The neo-liberal restructuring of urban housing markets and the housing conditions of low-income households: An international comparison
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Chapter 1:
Introduction
1. INTRODUCTION

The transformation of cities under conditions of accelerating neo-liberalization has become a key focal point of academic and political debates about urban development in recent years. The contemporary proliferation of free market ideals as a guiding principle of policy making at different scales is considered to be central to understanding the changing social, political, economic and spatial order of cities in the early 21st century. As a field of research, studies on the neo-liberal city acknowledge the institutional embeddedness of urban development in wider political-economic structures. The regulatory changes from a Fordist to a Post-Fordist regime since the 1970s and the concomitant dominance of market principles in policy-making are assumed to be a decisive institutional shift in this respect. There is by now a wide literature available that attempts to disentangle the ramifications of market-oriented regulatory restructuring for urban development in different spheres, such as urban governance, local economies or urban housing markets.

This book contributes to the latter strand, i.e. the recently expanding literature on the neo-liberal restructuring of urban housing markets (Aalbers, 2004; Aalbers & Holm, 2008; Andersson & Turner, 2014; Hedin et al. 2012; Musterd, 2014; Uitermark, 2007; Watt, 2009). The
starting point is the notion that housing markets in many cities, particularly in Western Europe, were shaped in important ways by the Fordist regulatory regime that dominated the period of the 1950s and 60s. In the course of the building-up of post-war welfare states and the accompanying intensification of measures to regulate housing markets, de-commodified rental housing stocks in many cities expanded. Alongside the gradual retreat of welfare arrangements from the mid-1970s onwards, however, policies to de-commodify housing have also lost momentum, giving way to the promotion of private market provision. With it, the supply of housing in many cities has changed. Social rental housing stocks have started to decline, rents in formerly regulated segments are being adapted to market rates and homeownership has gradually gained importance.

Within this frame, this book presents four separate studies that deal with the political and academic debate about the neo-liberal restructuring of urban housing markets. Bringing together literature on the neo-liberal city, comparative housing research and comparative urban studies, the specific intention of the book is twofold. Firstly, I aim to move forward the debate about the effects of neo-liberal restructuring on the housing conditions of low-income households. There is a strong literature available that points to how de-commodified housing sectors have exerted dampening effects on housing cost levels and problems of low-income households in the past. Little systematic evidence, however, is yet available that analyzes how the re-commodification of urban housing markets has affected – and is affecting – these households in their housing conditions. The book examines this question in three highly diverse cities, New York, Amsterdam and Vienna. In doing so, the analysis adds to the second intention of the book, i.e. to contribute insights into the role of institutional context in shaping neo-liberal restructuring and its effects. While there has recently been growing interest in the neo-liberalization of urban housing markets, little remains known about differences between cities and about the influence of broader welfare and housing system contexts and its ramifications for reform pathways and effects.
In the remainder of this chapter I lay out the theoretical framework for the analysis. I start out by introducing the main elements of an institutional perspective on housing, before turning to the conceptualization of neo-liberal restructuring of housing markets. I introduce the two main problems that the book is concerned with, i.e. the effects of neo-liberal restructuring on low-income housing conditions and the influence of welfare and housing system contexts in shaping reform pathways and effects in different cities. Following this, I discuss the research design and research questions addressed in the study and present the outline of the book.

1.1. Setting the scene: an institutional perspective on housing markets

Over the last two decades, in the field of housing research a quite substantial body of literature has developed that acknowledges that ‘institutions matter’ (e.g. Ball et al. 1988; Lundqvist, 1991; Harloe, 1995; Forrest & Murie, 1989; Harloe, 1995; Ronald, 2008). Most generally, this field of research is concerned with how the organization and functioning of housing markets are influenced and shaped by other social institutions. Institutional housing research, hence, deviates from neo-classical, economic perspectives on housing in that it assumes that collective rules, norms and regulatory arrangements make a fundamental difference for the forms, dynamics and outcomes of housing markets. Set within this broader field, in this book the focus is specifically on formal institutions and government regulations in housing markets.

From an institutional perspective, three dimensions can usefully be distinguished in the analysis of housing markets: housing policies, housing market structures and housing outcomes. The first dimension concerns the forms of government intervention. Berry (1983) distinguishes three elements (see Doling 1997, for a more detailed discussion): first, policies to supplement the private market through different kinds of subsidies for the construction or consumption of housing; second, policies to replace the private market through direct
state provision of housing; third, policies to set the rules of the game and define the legal framework of housing provision. The latter may entail, for instance, rent and allocations regulations and land-use controls. The second dimension refers to the housing supply in a market and the type of housing that is available, at what price and under what entry criteria (Barlow & Duncan, 1994). The third dimension relates to how different groups (e.g. tenants, landlords, builders) are served by a given market along different criteria (e.g. affordability, profitability).

