlenecks, with shortages raising prices in input and labour markets. Developers also cited lack of demand as a key factor holding back activity, though Kierzenkowski (2008) find that mark-ups and profit rates are high, and that developers sell units gradually, suggesting that firms are to some extent employing strategies similar to those in the UK.

Beyond the central question of housing supply, the case studies also point to interesting points of comparison in relation to the structure and organisation of the housebuilding industry. Both the UK and Turkey employ subcontracting extensively, primarily as a cost-cutting device. In the UK, subcontracting is also a response to firms' speculative structure and capital constraints, which together create an imperative to free up capital to respond readily to land buying opportunities by minimising the amount of capital tied up in production.

The housebuilding industry is increasingly dominated by large firms in the UK, Portugal, and Turkey. In both the UK and Portugal, this is the result of mergers and acquisitions, which are encouraged by the cyclical character of the housebuilding industry. In Turkey, as explained above, it is due to the historical displacement of small by large construction firms, reflecting changing patterns of land availability and building models. The pattern is reversed in relation to low income housing in South Africa, where small firms have taken over from large ones. In response to low profit rates and high levels of bureaucracy associated with the capital subsidy model in low income housing construction, as well as the inherited biases of the sector, South Africa's small number of very large – and white-controlled – construction firms have found mega-investment projects a more lucrative way of extracting value from the state.

Concerns about quality were raised in the UK, Poland, and South Africa, though its causes are different in each case. In the UK the prevalence of land speculation in determining firms' competitiveness, and an accumulated housing shortage, have together allowed firms to neglect production quality. In Poland, low quality is more a reflection of the condition of the old, socialist-era housing stock and its quick-fire privatisation, which transferred responsibility for the stock to households who were by and large unable to finance improvements. In South Africa, the main sources of poor quality have been the limited value of the capital subsidy, corruption in the form of construction companies cutting costs to cream off value as profit, and, as in Poland, the inability of new homeowners to fund property upgrades.

Housing supply structures therefore vary significantly across the case studies, and exist in a relationship of mutual causation with other aspects of the housing sop. Even so, it is worth commenting on the key role played by the state in housing production. In all of the countries with large housing outputs – Turkey, South Africa, and Portugal – the state played a significant role, from leading development in the first of these countries through to supporting it in the last. More strikingly, the historical role of the state in providing housing that has subsequently been privatised means that, even in the UK and Poland, the state has been a decisive contributor to the overall housing stock.

6 Labour

The sop approach is unusual in treating labour as a central and integral element of provisioning. Its reasoning in doing so is not limited to labour's obviously essential role in housebuilding. From this central role it follows, in addition, that the forms taken by labour processes and working conditions are shaped by and shape other components of sop. Most notably, in this context, labour conditions, in line with other components of the sop, have been transformed by processes associated with financialisation. These labour conditions, of course, are in turn heavily implicated in shaping consumption across innumerable other sops, through their effect on wages and lifestyle.

Despite all this, labour is rarely investigated in conjunction with consumption and other aspects of provisioning. Neoclassical economics' preoccupation with methodological individualism and the realm of exchange has tended to preclude the kind of social-systemic analysis that this would require. Furthermore, the case studies struggled to find much detailed discussion of labour at a sectoral level. For the most part, labour is treated at an aggregate level, in the form of employment and wage levels, reflecting, perhaps, the confinement of labour processes to the production "black box" in microeconomics. Consequently, the discussion in this section is brief.

Across all the case study countries, labour in the housebuilding industry is casualised. In the UK and Turkey, this reflected the widespread use of subcontracting by housebuilding firms, which leads to short-term, casualised contracts and piecework. In Portugal, it reflected the cyclical character of the industry. There the boom and bust nature of the construction industry had a strong impact on the labour market, with construction's weight in national employment falling from 12.2% in 2002 to 7.7% in 2012. The cyclicality of the industry was also a factor in Poland, where high rates of bankruptcy made construction employment relatively unstable. Casualisation has tended to diminish workers' rights and employment conditions. Both Turkey and Poland reported high rates of delayed renumeration for construction workers, and Turkey reported, in addition, regular incidents of injury and death.

