Anuac
Rivista della Società italiana di antropologia culturale

12 (2) | 2023
Anuac Vol 12 No 2 (2023)

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Electronic version
URL: https://journals.openedition.org/anuac/516
DOI: 10.7340/anuac2239-625X-5122
ISSN: 2239-625X

Publisher
Società italiana di antropologia culturale

Printed version
Number of pages: 51-72

Electronic reference
Irene Sabaté Muriel, "State action and the expansion of finance during the Spanish housing crisis", *Anuac* [Online], 12 (2) | 2023, Online since 31 December 2023, connection on 19 October 2024. URL: http://journals.openedition.org/anuac/516 ; DOI: https://doi.org/10.7340/anuac2239-625X-5122

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2023 | Anuac. Vol. 12, n° 2, Dicembre 2023: 51-72

State action and the expansion of finance during the Spanish housing crisis

Alleviating or amplifying the social impacts of financialization?

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Abstract: This paper addresses the entanglements, complicities and collisions between financialization processes and state action during the current housing crisis in Spain, with a focus on Catalonia and the Barcelona area in the last decade. Departing from the assumption that housing financialization has been a major driver of the crisis, state interventions, including housing policies and legal regulations imposed on financial and real estate markets and on landlord-tenant relations, will be interpreted as modulators that may either alleviate or amplify the impacts of financial dynamics on people's access to adequate housing. Drawing on the cases of several legal reforms, we will illustrate variegated attitudes towards financial extraction adopted by different state agencies. It will be thus shown how, in the rare cases where the state has tried to alleviate the social harms derived from financial extraction, reforms have been superficial, have arrived late, and have failed to reverse the structural drivers of the crisis. We will thus try to shed some light into the nature of state action in the face of housing financialization, contending that states should not be understood as outsides with respect to finance, as, to the contrary, they are part of finance's very conditions of possibility.

Keywords: Financialization; State; Housing crisis; Housing policy; Financial regulation, Spain

This article will address the entanglements, complicities, and collisions between housing financialization processes and different instances of state action. How has the Spanish state – comprising different functions and agencies – interacted with the advances and withdrawals of finance during the last decade and a half, in the context of a housing crisis? More specifically, has the state contributed to alleviate the social impacts of financialization as regards the right to housing, or, to the contrary, has it amplified them?

Our inquiry in this particular arena should contribute to answer more abstract questions that are being currently discussed in the literature on the role of the state as regards financialization: Should states be understood as outsides with respect to finance, or, to the contrary, are they part of finance's very conditions of possibility, as several authors (Lapavitsas 2014; Aalbers 2019) have argued? Can we speak about a "financialization of public policy", understood as the privileging of the financial industry's interests in the policy domain (Aalbers 2017: 3), as a factor of the housing crisis occurred in our area of study? How has the housing crisis been addressed through lawmaking and regulation, understood as a "core state function" (Mikus 2019: 13), and to what extent has the financialization of housing been promoted or limited along this process? Does the regulatory failure (Kalaitzake 2015) after the financial crash evince the political protection of the financial industry? In answering these questions, we will be inspired by Lagna's suggestion to "abandon the sterile state-market dichotomy to focus on the social relations constructing state and market institutions as part and parcel of a comprehensive whole that is human reality" (2016:10). We will thus avoid dichotomous accounts and depart from the stance that a state-finance nexus exists, where the state acts both as a subject and an object of financialization (Mikus 2019).

The complex interactions between the workings of the financial industry, different instances of state action, and the resistances and coping strategies of the citizenry, sometimes giving way to collective action and politization, will be explored under this light. Evidence from the experiences of the Spanish and Catalan housing crisis in the last decade and a half will be provided to illustrate three different kinds of entanglements of financial operations and state action: a) *laissez-faire* and state intervention arriving late to mitigate the effects of the crisis; b) the blatant promotion of the financial industry's interests in the rental market by the state; and c) ineffective enforcement of rights-based legislation promoted through popular legislative initiatives; plus judiciary counter-reforms aimed at deactivating such legislation. But, before

that, a brief account of how the Spanish housing crisis is rooted in financial processes will be provided in the next section.

The Spanish housing crisis and its financial roots

The housing crisis experienced in Spain in the last decade has consisted of several overlapping waves. First, a spate of repossessions affected many mortgagors following the 2007 crash[1], forcing them out of their homes and leaving them liable for the outstanding debt after the foreclosure (Colau, Alemany 2012). Then, from 2014 on, a rent bubble led to a predominance of rental evictions over those caused by repossessions. Although the official figures of rental evictions only include judiciary ones, due to rent non-payment, the total amount of displaced tenants would be much increased if also so-called invisible evictions[2], those due to the sudden increase of rents or to landlords' refusal to renew leases, were added (Anzano 2018).