While these three dimensions of policies, housing market structures and housing outcomes are usefully distinguished conceptually, a key assumption underpinning institutional housing research is that they are not independent from each other. First, the adopted policies will have an influence on the structure of a market. Depending on the specific mix of interventions, a market may be dominated, for instance, by owner-occupation or by rental housing. Similarly, there may be a (small or large) social rental housing stock available. Along the same lines, rent and allocation regulations will have an impact on the price levels and the possibilities for different households to enter certain market segments. Second, through specific housing market structures, government policies will also exert influence on the long-term outcomes of a market. Depending on the adopted policies, for instance, different housing conditions may be available for a household under a given labor market position.

As Doling (1997) observes, more than in other markets, policy interventions play a key role in housing. In fact, as he argues, there is today no housing market in which governments do not intervene in one way or the other. However, policy interventions have never been even over space and time; quite the contrary. The way governments have intervened have critically hinged on, and been shaped by, the political, economic and cultural context in specific places. From an institutional perspective on housing, then, a key question concerns how government policies have varied over space and time, and with what effects on market structures and housing outcomes.

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It is against this background that the present study is set. The specific concern is with changes in policy interventions in urban housing markets in the context of a shift from a Fordist to a Post-Fordist regulatory regime and the rising dominance of neo-liberalism as a guiding principle of housing policy making.

1.2. The neo-liberal restructuring of urban housing markets

Many Western cities, particularly in Western Europe, experienced pronounced changes in the structure of their housing markets from the 1950s onwards. Homeownership and unregulated private rental housing, which had previously dominated, gradually lost importance vis-à-vis regulated rental segments, as private or social rental housing. To be sure, in some cities the foundations for regulated rental housing were laid much earlier already. In Vienna, for instance, where relevant measures became particularly salient, in the 1920s, more than 64,000 social rental dwellings were constructed. In the rapidly growing industrializing city, severe housing scarcity and quality problems had revealed the apparent inability of the private market to provide decent housing for the working classes. Radical housing protests pressured for the construction of regulated rental housing as an alternative (Hautmann & Hautmann, 1999). Similar developments occurred, albeit on a smaller scale, in cities like Amsterdam, Berlin, or New York.

It was, however, after World-War-Two, that regulated rental segments expanded on a more significant scale in many cities. These changes to the structure of urban housing markets were embedded in changes to the political framework of housing. Roughly from the 1950s onwards, attempts were intensified across advanced Western societies to reduce the role of private actors in the provision of housing. De-commodification measures were taken to decouple housing access from private markets (cf. Esping-Andersen, 1990). This entailed, among other measures, the granting of object-side subsidies, the construction of social rental housing, and the implementation of rent and allocations regulations in
parts of the stock. These interventions, increasingly, not only followed social objectives, but also economic motives: Low housing costs would free up resources for household consumption, keep wage claims low and, in doing so, foster international competitiveness. In that, de-commodified housing would become a relevant measure in Keynesian demand-side management and the post-war welfare state.

Unlike classical spheres of welfare like social security and health care, housing never became fully provided by the state. Also in the most comprehensive welfare states, provision always consisted of a mix of private and public actors. It is also in this context that Torgersen (1987) has famously referred to housing as a wobbly pillar under the welfare state. Nonetheless, there is general agreement that with the expansion of other welfare spheres intervention into housing also expanded to become an important field of post-war welfare arrangements (Boelhouwer et al., 1992; Kleinman, 1996; Doling, 1997).

Harloe (1995) has, probably most prominently, generalized this trend for the US and Western Europe. He distinguishes between a first phase of housing policies, which roughly ranged from the emergence of industrialism through the economic recession of the early 1930s and a second phase, between 1945 and 1975. In the earlier period of liberal capitalism, state intervention into housing was still limited, but first attempts were made to counter the housing problems of the working class through public provision, reflecting growing skepticism concerning the capacity of market actors among policy makers (Boelhouwer & Priemus, 1990). In the second phase, which Harloe refers to as post-war welfare capitalism, intervention was expanded. State-funded housing provision was consolidated to directly ensure the availability of affordable housing and governments adopted a more central role in the provision of housing.¹

The expansion of post-war de-commodification measures became manifest in urban housing markets. In Western Europe, many cities

¹ Harloe included Britain, France, Germany, the Netherlands, Denmark and the USA in his study. There are other Western countries, like Belgium, where de-commodification remained very limited also in the post-war period (Kesteloot & Cortie, 1998).
developed stocks of social rental housing. The Dutch system became particularly comprehensive. According to de Swaan (1988), the Dutch welfare state underwent ‘hyperbolic expansion’ between 1945 and 1974, with housing interventions and particularly social rental housing provision playing a central role. Nation-wide, the sector grew from less than 15% in 1947 to more than 30% in the mid-60s (Musterd, 2014). In Amsterdam, it had become the largest sector in the market by 1970. In the liberal US context, the welfare state never attained a role as central as in many West European countries and also housing interventions remained much more limited (Kemeny, 1995). Accordingly, de-commodified stocks in cities remained much smaller. Nonetheless, there are exceptions, like New York, where regulated rental housing gained more significant size. Rather than through public housing, which never exceeded 10% of the city’s stock, the subsidized private rental housing stock became central to affordable housing policies (DeFillipis & Wyly, 2008).