7 The State

The sop approach replaces the state-market dichotomy typical of orthodox economic approaches, with a recognition that the state is not only constitutive of markets but also intervenes in multiple and diverse ways along the chain of provision. It also views the state as encompassing a range of levels and bodies, which may sometimes operate in tension or conflict with each other. Such a view of the state is vindicated by the findings of the case studies.

In all five countries, state policy has exhibited a clear preference for private capital involvement in the building, financing and allocating of housing. However, this preference has not been pursued through a policy of laissez faire. Far from it, the preference has been attached to a particular form of market provision – owner-occupation – and in all cases the state has intervened heavily to realise and sustain this model. The most prevalent form of support has reflected the strong connection between owner-occupation and mortgage finance, with mortgage subsidies in place in UK, Portugal, Poland and Turkey, and a Record of Understanding, followed by the Financial Services Charter, between the state and banks in place in South Africa. In the UK and Portugal, mortgage subsidies were gradually withdrawn as markets became established, though the return of new forms of mortgage market support post-crisis showed that the state continues to be willing to step in where necessary to sustain mortgage lending and borrowing.

The growth of owner-occupation has also been aided by other forms of support, most notably stock transfer, support for housebuilders, and land-use policies. In the UK and Poland, the dominance of the tenure was established through a rapid, once-off and heavily subsidised stock transfer of state-owned social housing to sitting tenants. In South Africa, the building of owner-occupied homes for the poor black population has been financed by the state through the capital subsidy. In Turkey the state has used authoritarian means to remove existing communities from valuable urban land and then used this land to collaborate with firms building mass developments for middle- and upper-income households. It has also employed contractors directly to build housing for sale to lower-income families. The Portuguese state also played a crucial role in supporting the construction of owner-occupied housing, through both land allocation and infrastructure investments. In Portugal, as in Poland and South Africa, support for private capital through land-use policies has also taken the form of non-intervention, with the state refusing to use powers available to it to expropriate land for the purposes of affordable housing. The most complex case with respect to land use policy is in the UK, where it is broadly governed by assigning land to its highest value uses, but where extensive regulatory powers mean planning authorities are subject to conflicting pressures from homeowners, housebuilders, and landowners, with varying beneficiaries.

Notwithstanding the pervasiveness of this commitment to opening housing to private capital, the promotion of owner-occupation and mortgage markets has been riddled with contradictions. The section on consumption, below, discusses the pressures that are, in some places, leading the private rented sector to expand, despite state efforts to the contrary. Here, I look at the different ways in which the state has adopted the responsibility for dealing with market fall-out, that is, for those whom the market does not adequately house. Again, this responsibility has been variously interpreted and realised, but it is present in some form in all case study countries. Residual forms of subsidised rental accommodation are a feature in Poland, Portugal and, to a lesser extent, South Africa and the UK, though independent bodies (although supported by the state) such as housing associations are more prevalent in the latter. In South Africa and Turkey state responsibility for housing marginalised populations has largely been incorporated into the pursuit of owner-occupation, with the state collaborating with private developers to build low-income owner-occupied housing and, in Turkey's case, also providing mortgages for the purchase of that housing.

However, the state's self-imposed responsibility to house the marginal has frequently come into conflict with – and been compromised by - the broader goal of establishing a market-based housing system. Tensions between different branches of government have been a recurrent facet of this conflict, as it is most often local authorities that are assigned the responsibility for housing the marginal, only to find their capacity to fulfil this responsibility undermined by other policy imperatives.

In the UK, the privatisation of the bulk of existing local authority housing stock was accompanied by regulatory changes that drastically curtailed local authorities' ability to replace that stock. As the pressures of an under-supply of housing in the context of market-based distribution began to be felt, and the need for state action to house the market-excluded became more evident, these powers were not restored. In the late 1990s and early 2000s, support for housing associations was extended, but this support has since been continually cut. Local authorities' responsibility to house the marginal has thus been undermined by constraints imposed on their capacity to act by central government. A further tension has emerged between the policy goals of promoting owner-occupation and fiscal conservativism. Following the decimation of the social housing stock, those who are unable to purchase a house or afford market rents are reliant on rent subsidies in the form of housing benefit, while local authorities increasingly fulfil their obligation to house people that are vulnerable and homeless in temporary accommodation such as bed and breakfasts. The fall-out from owner-occupation is consequently leading to an escalating housing benefit bill and increased spending on short-life housing, which tends to be significantly more expensive than state-run dwellings.