Besides all this, since March 2020, because of the Covid-19 pandemic and the economic crisis that it entailed, many dwellers found themselves under the threat of eviction (Ill-Raga, González, Sabaté 2020). This was so despite the moratorium enacted by the Spanish government for both mortgagors and tenants in hardship, with

very restrictive eligibility criteria. For example, applicants needed to prove that their situation was a result of the pandemic. People with long trajectories of housing dispossession and residential exclusion, such as those forced to squat or to sub-rent a room in a shared flat, rarely found relief under those extraordinary measures, as it could be observed in Barcelona in September 2020, when courts re-opened after the lockdown and evictions multiplied despite the alleged moratorium. In this way, a pre-existing, unsolved housing crisis was chronified and aggravated for many, and became a structural condition entailing a systematic transgression of the right to proper housing (Observatori DESC 2020).

In this article, we will depart from the premise that there is an intimate relation between the housing crisis we have just described, and an underlying process of housing financialization. Several elements point at this relationship, that can be summarised as follows. First, the transformation of Spanish cities in the last decades has been guided by neoliberal policies fostering an in-

1. More than 800,000 home repossessions were initiated between 2007 and the first quarter of 2020 (Source: *Consejo General del Poder Judicial* 2020).
2. Known as "no-fault" or "no-cause evictions" in Anglo-Saxon contexts.

creasing penetration of financial logics in the arenas of urban planning (Vives, Rullán 2014; Coq-Huelva 2013) and housing provision (Palomera 2014). In the latter sense, housing has been treated as a financial asset and as a store of value (Aalbers 2008). This was so, first, through mortgage lending linked to securitization, and through the repossession of housing units that acted as collateral in such loans. Then, institutional investments in rental housing, often packed in big stocks and coming from the previous wave of repossessions (Janoschka *et al.* 2019; García Lamarca 2020) became the predominant financial strategy thanks to a state-led "policy package" (Gil, Martínez 2022). In all these processes, financial actors played a central role, be them banks, whose thriving mortgage business supported both construction activity and housing purchases during the housing bubble (1997-2007) and then benefited from bailouts and public subsidies (Gabarre 2019); be them private equity and venture capital funds, whose irruption in the Spanish rental market, often with speculative strategies, went hand in hand with a growing concentration of housing stocks in the hands of big corporate landlords (Janoschka *et al.* 2019; García Lamarca 2020; Méndez 2021).

Having established this correlation between housing financialization and the housing crisis, and in order to examine the role of the state in enabling, shaping or holding back financial fluxes, we will draw on several kinds of empirical material: qualitative data collected during ethnographic fieldwork on the repossessions crisis between 2012 and 2015, observations made during the author's participation as an activist in the creation of the Catalan tenants union *Sindicat de Llogateres* (2017-18), and a retrospective analysis of secondary sources on the selected case studies (including legislation, press articles, and social movements materials). The evidence provided will contribute to go beyond the particularity of our case study, and to advance towards more far-reaching accounts of the entanglements of financial dynamics and state action[3], taking into account the factors and practices that have enabled the pervasive financialization of housing in European peripheries (Tulumello, Dagkouli-Kyriakoglou 2021). While the financial roots of the housing crisis

3. Our efforts here will not exhaust the possibilities of a qualitative exploration of state action. Notably, more accurate knowledge is needed about the particular mechanisms that lead to the promulgation of laws and policies, what Mikus (2019: 25) has called the "backstage processes of their making", including *consultations* and *negotiations* among different actors who are influential on this arena. What we offer here is rather an analysis of the visible outcomes of regulation and policy making, their impacts on people's living conditions, and the claims and alternative proposals that have emerged from an organised citizenry.

have had global impacts and ramifications, it has found a particularly acute expression in certain countries, and Spain can be considered among them due to a panoply of circumstances including its dependent position vis à vis international capital flows and financial regulations due to its semi-peripheral location (Sabaté 2021), its familist welfare regime intertwined with a housing system that privileges owner occupation and commodified housing (Allen *et al.* 2024), and the robust historical and ideological foundations of its "society of homeowners" (López, Rodríguez 2010).

