



The uneven distribution of evictions as new evidence of urban inequality: A spatial analysis approach in two Catalan cities



Aaron Gutiérrez^{a,*}, Xavier Delclòs^b

^a Department of Geography, Rovira i Virgili University, 15 Joanot Martorell, 43480, Vila-seca, Tarragona, Spain

^b Department of Geography, Autonomous University of Barcelona, B Building, Campus Bellaterra, de la Fortuna St., 08193, Bellaterra, Barcelona, Spain

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ABSTRACT

The dramatic proliferation of evictions has become the most evident manifestation of the housing crisis in Spain. However, the lack of official data on this phenomenon at the municipal and infra-municipal levels has so far prevented analysis of their spatial distribution in urban areas. To overcome this problem, the present study proposes and validates an alternative data source that allows spatial analysis of this phenomenon at the neighborhood level. For this purpose, second-hand dwellings owned by banks were used to provide an approximation of the number of evictions derived from foreclosures.

Two medium-sized Catalan cities were selected as case studies and a spatial analysis was undertaken based on Local Moran's I. The results showed that the distribution pattern of evictions was not random; it confirmed the existence of clusters in the most deprived neighborhoods and showed a significant bivariate correlation between evictions and foreign resident distribution by census tract. The results demonstrate how the mortgage crisis has fueled urban inequality.

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1. Introduction

The increasing proliferation of evictions, which has been fueled by the bursting of the housing bubble, rapid economic decline, and the mortgage crisis, has become one of the major social, economic, and political challenges facing Spain (Álvarez, Zapata, & Zapata, 2015; Cano, Etxezarreta, Dol, & Hoekstra, 2013; Colau & Alemany, 2012). The growing academic literature that has analyzed this phenomenon concurs in underlining the number of evictions experienced since 2009 as the most dramatic manifestation of the social problems generated by the Spanish real estate and financial model (Coq-Huelva, 2013; Hoekstra & Vakili-zad, 2011). Rising prices during the housing bubble period, the overexposure of household economies to credit, and the fragile and unstable situation of the Spanish labor market, finally led to a situation in which a growing number of families became unable to assume their mortgage debts. As a result, the spread of foreclosures and home dispossession has acquired a greater magnitude in Spain than in any other European country (Cano et al., 2013).

1.1. The housing bubble and the rapid increase in mortgage debt as precedent

During the decade 1997–2007, which was characterized by a real estate boom and rapidly rising prices in the property market, the pace

of dwelling construction accelerated from year to year, culminating in the highest level of dwelling production per year in Spanish history (Gutiérrez & Delclòs, 2015). Within this context, Catalonia was one of the regions with the highest rates of dwelling construction, together with the autonomous communities of Madrid, Andalusia and Valencia (Naredo & Márquez, 2011; Romero, Jiménez, & Villoria, 2012). During this decade, a total of 657,550 new dwellings were built in Catalonia; this represented a construction rate of more than 180 finished dwellings per day. This rapid growth in construction activity was fueled by an expansive demand for new housing in a context of population growth, economic prosperity, and easy access to credit.

The culture of home ownership as the preferred tenancy system had already been firmly established in Spain several decades earlier (López & Rodríguez, 2010), but during the housing bubble, public and financial policies favored and fueled this tendency even more (Fernández-Tabales & Cruz, 2013). These circumstances resulted in Spain having the highest relative ratio of home ownership in Western Europe (approximately 80% in 2012, according to Eurostat data). Within this scenario, mortgage loans became the main source of access to the housing market. In other words, the Spanish version of the global economic financialization became particularly focused on the acquisition of housing (Coq-Huelva, 2013). The lowering of interest rates, the facilities given for obtaining mortgages and the high valuations that banks gave to housing resulted in the increase in demand and upward spiraling of prices that fueled the real estate bubble (Romero et al., 2012). As a result, the number of new mortgages granted every year in Catalonia increased by 24% during the period 2003–2006

* Corresponding author.

E-mail addresses: aaron.gutierrez@urv.cat (A. Gutiérrez), xavier.delclos@uab.cat (X. Delclòs).

(according to the Spanish National Institute of Statistics). Furthermore, the average size of mortgages increased by 62% during the same period. At the peak of the real estate bubble and rapidly rising housing prices, the increases in the amortization period for mortgage loans and low interest rates facilitated a continuous growth in the number of transactions undertaken (Coq-Huelva, 2013; Gutiérrez & Delclòs, 2015). These factors led to a twelve-fold increase in the total value of the mortgage debt held by families in Spain during the period 1994–2007 (according to data from the Bank of Spain). All of this occurred within a context in which the global volume of private debt (that of families and companies) also tripled during that same period. The subsequent arrival of the financial and economic crisis implied the implosion of these growth models, with their dramatic consequences. The rapid increase in the unemployment rate observed from 2009 onwards, combined with the oversized mortgage loans led to a growing number of families finding it increasingly difficult to repay their contracted debt. The lack of public policies supporting families that suffering this situation has derived in the present mortgage crisis (Barbero, 2015).