A similar situation is evident in Poland, where the rapid sale of state-owned housing stock at heavy discounts to sitting tenants has left local authorities lacking the resources to meet its responsibilities regarding residual housing need. Similarly in Turkey, the shift to a focus on urban regeneration led to the concentration of land use control in the hands of TOKI after 2004, but the responsibilities and duties of the municipalities were not reduced to match.

South Africa also bears some resemblances to these cases. There, the right to decent housing was enshrined in the post-apartheid constitution. While the policy framework to enforce this right was designed at the national level, the responsibility for delivering policies was gradually devolved to the municipal level, where it ran into capacity constraints. While fiscal restrictions in the face of an ongoing de facto preoccupation with building housing units was a key limitation, another important factor was conflicts between local and other branches of government. On the one hand, provincial governments, who were reluctant to cede either political control over the housing programme or access to housing budgets, have blocked local authority accreditation – the process that would empower local authorities to take responsibility for the capital subsidy programme – and in many cases have retained the responsibilities for tendering and appointing contractors for themselves. On the other hand, the attempt to devolve housing responsibilities to local government coincided with a shift in emphasis in housing policy away from mass unit production and towards the creation of sustainable human settlements. In conjunction with the limited resources granted by central government – itself a reflection of the national government's commitment to controlling fiscal spending – this has left local government under-resourced to meet their growing responsibilities. It is suggested that the design of the capital subsidy programme may have compounded the under-resourcing of municipalities, as the low density, peripheral developments typical of the programme are associated with higher infrastructure costs, inefficient use of serviced land, and lower rates of economic and employment growth.

To sum up this section, the sop approach rejects crude state-market oppositions, but the case studies show that state intervention is increasingly governed by a market-like logic with complex content and consequences. However, this logic has, to some degree, been self-undermining, as mounting pressures for new forms of state intervention have emanated from those unserved by market provision. Notwithstanding significant variety in state structure and behaviour across the case studies, these pressures have often been manifest through tensions between different branches of government.

8 Consumers

The dominant trend in housing consumption across the five countries has been the rise of owner-occupation and concomitant marginalisation of those excluded from the tenure. In all of the cases studies, owner-occupation has been heavily promoted by the state, often in association with the idea that homeownership should be a form of asset accumulation, which is politically pacifying and encourages consumerism. However, this promotion has been contested and, in many cases, the marginalisation of those excluded from homeownership is leading to a resurgence of other tenures.
In the UK, owner-occupation increased from 50% of all housing in 1970 to 70% in 2006, though it has since shown a small decline. Among the case study countries, it is in the UK that the idea of homeownership serving as a form of asset accumulation has taken the firmest hold. Rising house prices in the context of abundant mortgage lending and limited supply have attached significant capital gains to homeownership. This has ensured that housing has proved a very lucrative investment for many people, and the goal of homeownership has become widespread. It should be noted, however, that this idea of housing as asset has had an uncomfortable coexistence with an association between homeownership and ontological security - an idea at tension with the investor-speculator mentality implied by treating one's house as an asset. Furthermore, as mortgage lending

became more restrictive in the aftermath of the financial crisis, the negative consequences of this model for those excluded from mortgage markets and therefore unable to get on the housing ladder have become more pressing. The 2011 census found that the private rented sector was expanding in Britain for the first time in almost a century, and a growing number of people face rising rents and deteriorating housing conditions, as private landlords seek to capture rising ground rents in a sellers' market, in the context of accumulated shortages of social housing. A contradiction between housing's dual role as asset and shelter has thus emerged, with the use of housing as an asset by some undermining the ability of others to access housing as a form of shelter.