Although the geographical framework of several instances of state action remains nation-wide, a particular focus will be put on Catalonia and, more particularly, on the metropolitan area of Barcelona, where the housing crisis has hit hard, and where the social mobilisations against it have been particularly prominent. Our account will include several legislative campaigns of housing rights movements – particularly of the anti-repossessions platform *PAH* (Colau, Alemany 2012; Mir *et al.* 2013; França 2017) and the tenants union *Sindicat de Llogateres* (Anzano 2018; Palomera 2018) –, who have claimed for, suggested, and in some cases forced state intervention, often with limited effects, but in a very significant manner for our purpose in this article: shedding light into the articulation between financialization and state action. What follows is therefore a sample of instances of state interventions – or the lack thereof – intended to illustrate our argument.

Instances of state action in the field of housing

State actions and interventions in the field of housing may modulate – either alleviate or amplify – the impacts of financial dynamics on the access to adequate housing by the population, thus aggravating or mitigating the housing crisis. Such interventions may consist of legal regulations imposed on financial and real estate markets and on landlord-tenant relations, as well as on housing policies implemented in both public and private sectors. But, as it will be shown, they may also take the form of inaction, or of partial, ineffective, or even counterproductive action in some cases.

This section will focus on several legislative and regulatory changes occurred in Spain in the last decade. Unpacking the different layers and institutions of the state involved in each case, such changes will be classified in three categories that roughly follow a chronological sequence: from the insufficient post-2008 responses to the mortgage crisis, to deregulation that enabled a transfer of financial extraction to the rental market, to the obstruction of the

enforcement of rights-based legislation fiercely fought for by housing justice movements. At each stage, we will provide empirical evidence on the interplay between legislative and regulatory changes affecting financial activities, and the grassroots experiences and strategies of inhabitants dealing with the housing crisis, sometimes resulting in collective and political claims, before turning back to our theoretical concern in the conclusion.

The aftermath of the GFC: from laissez-faire to late state intervention

It can be the case that, at certain moments of macroeconomic cycles where financial accumulation is having a distinct impact on the living conditions of the population, as it happened during the Spanish housing bubble and following the economic crash of 2008, political authorities adopt a *laissez-faire* approach, both because of the previous implementation of neoliberal reforms, and of the lack of incentives or pressures to intervene in the economy. We can interpret in this way the several years it took the Spanish government to react in front of, first, predatory lending in the years of apparent prosperity prior to 2008 (Nasarre 2011; Zunzunegui 2013; Sabaté 2020), and second, of the increase of mortgage default rates and the repossessions crisis that started to show serious signs already in 2008[4]. The first, very timid attempts to intervene arrived as late as in 2012 (Di Feliciantonio, Aalbers 2017), when already more than 320,000 households had lost their homes to banks[5], and many of them remained indebted afterwards. The housing crisis had already attained a very acute moment and was affecting the most precarious sectors of the population, importantly migrants from the global South, who found themselves in a legal void where only the creditors' claims were acknowledged. Many of them joined the emergent housing rights movements (Gutiérrez-Garza 2020; Suárez 2017), but the immense effort they invested in their struggle would not always be fruitful.

We met Máximo, a migrant from Ecuador, and his wife in the spring of 2012 at a local *PAH* assembly. They had obtained their mortgage in the early 2000s from a well-known Catalan savings bank, through the mediation of a mortgage broker who focused in not-so-solvent customers. As it was recurrent those days among migrants, they had been granted the loan based on so-called cross guarantees with an acquaintance, someone they had met in

4. The repossessions figure had more than doubled in one year, from 25,943 in 2007 to 58,686 in 2008 [Source: *Consejo General del Poder Judicial*].
5. Source: *Consejo General del Poder Judicial*.

the hospital where their eldest son was born, and with whom they would lose contact afterwards. Then, with the advent of the crisis, Máximo and his wife lost their jobs, except for some informal domestic part-time work that she continued to do. They could not to face their mortgage repayments, and, once in default, found themselves unable to force a negotiation with their creditor. In the absence of any protective legislation, their lack of bargaining power left them at the mercy of the bank's abuse of discretion. At first sight, not much could be done, except, thanks to their condition as migrants, going back to their country of origin in an attempt at fleeing their debt. Despite that, for some months Máximo fiercely fought within the *PAH* assembly and pioneered the extension of the movement from Barcelona to his city, located also within Barcelona's metropolitan area. After camping in front of the bank branch for several days and appearing in the local press, he attained some of his goals, such as the suppression of the guarantor's liability and the assignment in payment, that is to say, the cancellation of the whole debt after handing back the apartment's keys to the creditor. But he remained homeless, indebted for other consumption loans and unemployed, with no prospects of recovery from a long-standing period of hardship. He continued to claim for an alternative shelter for some months, while he kept organising and giving advice to other mortgagors at risk of default. But eventually, in the summer of 2012 and about to have a third child, the family decided to go back to Ecuador, where one of Máximo's siblings could offer him a job.