Since the mid-1970s, post-war welfare states have come under growing pressure. In the context of the global oil crisis, the prevalence of stagflation and mounting budget shortages the post-war economic model has been questioned. Keynesian anti-cyclical policy, demand-side management and state service provision have come under pressure, also driven by the rise of neo-liberalism as a dominant ideological reference point for policy making. Housing has not remained immune from these pressures. Embedded in a broader restructuring of welfare states, also housing policies have been gradually adapted to conform to neo-liberal ideals of free markets, private property and individual responsibility (Forrest & Murie, 1988; Boelhouwer et al., 1992). Measures to de-commodify housing have gradually lost momentum and the overall direction has become one of (re-)commodification. Increasingly, direct housing provision has been questioned in light of attempts to progress to a residual welfare model. Social rental housing as a mainstream tenure has been questioned in a number of countries (Harloe, 1995), giving rise to the promotion of homeownership (Ronald, 2008). Direct production subsidies for rental housing have been reduced, programs to sell off or demolish parts of the tenure have been implemented, and measures to
deregulate rents, also in private rental housing have been adopted.² For Harloe (1995), these developments mark a third phase of housing policies. The phase of welfare capitalism is being replaced with a phase of post-industrialism. Intervention into de-commodified housing is reduced and poor households have to rely increasingly again on the private market to find accommodation.

The UK represents an early case of re-commodification. From the mid-1970s onwards, Thatcher’s ‘Right-to-Buy’ scheme has promoted the large-scale sale of over 2 million council housing units to sitting tenants, eroding not only the affordable housing stock but also the material and symbolic basis of the welfare state (Forrest & Murie, 1988). In the Netherlands the political commitment to de-commodified housing endured through the 1980s (Boelhouwer et al., 1992). Since 1990, however, measures have been taken to reform the Dutch welfare state accompanied by a preference away from social rental housing.³ In the US, reductions in direct production subsidies were accompanied by the targeted demolition of public housing units in the HOPE VI program, alongside measures to promote homeownership growth (Goetz, 2003; Ronald, 2008).

The (re-)commodification of housing has been driven by national attempts to restructure the welfare state. In some cases, however, local governments also played an active role. Globalization and economic restructuring have prompted a greater emphasis on urban competitiveness, entrepreneurial place-making and urban renaissance in local policy-making. In a number of cities, the reduction of de-commodified housing and the promotion of market-driven real estate development have featured as a strategy to relax local budget shortages and to foster local economic growth (Harvey, 1989; Hackworth & Smith, 2001). Redeveloped housing markets and ‘livable’ neighborhoods have also become central concerns for many cities in attempts to attract

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² In the Netherlands, initially, selling off and restructuring parts of the social rented stock have also been used as an earning model of housing associations; with the money gained they were able to realise new social housing.

³ In Amsterdam, the commitment to de-commodified housing lasted somewhat longer and the decline of the social rented sector, in absolute terms, only started in 2000 (Musterd 2014).
affluent urbanites and to deliver the promises of creative city strategies (Lees, 2008). In London, for example, local councils initiated stock transfers of council housing in order to redevelop land and inner-city property through private development (Watt, 2009). In Berlin, the city promoted both the sale of social housing units to tenants and the sale of entire public housing companies (Aalbers & Holm, 2008).

In the European context supra-national policies have also become important in recent years and have put pressure on de-commodified housing. The EU has no direct competence for housing, but has exerted influence through instructing national governments to change policies under EU competition directives. For the EU, financial government support for social housing harms competition. Sweden is one country that has been affected. The Swedish reaction has been to abolish support for non-profit housing companies and to force them to act as for-profit providers (Elsinga & Lind, 2013: 969). The Netherlands is another country that has changed policies towards social housing in reaction to EU legislation (Priemus & Gruis, 2011).

The de-commodified structure of post-war urban housing markets has, hence, come under pressure from different scales. National welfare state restructuring, local entrepreneurialism and, in the European sphere, supra-national competition policies have played a role. In this context, social rental sectors have been reduced, rents in regulated market segments have been raised closer to, or near to market levels and homeownership sectors have grown (Aalbers, 2004; Musterd, 2014; Watt, 2009; Aalbers & Holm, 2008). Urban housing markets have become subject to neo-liberal restructuring. Amsterdam is an illustrative case, where this has become particularly visible in the city’s tenure structure. Driven by national and local reforms, and pressured by the EU, the social rental sector has declined sharply since the 1990s, from 58.5% in 1995 to less than 50% of all dwellings in 2009; from 2000 onwards the decline was also in absolute numbers. On the contrary, the homeownership sector

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In that, EU interventions have reinforced neo-liberal shifts in the Swedish housing system that had been under way for much longer already (Hedin et al. 2012).
has tripled, from 7% to 21% (O+S). We will discuss the Amsterdam case further in Chapter 3 of this book.