1.2. Evictions as a subject of study in Spain

An increasing body of academic literature has analyzed the recent proliferation of evictions in Spain. This has been undertaken from several different angles, including: their economic and financial repercussions (Coq-Huelva, 2013; Hoekstra & Vakili-Zad, 2011); diagnoses of the resulting social impact (Colau & Alemany, 2012); the emergence of social movements, activism and political participation campaigning for appropriate responses to this problem (Aguilar & Fernández, 2010; Álvarez et al., 2015; Barbero, 2015; González García, 2015; Ordóñez, Feenstra, & Tormey, 2015; Romanos, 2014); and the impact of this crisis on public health (Gili, Roca, Basu, McKee, & Stuckler, 2013; Valiño, 2015). Although this should form part of a prominent field of research within current studies of urban, economic, and social geography in Spain, there has so far been an absence of geographic analysis of this phenomenon. Three of these sources correspond to work undertaken by Méndez, Abad, and Plaza (2014), Obeso (2014) and Vives-Miró, González-Pérez, and Rullan (2015). Obeso (2014) and Méndez et al. (2014) studied the distribution of foreclosures in 431 judicial districts in Spain – supra-municipal level of analysis – and Vives-Miró et al. (2015) analyzed the distribution patterns of evictions within the judicial district of the city of Palma (Majorca), based on data provided by the Common Service of Notices and Foreclosures of the courts of Palma. This lack of literature is explained by the dearth of official statistical data relating to this phenomenon. Spanish official statistics services do not provide data at the municipal or infra-municipal levels; they only provide aggregated data at the provincial and judicial district levels. This has so far limited the development of a potentially interesting field of research: the analysis of the spatial distribution of this phenomenon in urban areas.

As with any socioeconomic phenomena, evictions can be studied from a territorial perspective, which would include analyzing their uneven spatial distribution as a key variable for understanding the social and economic impact of the housing crisis in Spain. Surveys conducted by the Mortgage Victims Platform (PAH),¹ involving families affected by foreclosures (Colau & Alemany, 2012) and other qualitative studies undertaken by the DESC² Observatory (Valiño, 2015) confirmed that evictions have particularly affected families with lower incomes. These have been the ones most affected by unemployment, along with the most vulnerable groups in society, such as single parent families and immigrants from outside the EU. Based on this preliminary assumption, the central hypothesis of this article is that the spatial distribution of evictions in cities should also reflect this inequality. We therefore propose that an analysis of whether the spatial pattern of evictions in

cities tends to be uneven and, more concretely, whether they tend to be concentrated in more deprived neighborhoods. If this is so, spatial analysis should provide empirical evidence of how evictions have not only enhanced social inequality, but also increased the contrasts between neighborhoods. This type of analysis had not been previously undertaken in the Spanish context. Our analysis also suggests that this type of study could be used as a key indicator for interpreting social and spatial contrasts fueled by the economic crisis. Adopting this approach in the current study has enabled us to highlight the relevance and usefulness of incorporating spatial analysis into studies of processes of social and economic change of the type experienced in the current crisis. Geographical analysis adds a necessary interpretation of the spatial logic underlying such processes of change; it also enables researchers to identify, compare and contrast the resulting spatial changes and inequalities. This approach is especially relevant for studying variables such as evictions, which have been shown to particularly affect the poorest social groups.

To overcome the intrinsic limitations associated with the use of official eviction statistics at the non-disaggregated municipal and infra-municipal levels, this paper proposes a new methodological approach: the use of data on second-hand dwellings owned by financial institutions as a valid approximation for evictions deriving from mortgage foreclosures. Once these data have been validated and georeferenced, the pattern of concentration and spatial autocorrelation can be analyzed for evidence of the spatial clustering of evictions. Secondly, a bivariate correlation of the distribution of evictions and a socioeconomic indicator can be used to identify the types of neighborhood in which this phenomenon tends to concentrate.

2. Material and methods

2.1. Data

The official statistical sources available for the study of evictions in Spain (provided by the General Council of the Judiciary and the National Institute of Statistics) present their disaggregated data at the judicial district and provincial levels, respectively. This scale is not sufficiently detailed to allow an analysis of the relationship between this phenomenon and urban dynamics. This study therefore proposes an alternative data source that permits an approximation to the reality of evictions at the infra-municipal level: second-hand dwellings owned by banks (SHDOB). All such dwellings have been acquired by banks as a result of mortgage foreclosures and processes of judicial release (eviction).

Financial institutions operating in Catalonia advertise their real estate assets through web portals dedicated exclusively to this purpose. This permitted a systematic gathering of all SHDOB advertisements published on the web portals of the real estate subsidiaries of the 17 main financial institutions in Catalonia.³ We therefore counted the number of dwellings advertised for sale between January and May 2014 and their distribution by municipality. Each advertisement also supplied information about the characteristics of the dwelling in question and its postal address. In this way, it was possible to geolocate each SHDOB.

In order to interpret these data, it is necessary to highlight some of their main characteristics, particularly as the data source was indirect and this entailed certain limitations and constraints. Firstly, it should be noted that part of the SHDOB, even in the case of acquisition by banks as a result of foreclosure, could have not corresponded to the habitual residence of their households. So, in these cases should not therefore have been computed as evictions from primary family residences. Secondly, it must be stated that the result of this count did

³ In 2014, these were: CaixaBank, Bankia, Banco Santander, Banco Sabadell, Banco Bilbao Vizcaya Argentaria (BBVA), Catalunya Caixa, Novagalicia, Banco Popular, Grupo Banco Mare Nostrum, Banesto, IberCaja, Barclay's, Bankinter, CajaMar-CajaRural, Kutxa-Bank, Deutsche Bank, and BNP Paribas.

¹ "PAH" is the Spanish acronym of "Plataforma de Afectados por la Hipoteca".

² This is the Spanish acronym of "Economic, Social and Cultural Rights".

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