The legal reforms that arrived that same year were too late to provide a solution for this Ecuadorian his family. In March and November 2012, two decrees were passed[6]. The first one contained a "good practice protocol" for banks, recommending them to provide debt relief for debtors who found themselves *under the exclusion threshold*, and the second established a moratorium of evictions for the same profile of customers. To be eligible, they had to match very narrow criteria, such as adopting a "good faith debtors" attitude, proving that they were in "real need" (Sabaté 2022), and having tried to obtain a debt restructuration before applying for debt relief. As a result, as we could observe time after time at *PAH* assemblies that year, almost no one could benefit from those measures. In addition, as the recommendations were not binding, their implementation entirely depended on the bank's will, always on an individual basis, and, even when the bank would open that door, the bureaucratic labyrinth that awaited debtors (Aziz 2016) was far from easy to cross. The

6. *Real Decreto-ley 6/2012, de 9 de marzo*, and *Real Decreto-ley 27/2012, de 15 de noviembre*.

conservative government had succeeded in intervening late enough, and in a sufficiently innocuous manner, in order not to harm the interests of the banking industry, who was in turn provided with a procedure to wipe off defaulted loans and toxic assets from their balances. It would not be until much later, in early 2015, that the first personal bankruptcy law (the Second Opportunity or Over-Indebtedness Act[7]) was passed in the Spanish Parliament, filling what had been a legislative gap that, during the worst years of the mortgage crisis, had left debtors to the mercy of a Mortgage Act that went back to 1946.

Forging a rent bubble: the promotion of financial interests in the rental market by the state

In some cases, the extent to which lobbies and economic interests may directly motivate legislation to ease or even promote financialization processes becomes blatant. Perhaps the most conspicuous example of this in relation to the Spanish housing crisis is the legislation passed in the 2012-13 period, which secured the transition to a new financialization cycle in the face of the burst of the housing and mortgage bubbles, and the resulting decline of mortgage securitization (García Lamarca 2020; Gil, Martínez 2022). With the reform of the regulation of the rental market in 2013[8], the duration of leases was shortened from 5 to 3 years, and the yearly rent increases needed no longer to be limited to any public indexes, among other measures. These novelties dramatically fragilized the security of tenancy (Módenes 2019) and fostered rent price increases irrespective of people's income and purchase power. But its effects are better to be understood in combination with other pieces of legislation that had been passed in previous years, that allowed the creation of REITs in 2009[9], and then granted them unprecedented tax exemptions in 2012. This combination provided a most lucrative channel for speculative investments in the rental housing market (González Guzmán 2018; Janoschka *et al.* 2019; García Lamarca 2020). To complete what some critics and activists have dubbed "a perfect storm", the potential obstacles to landlords' profit extraction entailed by tenants' inability to pay rent were also foreseen and addressed with another legal reform, that of the Criminal Prosecution Act, that speeded up judiciary processes and allowed judges to serve "open date" eviction notices, with no

7. *Real Decreto-ley 1/2015, de 27 de febrero*.
8. *Ley 29/1994, de 24 de nov*iembre, de Arrendamientos Urbanos, modified on 5/6/2013.
9. Real Estate Investment Trusts (REITs) are vehicles for investment in real estate markets. They are called SOCIMIs in Spain (González Guzmán 2018; García Lamarca 2020).

specification of the date, to prevent the eviction blockades that often delayed the process.

In all, this mutation of housing financialization was not unique to the Spanish context, but it also happened in other countries such as the UK, the US or Germany (Fields, Uffer 2016). But, in Spain, international investors enjoyed the considerable advantages entailed by the peripheral position of the Spanish economy within the EU – closely related to the weak regulations in place, as well as the already mentioned tax exemptions –, alongside the availability of large stocks of repossessed housing that were in banks' hands and were considered as toxic assets at that time[10]. As a result, international funds rapidly appeared and purchased big amounts of housing units at bargain prices, thus contributing to a process of extroverted financialization. This trend has been reinforced by the sale of large public housing stocks to foreign capital, as it happened in 2013 with the privatisation of Madrid's public housing company in favour of Blackstone (Janoschka *et al.* 2019) and, more recently, with the handover of large housing stocks that were in the hands of the SAREB[11] to real estate management firms controlled by international investment funds.