1.3. Neo-liberal restructuring and the housing conditions of low-income households

While there has been growing attention to the neo-liberal restructuring of urban housing markets in recent years (Aalbers, 2004; Aalbers & Holm, 2008; Andersson & Turner, 2014; Hedin et al. 2012; Musterd, 2014; Uitermark, 2009; Watt, 2009), there is yet limited systematic evidence available as regards the effects on market outcomes in terms of housing conditions. This is quite remarkable, given that there is a strong literature that deals with the effects of de-commodification measures on urban housing conditions, particularly for low-income households. This work, which began to develop in the 1990s, identified positive effects of large social rental sectors, allocation and rent regulations in terms of housing costs and spatial concentration for the poor (see Musterd & Ostendorf 1998; Marcuse & Van Kempen 2000; Fainstein, 2010). These arrangements contributed to a decoupling of housing conditions from labor market inequalities. In cities with de-commodified housing sectors, then, it was less the case that poor households could not afford decent accommodation, respectively were relegated to low-quality housing in the most unattractive locations. De-commodification mitigated housing problems for the poor in terms of housing costs and spatial exclusion. For some this has also made cities with larger de-commodified stocks places of greater justice (Fainstein, 2010).

The literature on de-commodified housing and housing conditions of low-income households has been focused foremost on the European context. In fact, much of the research emerged out of a concern to make sense of the evidence that in European cities, apparently, low-income households would fare better in terms of housing conditions than in many US cities. The higher degree of de-commodification in European cities that emerged out of more comprehensive post-war welfare state interventions was found to be an important factor in this respect. One can argue, however,
as hinted at above, that (also in a number of US cities), de-commodified stocks have expanded under conditions of welfare expansion, albeit large local differences apply. For New York, for instance, it has been shown, along the same line of reasoning as in European cities, how de-commodified market segments have, to a certain extent, mitigated housing problems of low-income households (Wyly et al. 2010).

With the progression of housing neo-liberalization, the de-commodified housing sectors in cities that were found to be beneficial in the past, however, have come under pressure. This has coincided with changes to housing demand. In the context of accelerating globalization, the economic structure of Western cities has undergone decisive changes. Most centrally, a shift occurred from manufacturing to service dominated economies. Economic restructuring has induced a rise in high-paid jobs in the producer service sector, and also triggered a growth in low-paid service jobs (Sassen, 2001). Beyond the new service economy, labor markets generally have become more flexible, part-time work has become more common, while social security benefits for the unemployed have been reduced in attempts to change from welfare to workfare service provision. As a result, in many cities, incomes at the top have been growing rapidly, while at the bottom they have only risen slowly and in some cases even stagnated or fell, leading to an increasingly unequal income structure. Growing income inequality has been found to be more pronounced in some cities than in others (Hamnett, 1996; Burgers & Musterd, 2002), but an overall trend is discernible that poor households are increasingly losing ground vis-à-vis richer households.

Taken together, these developments raise questions about the fate of low-income households in contemporary urban housing markets. What does it mean when regulated rental housing, on which low-income households have relied in the past, is no longer being built and the existing stock is being reduced or de-regulated, particularly given the moderate income developments that many of these households recently experienced? How would this affect their housing situation and to what extent would it promote greater problems to find decent accommodation at an affordable price?
Initial research on the matter is available in the realm of gentrification research. Relevant studies have explored how the loss in regulated rental units in gentrifying neighborhoods is affecting poor households in their ability to stay put, or to what extent neo-liberal restructuring is forging processes of spatial exclusion. Market restructuring, in this context, has been interpreted as a form of state-led gentrification. Relevant empirical research has been conducted for instance for Swedish, Dutch and US cities. In the Swedish context it was found that the reduction in public housing units through right-to-buy in the inner city of Stockholm has been accompanied by an upgrading of the population mix to higher socio-economic status (Hedin et al. 2012; Andersson & Turner, 2014). At the same time, the population in the remaining public housing properties, mainly in the outskirts of the city, has become poorer, indicating a displacement from the inner city. In Amsterdam, equally, the sale of social rental housing has led to decreasing numbers of low-income households in central areas (Uitermark & Bosker, 2014); however, direct displacement has been limited and the lack of access for new-comers has become an important barrier for the poor (van Gent, 2013). In New York, de-commodified units have acted as protective barriers for low-income households to resist displacement in gentrifying neighborhoods (Newman & Wyly, 2006), but the gradual dismantling of relevant programs has spurred displacement (Wyly et al. 2010). Taking off from this initial research, the current project starts with the hypothesis that, under conditions of moderate income developments for poor households on the housing demand side, the reduction in de-commodified rental housing in cities that follows from neo-liberal housing reforms at national, local and supra-national scales, will lead to growing problems for these households to find affordable accommodation.

1.4. Researching neo-liberal restructuring: the challenge of welfare and housing system contexts

As critical geographers have noted, one problem with research on the neo-liberal city is that it often remains blind to context. Thereby, generally applicable policy pathways and convergence to a singular neo-
liberal model are seemingly assumed. Indeed, Leitner et al. (2007) identify that a compelling assumption has been that advances in neoliberal discourses, policies, and subjectivities have shaped a ‘neoliberal urbanism’ characterized by entrepreneurial forms of urban governance, an elevated role for private sector interests in development projects, and an entrepreneurial and self-regulated approach to urban dwellers and dwellings. In that, much like early work on globalization, economic restructuring and urban change (Fainstein et al. 1992; Fainstein, 1994; Mollenkopf & Castells, 1991), much of the work on the neo-liberal city implicitly sits within a convergence framework.