The situation in Portugal bears some resemblance to that of the UK. Owner-occupation increased from 39% in 1960 to 73% in 2011. Furthermore, homeowners have, with the aid of mortgages, benefitted from both access to housing as shelter and wealth-enhancing capital gains on that housing. That house prices increases have been more contained in Portugal than they were in the UK has made the wealth gains associated with homeownership less extensive, but also meant that owner-occupied housing has been more affordable. Consequently, in 2012, only 7% of households with mortgages were spending over 40% of their income on housing, compared to 36% of renters. The higher portion of income spent on housing costs by private renters reflects a combination of the relative neglect of the private rented sector, which has led to rising rents, and the tendency for renters to have lower incomes. High rents in Portugal have been compounded by the relaxation of rent controls, which has led to the development of a dual rental market. In older, rent-controlled tenancies, rents are low but poor maintenance rife, whereas for newer tenancies the situation is reversed.

The negative distributional effects of homeownership are evident in the way in which homeowners in both Portugal and the UK have expanded their housing assets. In Portugal this has taken the form of a growth in second home-owning, which grew from 3% to 20% of dwellings between 1970 and 2011. In the UK, the accumulation of housing assets has predominantly occurred through the buy-to-let market, whereby homeowners use their own properties as collateral to purchase additional homes, which they then rent out. The rental incomes are used to pay off the mortgages, while the owner benefits from the capital gains that accrue to the property. The hoarding of housing in the context of rising house prices is placing homeownership out of reach of a growing number of people. Despite

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the clear advantages of homeownership in these countries, the rental sector has been expanding in both countries in recent years.

Poland experienced the most dramatic increase in owner-occupation – from 39% in 1988 to 82% in 2011 – as a result of the shock therapy privatisation that accompanied the transition from communism. However, the distributional dynamics of this shift played out differently in Poland because of the heavy subsidies in place pre-transition. Under socialism, Poles paid between 2% to 12% of their income for housing expenses whereas, despite the discounts that accompanied privatisation, housing expenditures currently average 21.7% of household income for the population as a whole, rising to 36% for those below the poverty threshold. While owner-occupation is more arduous for the less well-off, and there remains a segment of the population reliant on the state for housing, the major source of growth for the rented sector was identified as the young having a preference for forms of housing that permit more mobility, rather than barriers to owner-occupation.

The growth of owner-occupation has taken a different form in South Africa and Turkey where owner-occupation has been the dominant form taken by social housing, rather than a replacement for it. Even so, this form of promotion has again had stratifying outcomes. In South Africa, attempts to make the poor black population homeowners have foundered in the face of high unemployment and poverty, which, in combination with the problems that beset the capital subsidy model, have meant that the supposed benefits of owner-occupation have not borne fruit for most recipients of the subsidy. The limitations of the capital subsidy approach were compounded by increased investment in the middle- and upper-class property markets, which, facilitated by increased flows of speculative capital, drove up prices in the formal housing market, putting housing in that sector out of reach of the poor and lower-middle class. As a result, most government-subsidised housing has failed to enter the secondary housing market and, when it has, it has often been at a lower value than the cost of production plus land value. Government-subsidised housing has therefore not served as a means of enabling poor households to move up the property ladder, and the goal of making housing a financial and economic asset for the poor black population has failed. Instead, housing has continued to be viewed by poor households as a physical shelter and an emotional asset, rather than a financial one. There has even been a significant level of deformalisation, whereby subsidy-recipients vacate their subsidised property and return to the informal rented sector.

In Turkey, the stratifying effects of the promotion of owner-occupation arose from the contingency of that promotion on the dispossession of residents in gecekondu. The displacement of squatters under the guise of regeneration was accompanied by a shift in public representations of squatter communities. Gecekondu had earlier been regarded as a necessary solution to housing poor migrants in the absence of any alternatives, and regarded with tolerance if not sympathy. However, the tightening of the urban land market, the formalisation of squats, and a policy-reorientation to urban regeneration, were accompanied by changes in attitudes towards squatters, who began to be portrayed by politicians and in the media as comfortable and middle class, and hence undeserving of either prime urban land or state support. Squatters themselves had little formal say in the process of regeneration, finding themselves either relocated to new TOKI estates on urban peripheries (if the gecekondu land was deemed valuable) or relocated in new developments on the same site. In both cases, relocated households were obliged to pay for their new accommodation.