The impacts of the strategies for financial extraction entailed by the irruption of these international funds and institutional investors in the Spanish rental housing market was unveiled to the public some years later, as rent prices rose[12] and there started to be some public debate on the so-called invisible evictions provoked by rent increases that de facto expelled tenants who had duly paid their rent up to then, but who could not afford the new price imposed by their landlord, either within a same lease period, or between two leases. That was the predominant problem observed at the first open assemblies organised by the *Sindicat de Llogateres,* the tenants union that was created in Barcelona in 2017, rapidly attracting the attention of the media and the public. At that time, people who approached the union were mainly urban dwellers belonging to the working and middle classes that were suffering a

10. Some of them had already been transferred to the state-created asset management company SAREB, who would later engage in privatizations (Gabarre 2019) rather than seizing the opportunity to increase the meagre public housing stock.
11. The so-called "bad bank" that had absorbed the toxic assets of Spanish banks as part of a governmental, EU-promoted recapitalisation plan (see Gabarre 2019 for further details).
12. The average rent in Catalonia increased from € 539,00 in 2014 to € 735,00 in 2019, while in the city of Barcelona it went from € 688,00 to € 978,00 in the same period. Despite the pandemic in 2020, rent prices have not decreased, with an average of € 745,00 in Catalonia and 979€ in Barcelona during the third trimester of the year (most recent data available) [Source: Catalan Government, *Secretaria d'Hàbitat Urbà i Territori*].

considerable precarisation, to a great extent due to the disproportion between their income and their living expenses, among which rent stood out[13]. A pioneer example of this novel phenomenon, and of the resistances that could be deployed by tenants in front of it, was the case of a building located in Sant Joan Despí, a town in Barcelona's metropolitan area[14]. Some of the 150 tenant households living there started to receive notice of rent increases as their 3-year leases came to an end in 2018. The building had been sold by its bankrupt developer to a newly created company, that was in turn bought by a British subsidiary of investment bank Goldman Sachs[15]. The landlord's interests were represented by a property administrator based in Barcelona. The tenants were mostly working-class young couples with little children, families that had been formed when the access to homeownership was barred for them, and therefore had decided to rent and take root in the neighbourhood. Some of the increases imposed as a condition to renew leases entailed 100% of the current rent prices. Tenants seemed to have no other option than accepting the landlord's demands or leaving their homes. However, given the generalised rent bubble situation and the lack of rental housing in the area to relocate 150 households, they rather decided, in an unprecedented move, to organise themselves. To do so, they resorted to the new-born tenants union, and sought and obtained support from a long-established local neighbourhood association and from all political parties at the city council. They organised assemblies, hang banners from their windows and started to pressure the landlord's representative to force the opening of negotiations. Only with a few exceptions, those with finishing leases stayed in their homes and resisted for three months, while rejecting the new conditions until an acceptable result was obtained from negotiations on a collective basis. This result consisted in 20% increases for all, to be applied in a staggered manner. For leases finishing in 2019 and 2020 the battle remained open, but the accomplishment in the face of a transnational-scale landlord for the 94 most urgent cases, who could now afford to stay in their homes, was unprecedented at that time. Collective bargaining, and even the prefiguration of a rent strike as some tenants with finished leases re-

13. This is particularly so for low-income tenants, as 46% of them devoted more than 40% of their income to housing expenses in 2019 according to OECD data for Spain. It was also a main concern for young people, as 23% of this population in the city of Barcelona was overburdened by housing expenses in 2018-19 [Source: IERMB and Idescat, *Estadístiques metropolitanes sobre condicions de vida* 2018-2019].
14. More details about this case at https://sindicatdellogateres.org/victoria-a-sant-joan-despi/
15. By the time of the conflict, the president of that new company was the CEO of Goldman Sachs in Spain.

mained in their flats during the negotiation period, were important landmarks of this struggle against the mechanisms of financial extraction.

Parallel to these no-fault evictions derived from the deregulation of rent increases and the resulting rent price bubble, evictions due to rent non-payment were also on the rise. In the *PAH* assemblies, such cases were replacing those derived from mortgage default and repossessions. In all, it became evident that, as the spate of mortgage default and home repossessions started to fade out slowly, after forcing hundreds of thousands of families out of home-ownership and often leaving them with an outstanding debt, tenants, be them previously repossessed homeowners or not, were becoming the new victims of housing financialization, and this was happening with the complicity of public authorities and legislators who had devised a strategy to bail out the banking sector and to reshuffle the real estate business, to a great extent by attracting foreign investments coming from the global financial industry, thanks to a legal framework that was tailor-made for that kind of actors.