As Brenner et al. (2009) argue, however, a universal understanding of neo-liberal urbanism is simplistic in that it overlooks how relevant regulatory shifts in specific places are shaped by, and premised upon, pre-existing institutional structures. It may indeed be the case that urban and housing policies across Western cities are increasingly based on a unified, simple set of ideas related to the promotion of private property rights, free markets and free trade. Actual processes of policy change, however, will critically hinge on, and are embedded in, inherited policy regimes, structures and traditions, making reforms highly contingent on local economic, political and cultural circumstances and leading to variegated pathways and effects in different places.

In housing research there is an influential literature available that highlights the highly differentiated institutional landscape that developed in post-war policy structures across Western societies. This work has shown how, similar to other welfare spheres also in housing the expansion of state interventions has taken different routes, reflecting historically established traditions, dominant ideology and power structures (Barlow & Duncan, 1994; Kemeny, 1995; Hoekstra, 2003). One way to demonstrate this has been to relate housing policy developments in different countries to Esping-Andersen’s seminal welfare state typology (1990). Esping-Andersen distinguished three welfare regime types, based on an analysis of unemployment benefits, sickness payments and pension schemes:
• *The liberal type* is characterized by a dominant role of the market in welfare provision. The idea is that state intervention is minimized to help only those who are in greatest need, the poorest of the poor (safety net). Welfare provision is means-tested, and thereby tends to stigmatize those who receive it. Basic organizing principle is to keep direct state intervention as small as possible and to leave welfare as far as possible to the “free” market. The US and Australia represent typical examples of the liberal system.

• *The social-democratic type* gives a dominant role to the state. The idea is to uplift the poor to middle-class standards through comprehensive state intervention. This is achieved by granting welfare transfers on a middle-class standard universally. Relatively, the poor will benefit more from these transfers. Welfare in the social-democratic system is most decommodified (Esping-Andersen 1990) meaning that the link between the labor market position of a household and the level of the household’s welfare is weakest. Welfare is least traded as a commodity and “de-commodified” through direct intervention of the state. Typical examples of the social-democratic system are the Nordic countries, such as Sweden, Finland and Norway.

• *The corporatist type* is made up of a mix of state and market in the provision of welfare, and stands in-between the liberal (market-dominated) and the social-democratic (state-dominated) system. Contrary to the other two types the family has a strong role to play. The idea is to preserve the traditional status of people. Welfare is hence given to people according to their specific status, which has the effect that the welfare system is quite fragmented. A typical characteristic of corporatism is also that those who are in the system receive protection, while those who are not (yet) in the system remain unprotected. Austria, Germany and Belgium have been described as typical examples of the corporatist system.
Comparative housing researchers have related this threefold typology to housing (see Barlow & Duncan, 1994; Hoekstra, 2003). One of the differences between countries regards the degree of influence that has been assigned to market actors and respectively to the importance of state intervention. Another, related difference regards the size and scope of the social rental sector.

- **Social-democratic type**: In the social-democratic type, the state has a dominant position in the provision of housing. There is a large-scale social housing sector that grants universalized access. Land-use planning is fairly strict and the state exerts strong control over land. Often land is in public ownership. Housing is most de-commodified in this type.

- **Liberal type**: The liberal type is at the opposite end of the spectrum. Here, the market dominates housing provision. The state only supports marginal groups directly. Hence, social housing accounts only for a small segment of the market and is commonly reserved for the very poor. Public control over land use and land ownership is fairly weak. Housing de-commodification is lowest in the liberal type.

- **Corporatist type**: The corporatist type is situated somewhat in-between the social-democratic and the liberal type. Here, the state, the family and the market are important in housing provision. State influence is therefore more moderate than in the social-democratic system and aimed at correcting negative effects of the market, but more pronounced than in the liberal system. The social housing sector is considerably large. Access, however, is more restricted than in the social-democratic system.

Comparative research across countries on housing neo-liberalization processes has shown how these differences in post-war interventions have mattered a great deal for shaping reform pathways. In line with Brenner et al. (2009), housing reforms seem to follow variegated patterns. In their study of housing systems in six European countries, for instance, Boelhouwer et al. (1992) find evidence for a general trend towards
governmental retreat from direct housing provision in the 1980s. They reject, however, notions of convergence, because, as they argue, the institutional set-up of housing markets is “the product of a series of historical developments unique to each country, the institutions that have been established in the course of time, and the activities of government, which are influenced partly by tradition and by ideology” (ibid.: 295; see also Harloe, 1995 or Ronald, 2008 for arguments along these lines).