The centrality of gentrification as accumulation strategy to Turkish state policy around housing has meant that Turkey provides the starkest manifestation of the:

> 'fundamental geographical contradiction between the dramatically increased land values that accompany the centralisation of capital in the … metropolises, and the marginal, exurban locations where workers are forced to live due to pitiful wages on which that capital centralisation is built' (Smith, 2002 p. 436).

As Smith predicts, this has led to heightened struggles around social reproduction and intensified forms of social control. Thus the displacement of gecekondu has met with heavy resistance, which has been at times violently repressed by the state. Interestingly, the case study finds that the character of resistance has evolved, with an earlier emphasis on community and collective consciousness being supplanted by discourses that emphasised notions of property ownership – a shift that mirrors a growing emphasis on property rights and ownership in state housing policy. Though Turkey provides the most extreme example of conflict over social reproduction and their violent repression, resistance – for example, to slum redevelopment – has also occurred in South Africa, particularly in response to slum clearance. Even the UK has seen a recent upsurge in housing struggles over the period since the case study was written (Robertson, 2015).

In sum, all of the case studies are characterised by a contradictory and uneven spread of owner-occupation, which is in some cases giving way to a resurgence in other tenures and, in others, is giving rise to struggles over social reproduction.

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This project has received funding from the European Union's Seventh Framework Programme for research, technological development and demonstration under grant agreement no 266800

9 Conclusion – the financialisation of housing

While some common themes and issues have emerged in the above analysis, housing provision in the case study countries has taken very different forms in often wildly different contexts. What conclusions, then, if any, do the case studies allow as to draw about the nature and extent of the financialisation of housing? The answer to this question is complicated by the lack of a precise and agreed upon definition of what financialisation is. Opinions on this question range from those who advocate a narrow definition of financialisation as the proliferation and application of new financial engineering techniques such as securitisation, to those who argue that the term carries little analytical content, serving to obscure rather than illuminate, and should therefore be abandoned altogether. I here adopt an intermediary position, seeing financialisation as a somewhat chaotic concept encompassing a range of processes, including the growth of financial markets, the expansion of financial capital into ever more areas of social and economic reproduction, and the increasing subordination of policy-making to financial interests. With this somewhat permissive definition in mind, there are three areas in which housing provision across the case studies can be characterised in terms of financialisation.

First, the reorientation towards owner-occupation, which was seen in all countries, has served not only to commodify housing, but also to incorporate finance capital into its provision, by making most people's access to housing contingent on taking out a mortgage. The international drive to increase owner-occupation has thus sought to open up new terrains for the expansion of financial capital. Of course, success on this front has been variable. At one extreme, in the UK, the expanding numbers incorporated into mortgage markets and increasing volumes of mortgage lending, have served as a basis for a growth of secondary mortgage markets. At the other, South Africa's attempt to spread homeownership among the poor – which was explicitly associated with the goal of expanding the domain of financial capital into housing - has largely failed to facilitate the participation of the poor black population in financial markets.

The promotion of owner-occupation has also sought, conversely, to incorporate households into financial markets, by providing them with an economic and financial asset. However, the contradiction embodied in this goal has constrained the spread of owner-occupation. For the effect of opening up housing to the circulation of speculative financial capital has been to drive up house prices, putting homeownership out of reach of a section of the population. In the UK and Portugal this contradiction is playing out through a recent resurgence in private renting following a long period of expansion of homeownership. In Turkey and South Africa it has manifested in a failure to incorporate poorer sections of the population into the formal and secondary housing markets.

Second, financial interests are served by conservative fiscal and monetary policies, geared towards, among other things, controlling general inflation and thus preventing the devaluation of debt. Such a macroeconomic policy environment is reflected in housing provision in all case study countries, for example, in the form of restrictions on state investment or of the use of public land being governed by best value. However, it should be noted that such a policy framework has been inconsistently enforced. For example, where it serves the interests of finance, states have proved willing to spend, as is evident in the presence of mortgage subsidies in most case study countries. Similarly, house price – as opposed to general – inflation has been tolerated and even encouraged, reflecting the asset role of housing, the importance of house prices in underpinning mortgage lending and, arguably, the role of house prices in feeding demand-led growth in the face of the neglect of real investment typical of financialised economies.