Obstructing rights-based legislation: ineffective law enforcement and judiciary counter-reforms

To obtain a complete description of the state's role in the Spanish housing crisis and in the face of the interests of housing finance, it should be acknowledged that some legislation has been passed in recent years to alleviate the social suffering entailed by that crisis. This new legislation, however, has been rarely the outcome of institutional initiatives and arrangements. To the contrary, it has taken hold thanks to popular pressure, either as a result of "popular legislative initiatives" (ILPs) led by social movements, or of activists' lobbying strategies addressed at legislators and public institutions, coupled with communication campaigns aimed at attracting public awareness and support. Two conspicuous examples of such processes taking place in Catalonia will be briefly described here.

Our first case study goes back to July 2015, when, after seven years of crisis that had struck many households in the form of mortgage default and repossessions among other circumstances, a coalition of social movements, with the *PAH* among them[16], managed to collect more than 140,000 signatures that allowed them to submit a legislative text to the Catalan Parliament[17]. That

16. Together with the *Observatori dels Drets Econòmics, Socials i Culturals* and the *Aliança contra la Pobresa Energètica*.
17. The whole process is described at the initiative's website: https://ilphabitatge.cat/es/

text intended to cancel mortgage debts for households in hardship, ban evictions of defaulting mortgagors and of tenants in arrears with no alternative housing, make financial institutions and big landlords responsible for the provision of affordable rents, temporarily convert vacant housing stocks owned by funds and banks into public housing, and guarantee the supply of electricity, water and gas for households unable to pay their bills. In all, the law project was aimed at forcing powerful economic actors -such as banks, funds, big landlords and energy companies- to take responsibility for the harms that the housing and economic crisis was causing to the Catalan population. The 24/2015 Act was passed with the support of most parliamentary groups, except for the right-wing Popular Party (PP), who would devise a judiciary strategy to reverse the changes introduced. In 2019, a new Decree (17/2019) was passed by the Catalan Government to extend the social protections against the housing crisis already included in the 24/2015 text.

Let us now turn to our second example of legislative change: in September 2020, the Catalan tenants union *Sindicat de Llogateres*, with the support of more than 4,000 civil society organisations and after much discursive effort to counteract the hegemony of neoliberal dogmas about market self-regulation, succeeded in having four Catalan parliamentary parties – a majority within the house – vote for a rent control law. The 11/2020 Act constituted an unprecedented measure aimed at alleviating the unaffordability of rents amid a rent bubble and the economic hardship brought about by the Covid-19 health crisis. Again, this first rent control legislation endangered landlords' aspiration at unlimited rent extraction and constituted an unprecedented attack at the strong economic interests at play on the rental market. As in the previous case, already at the end of the parliamentary voting, the Popular Party announced that they would appeal to the Constitutional Court against what they considered as a threat to private property.

As it can be noted in these two examples, some recent legislation has considerable potential in guaranteeing the right to proper housing, something that happens invariably at the expense of financial profit. However, in both cases, governments and authorities (at several administrative levels) have shown a lack of determination to effectively enforce the law, to punish those responsible of breaching it, or to provide the budget needed for its implementation. Besides, as a result of disputes among territories, often involving electioneering strategies put in place by political parties, such laws have often been questioned by representatives of the real estate business, both in

the arena of public debates, and in the grassroots practices of those who represent their interests. Misleading information about the law's validity and entailings is disseminated through a variety of mechanisms, the social media and the mainstream press among them. We could observe the effects of that misinformation and defamation strategies, for instance, as Daniel and Inés, a tenant couple who had lived in their rented dwelling for the last eight years and who now wished to stay put, were negotiating a new lease with the real estate agent who represented their landlord. According to the new rent control measures, they were entitled to have their rent frozen. In the conversations entertained around that event, the agent conceded that, but expressed her view that the rent freeze they were benefiting from would not last very long, as "there were serious doubts about its constitutionality". Also, the lack of supervision and control by public authorities, and therefore the impunity of landlords despite the sanctions provided by the law for those breaching it, can be illustrated by the case of Ariadna and Federico, another tenant household. During the negotiation of the rent for their new apartment, they had to bear the hostility of an agent who became infuriated as the tenants-to-be invoked the law. Then she called them back to announce in a condescending way that the landlady had agreed to their proposal, despite they had "played with fire", implying that, as a result of them mentioning their legal rights, they had been about to be discarded and replaced by other candidates who would be more prone to accept illegal lease conditions. These examples reflect no doubt the pronounced asymmetry between the two parts in a lease agreement, as well as the reduced reach of rights-based regulations on that kind of contractual relationship, in the framework of a strong dominance of financial and real estate powers that is not only reflected in hegemonic discourses, but also shapes the grassroots practices of people acting simultaneously as gatekeepers of the access to housing, and as guardians of elite's financial interests.