While there has been growing attention to neo-liberal restructuring of housing also at the city level in recent years, there is yet little comparative research available. Few studies have focused on more than one city (but see Hackworth, 2007) and even less research is available that has taken different welfare and housing system contexts into account (but see Aalbers & Holm, 2008 for a notable exception) in order to question implicit notions of urban convergence (Nijman, 2007). As a result, to date, little remains known about differences in reform pathways and effects and how they have been shaped by different regulatory contexts. It is against this background that the present study takes on three cities, located in different welfare and housing system contexts to explore the effects of the neo-liberal restructuring of urban housing markets on the housing conditions of low-income households.

1.5. The current study

1.5.1. Main research questions and analytical working scheme

Through the selection of cases and the specification of a period of analysis, the general interest of this study was narrowed down to two specific research questions. The first question that initiated the project, then, was:

How has neo-liberal restructuring affected the housing conditions of low-income households in New York, Amsterdam, and Vienna since 1990?
My interest is specifically in how neo-liberal reforms have restructured the urban housing supply and how this has affected housing conditions. Following from that I formulated three sub-questions:

1) How have governments at different scales changed their way of intervening in the urban housing market in order to commodify housing?

2) How has this affected the housing supply?

3) How have the housing supply changes affected housing conditions for low-income households?

The focus is hence on the links between policy changes, housing supply changes and housing outcomes.

Taking off from the individual examination of the three cases, the second question concerns the comparison of them:

*What are the main differences between the three cities in terms of reform pathways and effects?*

Figure 1 below sketches the analytical working scheme on which the research is based. My starting point, in the left column, is that under Fordism, as part of the expansion of state welfare provision, policies were implemented for the de-commodification of different spheres of social reproduction, among them housing. This has affected urban housing markets and led to the expansion of de-commodified market segments. They became important for accommodating low-income households and exerted dampening effects on housing costs and socio-spatial divisions. The right column sketches, how under conditions of Post-Fordism these structures are dismantled. As part of a retreat of state welfare provision, strategies for the de-commodification of services have been scaled back, among them policies for the de-commodification of housing. This has led to a restructuring of urban housing markets and a reduction in de-commodified market segments. I assume that this reduces the dampening effects of the urban housing supply on housing problems of the poor and
makes these problems become more acute. I examine these relationships for different cases, which developed institutionally different starting points for neo-liberal restructuring in the period of welfare state expansion.

**Figure 1: Analytical working scheme**

![Analytical working scheme]

**Fordism**
- intensified attempts in housing policies to de-commodify housing
- expansion of de-commodified housing sectors in urban housing markets
- improving housing conditions of low-income households in cities

**Post-Fordism**
- intensified attempts in housing policies to re-commodify housing
- decline of de-commodified housing sectors in urban housing markets
- deteriorating housing conditions of low-income households in cities

Source: own illustration.

**1.5.2. Case selection**

The research initially started out with two cases, New York and Amsterdam. The rationale for selecting these cities was threefold. First, both cities became focal points of de-commodification policies in the post-war period and developed particularly large regulated rental housing
sectors, compared to other places in their respective countries. They are hence both places, where post-war interventions become particularly visible. Compared to other US cities, New York developed an exceptionally large regulated private rental stock, next to the country’s largest public housing stock, which together comprised about 51% of all units at the beginning of the 1990s. In Amsterdam, similarly, de-commodification policies became more important than in other places in the Netherlands and in the early 1990s, the city had one of the largest social rental stocks of all Dutch localities (van der Veer & Schuiling, 2005).

Second, New York as well as Amsterdam experienced neo-liberal reforms in their housing markets. In New York, the regulatory framework already began to change in the 1970s, under the Reagan administration, when federal funds for affordable housing programs were cut back, next to a gradual de-centralization in housing responsibilities and greater regulatory efforts to promote homeownership. Since the 1990s, re-commodification pressures have accelerated, driven by market-oriented reforms at federal, state and local levels (Angotti, 2008; Schwartz, 1999; Wyly et al. 2010). In Amsterdam, policies for regulated rental housing have endured longer than in other contexts, following from the longer adherence to post-war policy pathways in the Dutch welfare state, which affected not only housing, but also social security and the Dutch pension system. Since the 1990s, however, there has been a pronounced turn away from state service provision, also in housing, as part of a restructuring of the post-war welfare state. Social rental housing programs have been scaled back and greater reliance is on homeownership and market based housing provision (Dieleman, 1996; van Kempen & Priemus, 2002).

But while New York and Amsterdam show similarities in terms of comparably strong signs of de-commodification and experiences of re-commodification, they crucially differ in another respect, i.e. the broader housing regulation context in which they are embedded. The US has been identified as a typical example of a liberal welfare state, also as regards housing (Barlow & Duncan, 1994). The market has never been challenged as the “natural” provider of housing, direct housing provision
by the state has remained limited and consequently, social rental housing\(^5\) has also remained small and reserved for those in greatest need. This contrasts to the Netherlands. Comparative welfare research, including Esping-Andersen (1990), has classified the country as a hybrid case, showing elements of social-democratic and corporatist welfare regimes.\(^6\)

With respect to housing in the early 1990s, however, various researchers have taken the Netherlands as an example of a social-democratic type: First, the state has generally had a strong influence on housing provision and exerted strong control over land use. Second, the stock of social housing is fairly large with universal access (Hoekstra, 2003).