Finally, the subordination of housing needs to land valorisation, which was seen in all countries in different ways, should be viewed as both a manifestation of, and a response to, an increasingly financialised capitalism. Increased international capital flows and capital mobility have increased the size of rents up for grab, by allowing rents to be drawn from the global pool of surplus value rather than determined by local factors. This has strengthened pressure on states to compete to attract that capital through urban place-making and the development of 'post-industrial' central business districts, which segregate urban space to the exclusion of the poor. The growing integration of land and real estate markets, with land treated more and more like a financial asset, further feeds the extent to which land use is governed by the pursuit of ground rent. Rent appropriation and the imperative to assign land to its most valuable uses should, therefore, be viewed as a response to the globalisation of capital and the rebalancing of the economy towards the financial sector.

That common manifestations of financialisation are identifiable across the five highly diverse case studies is an indication of the veracity and usefulness of the concept. This notwithstanding, the content of the case studies testifies to its complex and variegated nature, and emphasises the multifaceted way in which financialisation shapes the different processes and agents involved in provision. It is helpful to conclude by echoing Haila whose discussion of 'the different social agents

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for research, technological development and demonstration under grant agreement no 266800

involved in building provision (which, according to Ball are landowners, developers, building firms, building workers, building owners and final users)' notes that

> 'the increased influence of economic and monetary factors on land use, the integration of investment markets and the growing internationalization of the financial system, or what may be called the substitution of a logic of exchange value for a logic of use value in land-use decisions, constrain the power of all these agents.' (Haila, 1988 p. 97).

On the basis of this comparative study, Haila's statement must be modified by noting that the financialisation of housing has also increased the power of those agents best placed to access and control money and finance.

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[1] These case studies are referred to throughout without further citation.

[2] http://blogs.ft.com/beyond-brics/2014/01/10/polands-lessons-for-hungary-on-forex-loans/

[3] The exceptions are a very small amount of council house building – currently limited to a few thousand a year across the country – and the capital subsidies given to housing associations, though these have diminished from approximately 30% to 5% of housing association finance since 2010.

[4] It is noted that this has allowed the owners of such vacant land to reap large speculative profits as investments in the surrounding area raises its value.

[5] http://www.slideshare.net/dziarski/housing-policy-in-poland

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Financialisation, Economy, Society and Sustainable Development (FESSUD) is a 10 million euro project largely funded by a near 8 million euro grant from the European Commission under Framework Programme 7 (contract number: 266800). The University of Leeds is the lead co-ordinator for the research project with a budget of over 2 million euros.

THE ABSTRACT OF THE PROJECT IS:

The research programme will integrate diverse levels, methods and disciplinary traditions with the aim of developing a comprehensive policy agenda for changing the role of the financial system to help achieve a future which is sustainable in environmental, social and economic terms. The programme involves an integrated and balanced consortium involving partners from 14 countries that has unsurpassed experience of deploying diverse perspectives both within economics and across disciplines inclusive of economics. The programme is distinctively pluralistic, and aims to forge alliances across the social sciences, so as to understand how finance can better serve economic, social and environmental needs. The central issues addressed are the ways in which the growth and performance of economies in the last 30 years have been dependent on the characteristics of the processes of financialisation; how has financialisation impacted on the achievement of specific economic, social, and environmental objectives?; the nature of the relationship between financialisation and the sustainability of the financial system, economic development and the environment?; the lessons to be drawn from the crisis about the nature and impacts of financialisation? ; what are the requisites of a financial system able to support a process of sustainable development, broadly conceived?'

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for research, technological development and demonstration under grant agreement no 266800

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3	School of Oriental and African Studies	UK
4	Fondation Nationale des Sciences Politiques	France
5	Pour la Solidarite, Brussels	Belgium
6	Poznan University of Economics	Poland
7	Tallin University of Technology	Estonia
8	Berlin School of Economics and Law	Germany
9	Centre for Social Studies, University of Coimbra	Portugal
10	University of Pannonia, Veszprem	Hungary
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15	University of the Basque Country, Bilbao	Spain

Published in Leeds, U.K. on behalf of the FESSUD project.