But, beyond these micro practices on the rental market, as it has already been mentioned, the most effective way to block from the root legislative changes have been the systematic appeals made to the Constitutional Court to have such laws suspended, either partially or wholly, with several arguments at hand. That is what happened to the 24/2015 Act, that could not be enforced for almost three years (2016-2019) due to an appeal made by the Spanish government in Madrid (the PP being in power at that time), while a sentence was awaited. The suspension would cease in 2019 after the socio-democrat party PSOE forced a government change. Afterwards, the 17/2019 Decree that had

extended the law was suspended with a formal argument[18]. In turn, an appeal against the Catalan rent control legislation resulted in a Constitutional Court sentence invalidating the law in March 2022, after being in force for 18 months. All these events have been triggered by the conservative political party (PP) that is part of the opposition in Catalonia, and who typically advocates for free market mechanisms on the financial and real estate arenas. For them, state action should be reduced to the provision of social housing (without relaxing budgetary austerity), while safeguarding private property and freedom of enterprise as absolute priorities. Their discourse takes advantage of the high rates of homeownership in Spain, a predominance that guarantees considerable social support to the prioritization of private property rights in the Spanish "homeowners society" (López, Rodríguez 2010). A discourse, however, that conceals the fact that the derogation of housing rights legislation benefits in the first place financial and corporate actors, and not so much the small landlords and owner-occupiers from whom such political moves obtain political legitimacy (Cardona 2022).

Conclusion

One of the ways in which financialization has been conceptualised (Van der Zwan 2014) is as the penetration of financial logics in social and everyday life (Martin 2002; Langley 2008), directly affecting the arena of consumption and the exercise of rights (Gago, Mezzadra 2015) as well as social reproduction (Santos *et al.* 2018). The case of the financialization of housing in Spain is particularly telling in this sense, as it goes hand in hand with a sustained housing crisis that has been affecting and disrupting all these aspects for more than a decade. Despite these experiences have not been exclusive to that country, the Spanish housing crisis displays certain specificities derived from its semi-peripherality, the advanced state of housing commodification combined with a familist housing regime (Alle *et al.* 2024), the deliberate policies that have contributed to the ideological and historical construction of the preference for home ownership (López, Rodríguez 2010), and, as we have shown in this article, the direct involvement of different state agencies in the promotion of financial interests and operations, which has encountered vigorous resistances and counter-initiatives on the part of left-wing housing rights movements, only partially paralleled by anti-financialization struggles in neighbour coun-

18. According to the Court, the text should have taken the form of a law rather than a decree passed by the Catalan government.

tries (Saaristo, Silva 2023). Unlike other contexts where the state itself has countered financialization trends (Shen *et al.* 2023), in the Spanish case this has seldom happened in the absence of social movements' initiatives and street-level pressures.

An understanding of financialization as financial value extraction – as opposed to the extraction of natural resources, energy, knowledge or human labour – and therefore as a particular manifestation of extractive operations (Mezzadra, Neilson 2017) highlights the incorporation to financial dynamics of previously non-financialized economies, such as the domestic economies of homeowners that borrowed subprime mortgages, or those of tenants who witnessed the irruption of an investment fund as their new landlord. This confirms what Gago and Mezzadra have described as the "continuous expansion of the financial valorisation frontier through the 'colonisation' of social territories alien to their command" (2015: 45), furthering forms of dispossession and exploitation "that directly target social cooperation and force subjects to confront the risks and uncertainty of economic volatility" (Mezzadra, Neilson 2017: 13). Housing, household economies and certain layers of the state that are usually thought of as independent from profit motives (such as those in charge of welfare provision or social protection) can be seen as the outsides that are being incorporated to financial dynamics, although in some cases this does not happen without resistance (Mikus 2019). But these advances of finance, and the occasional setbacks it encounters, should not be attributed solely to impersonal market mechanisms. Rather, the agencies behind them should be further investigated, and this article has tried to make a contribution in this sense by exploring the role of the state in this regard.