The regulatory differences between the US and the Netherlands are also reflected in the structure of the urban housing markets of New York and Amsterdam in the early 1990s. In New York, social rental housing, with direct provision by the state, accounts only for a marginal share of all units. Even though by US standards the city has developed the country’s largest stock, it still only accounts for 6 percent of all units. Most de-commodified units in New York belong to the regulated private rental market, where policies, in line with liberal principles, have sought to mitigate affordability pressures without, however, substantially curtailing the influence of private market housing provision. In Amsterdam, by contrast, state and non-profit associations have in large parts replaced the market as a provider of housing. The comprehensive commitment to housing de-commodification and non-market provision is reflected in the dominance of the social rental housing stock, comprising almost 60 percent of the stock in the early 1990s. New York and Amsterdam, hence, allow for an analysis of neo-liberal restructuring of urban housing markets in a liberal and a social-democratic housing regulation context.

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\(^5\) In the US context usually referred to as “public housing”.

\(^6\) In the post-war period, the Netherlands developed high degrees of de-commodification, in line with a social-democratic welfare regime type, as defined by Esping-Andersen (1990). However, Esping-Andersen sees the social-democratic regime also as the result of a dominant political position of the labor movement. The Dutch post-war political system, however, was characterized by coalitions and consensus-making, with the labor movement never gaining a solely dominant position, making the country for some an example of a hybrid case.
In the course of the project, the case selection has been widened and
Vienna was included as a third case. Like New York and Amsterdam,
Vienna developed a particularly large de-commodified housing stock,
compared to the rest of Austria over the course of the 20th century. The
origins of affordable housing policies in Vienna go back to the
experiments with municipal socialism – today better known as ‘Red
Vienna’ – in the 1920s, when the city implemented strict regulations and
luxury taxes to drive private landlords out of the market and constructed
large swaths of municipal council housing to provide accommodation for
the working class. Interventions were expanded from the 1950s onwards,
when housing became a pillar in the Austrian post-war welfare state.
Contrary to the US liberal context, and the Dutch social-democratic
context, Austria has followed the principles of a corporatist welfare state
as regards housing (Matznetter, 2002). Vienna, then, allows for an
analysis of neo-liberal restructuring of an urban housing market located
in a corporatist housing regulation context.

1.5.3. Methods and data sources

A detailed description of the methods and data sources on which the
research is based can be found in the separate chapters. Here,
nonetheless, I briefly discuss the overall methodological approach.
Following from the posed research questions, in each city, the analysis
follows essentially three steps: first, the analysis of market-promoting
policy changes, second, the analysis of changes to the structure of the
housing market and third, the analysis of changes in housing conditions.

The analysis of policy changes is based on a literature and document
analysis. Secondary literature and key policy documents are analyzed to
identify relevant regulatory changes at different governmental scales. The
second and third analytical steps are based on quantitative survey
research. First, changes in the structure of the housing market in terms of
tenure status and housing cost levels are identified. Second, under
considerations of income developments on the demand side, changes to
the housing conditions of low-income households are analyzed. The
applied concepts are clarified in the separate chapters.
The quantitative analysis draws on different sources for the three cities. In New York, the Housing and Vacancy Survey (HVS) is used. It is a survey that is conducted triennially. The primary purpose is to count the number of occupied and vacant units in the city, but there are also several housing and tenant-related variables included. The survey provides micro-data on the individual household level. The sample of about 18,000 households is representative for the city and weights in the dataset make it possible to draw conclusions about city-wide developments. The data used covers the period from 1993 to 2008. For the case of Amsterdam, the analysis is based on the Wonen in Amsterdam Survey (WiA). The WiA is a biennial survey in Amsterdam that is conducted since 1995. It provides micro-level data on the household level of approximately 18,000 households. The selection of households is representative of the city-wide population, similar to Vienna. Weights in the dataset allow to draw city-wide conclusions. The datasets used cover the period from 1995 to 2009. For the case of Vienna, I draw on several data sources, including national census data and EU-SILC data.

1.5.4. Measuring housing conditions

For the measurement of housing conditions, the study will draw on the concept of housing affordability, as one standard measure for housing outcomes. Housing affordability is a function of housing costs and household income. Depending on the development of the two factors, housing affordability can remain stable, improve or deteriorate (see also Figure 2). On the micro level of the individual household, affordability refers to the relation between housing costs and household income. On the macro level of the city it indicates the relationship between housing supply and demand (Doling 1997).

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7 The survey originated from attempts to monitor the state of New York’s housing market for the New York State rent regulation system. Rent regulation was introduced in the 1950s as an emergency measure to counter the city’s severe housing problems. The real estate lobby agreed to the introduction only under the premise that once the city’s housing emergency is over, the regulation will be automatically abolished. The state of emergency was defined as a vacancy rate below 5% of all units. Since the 1950s, New York’s housing market has been in a permanent state of emergency, vacancy has never exceeded 5% and rent regulation has ever since remained in place.
Different concepts have been developed to measure affordability (see Stone, 2006 for an overview). Most commonly used is the cost-income-ratio approach, which we will also apply. It calculates the share of household income (usually monthly) that is devoted to housing costs. High cost-income ratios indicate low affordability, low cost-income ratios high affordability.\(^8\)

**Figure 2: Logical possibilities of changes in housing affordability**

<table>
<thead>
<tr>
<th>Increase</th>
<th>Household income</th>
<th>Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Affordability stable</td>
<td>Affordability improving</td>
<td>Affordability improving</td>
</tr>
<tr>
<td>Affordability deteriorating</td>
<td>Affordability stable</td>
<td>Affordability improving</td>
</tr>
<tr>
<td>Affordability deteriorating</td>
<td>Affordability deteriorating</td>
<td>Affordability stable</td>
</tr>
</tbody>
</table>

*Source: Own illustration.*

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\(^8\) One critique of the ratio approach is related to the so-called “threshold” problem. Usually, a normative threshold is used as a tipping point up to / above which housing is considered affordable / not affordable. This raises the problem of how to define the threshold, and whether the same threshold can be used in different contexts, and for different groups. We are aware of this problem, but in this study our interest is in trends and how affordability changed over time, whether it became better or worse. Hence we are not confronted with the threshold definition problem.
One central problem with housing affordability as a measure for housing outcomes is that it does not capture the dimension of housing access. It may indeed be the case that housing is highly affordable in a city as soon as a household has gotten access to a certain market segment. There may, however, be financial access barriers, for instance through down-payments that a household has to pay. Similarly, the number of available affordable dwellings may be small, due to low mobility within the inexpensive sector and/or the lack of new construction of such units. To account for this shortcoming of an affordability measure, from Chapter 3 on the analysis is extended to also include the issue of accessibility. Accessibility refers to the ability of households to enter the housing market, respectively certain market segments.

1.5.5. Outline of the book

The book consists of four studies, all of which were prepared as individual journal articles. In that, they represent separate studies. Nonetheless, they build on each other in their analysis. In so doing, the order of the chapters also reflects the intellectual journey that I underwent during the research process.

The following, second Chapter is concerned with the neo-liberal restructuring in New York since 1990. Focusing on the city’s rental market, it starts out by giving an overview of housing reforms at federal, state and local scale that have promoted greater market influence over the last two decades. Based on it, the paper analyzes reform effects on the structure of the rental market in terms of tenure segments and rent levels, and identifies the impact on housing affordability. It finds that, already prior to the reforms, affordable housing for poor New Yorkers was short in supply. However, the reforms have triggered a further loss of inexpensive units. As income developments for low-income households in the city have only been moderate, affordability problems have become more severe. Housing has become less affordable not only for poor but also for middle-income New Yorkers, with the former, however, particularly hard hit.
Based on these findings Chapter 3 turns to Amsterdam and neo-liberal restructuring in a social-democratic housing system context. It identifies key market-based reforms at national, local and EU level from 1990 onwards. This is followed by a more focused empirical analysis of reform effects on the city’s tenure structure and rent levels, and how they affected housing affordability and accessibility of different income groups. The paper finds that, against expectations, despite rising rents and moderate income developments for the poor, affordability for low-income households has not deteriorated in the city in the course of reforms, mainly thanks to the remaining social rental housing stock and the extensive housing allowance scheme. Nonetheless, the analysis identifies that accessibility has emerged as a key problem for poor Amsterdammers, and, following from neo-liberal restructuring, getting access to the housing system and finding an affordable accommodation for newcomers in the city has become increasingly difficult.

Chapter 4 builds on the findings of the first two chapters. It compares neo-liberal restructuring in New York and Amsterdam as examples of cities in liberal and social-democratic welfare and housing systems. The paper also adds Tokyo as a third case, as an example of a city in a developmentalist welfare regime. The paper finds that in all three cities, housing reforms have forged changes to the market structure, leading to greater problems for the poor to find affordable accommodation in the city. However, the paper also highlights the differences in the pathway of restructuring and shows, specifically, how key policy shifts and market transformations are highly differentiated in the three cases, following their embeddedness in distinct combinations of urban, welfare and housing systems.

Chapter 5, finally, takes on the case of Vienna, as an example of a city in a corporatist housing context. The paper starts out from the observation that in fact a great deal of de-commodification policies have remained in place, which is also well documented in the literature about Vienna. However, the analysis identifies two key policy shifts in which de-commodification has been weakened, through reforms in the social rental and the private rental stock. The paper finds that, as a consequence, both segments have become increasingly more expensive to enter. This has
forged a division between low-income insiders and outsiders, with the former still fairly well served, but the latter having increasing difficulties to find affordable housing in the city. As a result, the time of market entrance has become critical as regards available housing conditions and rights for low-income households.

Chapter 6 is the concluding chapter. It does two things. First, it provides a summary of the findings by reflecting on the two main research questions and drawing together the results from the different chapters. Second, it discusses potentially salient avenues for further research.

References


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