Even if hegemonic neoliberal discourses publicly condemn state intervention in the economy, and advocate for deregulation, privatisation and liberalisation, financialization goes hand in hand with neoliberalization. As Aalbers (2019) has pointed out, state action is a precondition for housing financialization, as the state "is no bystander in the financialization of the economy, firms, households, and of the state itself", but it "has actively promoted financialization" (2019: 11). In a previous text, Aalbers (2017: 8-9) noted that new kinds of financial markets have been created and promoted by governments under the influence of the financial capital lobby. The strategies to do so combined commodification and privatization processes with deregulation measures. In a similar vein, Lapavitsas (2014) contends that "neoliberalism is not truly hostile to the state", but it intends to "take

over the state and use it to apply neoliberal policies" that have been crucial to foster financialization (2014: 7). And, as the cases presented in this article have shown, the strategy to do so consists on "altering the regulatory and supervisory framework of finance" (2014: 9)[19], not only in the sense of lifting regulations – of interest rates, of the kinds of activities banks were allowed to engage in, and of international capital flows –, but also by introducing "a profusion of systematic state intervention to sustain financialization", thus adopting a "regulatory and interventionist attitude" that seems to be at odds with common-sense assumptions of the nature of neoliberal states (2014: 11).

In this article, the focus has been put on the role of the Spanish state in fostering or curbing the financialization of housing, in the context of the current housing crisis, and the responses to it. Drawing on the cases of several legal and policy reforms, and their effects on housing rights and conditions, we have illustrated how the state – at its several administrative levels – has oscillated among different attitudes towards financial extraction. These attitudes may determine an inclination to intervene the economy in some sense, ranging from the blatant promotion of the interests of real-estate and banking lobbies, to some degree of interference with financial accumulation projects in the aim of protecting housing rights. This interference, however, has tended to be timid, probably, as Tsingou (2014) notes, because reforms have been designed by the same "policy community" who is to blame for the crisis, and who is part of transnational networks (or "clubs") promoting the interests of the financial industry, which entails the exclusion of potentially dissident voices and reinforces the hegemony of "conservative and technocratic regulatory bodies" (Kalaitzake 2015) on which financiers have kept a strong influence. Similarly to what Trampusch (2019) has shown for the financialization of sovereign debt management, also in the case of the financialization of housing legislation and policy making has been framed by orthodox economists, and politicians and civil servants have been lobbied by finance.

Besides all this, non-interventionist attitudes, that at first sight might match better neoliberal orthodoxy, are in fact located in a force field where financial actors depart from a privileged position, which determines that the alleged impartiality of *laissez-faire* politics, rather than being innocuous, results in the perpetuation of pre-existing privileges, and in the legitimation

19. Alongside monetary policies also mentioned by Lapavitsas as another cornerstone of the state's promotion of financialization, but that have not been the object of our inquiry here.

of outcomes favourable to them – and very adverse to the victims of housing crises – as the natural or unavoidable products of market dynamics. We have also shown how, in the rare cases where the state has acted to impede or alleviate financial extraction in the housing arena and the social harms derived from it, reforms have arrived late, often as a result of public pressure, and their fragility has limited them to the status of partial and ephemeral disruptions in the advance of the frontier of financialization. As a result, such reforms have failed to reverse the drivers of the housing crisis, its chronification for a significant part of the population, and its likeable replication in the future.

Nevertheless, accounts of the collaboration of the state with financialization processes should not be simplistic, as such collaboration, already identified long ago as a class alliance by Marxist economists (Mattioli 2020: 5) and more recently by anthropologists (Graeber 2014: 75), does not occur in a monolithic way, but through a variety of mechanisms, as Kalaitzake (2018) has shown through his analysis of the relations between the financial sector and central banks. A complex account of the matter should therefore reflect the contingency and contradictions of state regulation and oversight of finance (Aalbers 2009), and even of the direct involvement of the state -understood not as a monolithic agent but as compounded of multiple layers and distinct agencies – in the housing-finance nexus (Yeşilbağ 2020). By describing the complexities of several empirical cases of state (in)action, our aim has been to illustrate the contradictory and nonlinear way in which this occurs; indeed, in our examples, "state institutions at different scales and with different responsibilities have often acted in diametrically opposing ways" (Aalbers 2019: 11). In addition, we have identified as well the importance of lobbies and the difficulties to counter financialization trends, for "in a financialized political environment it will be difficult (but not necessarily impossible) to get anything done that runs counter to the expected benefits of the most powerful group" (Aalbers 2019: 12). The efforts of two Spanish social movements, the *PAH* and the *Sindicat de Llogateres*, emerged in two distinct moments of the housing crisis, can be understood as attempts at countering the successive actions of lobbies in the financial and real estate fields. With all this in mind, legal reforms and housing policies can be interpreted as contributing either to the advance of finance, to the perpetuation of its internal consistency, or to the partial resolution of its contradictions giving way to mutations and reinventions in new social and political scenarios.

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