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The rental housing question: Exploitation, eviction and erasures

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ABSTRACT

Critical housing studies have been slow to interrogate the role of low-income rental tenure in contemporary capitalism. Retaining insights of previous Marxian analyses, which insisted that housing is inextricably linked to the capitalist political economy, this essay sets off to revise the rental housing question: how might we explain the rising levels of rental housing insecurity - overindebtedness, evictions and homelessness - of impoverished households, who have been integrated into the financial system as renters and debtors? Viewing this question through an analytical-historical approach in which theoretical concepts are embedded in appropriate historical context, the paper reveals how monetized power relations involving landlords (public and private), creditors and multi-scalar state interventions (federal, municipal and district) play an integral, yet paradoxical, role in low-income rental housing insecurity. To develop this argument, I draw on the case of social rental housing in Neukölln - one of Berlin's most impoverished boroughs - to demonstrate how monetized power relations and multi-scalar state interventions have produced and reproduced housing insecurity through a tri-nodal continuum marked by: (1) exploitation through rent and credit, (2) evictions and homelessness, and (3) erasures by invisiblizing the displaced.

1. Introduction

Since the early 2000s, there has been a revitalization of critical analyses that view housing as a socially embedded feature of financial capitalism[1] (Aalbers, 2011; Rolnik, 2013; Walks, 2013; Garcia Lamarca and Kaika, 2016). Within these debates, the role of low-income rental housing has remained muted (cf. Aalbers, 2016; Fields and Uffer, 2014). In particular, there has been insufficient analytical or historical attention paid to the rising level of low-income rental housing insecurity marked by overindebtedness, evictions and homelessness. It is vital to address this lacuna in the literature, as many low-income households across the globe are struggling with similar issues on a daily basis.

In Germany, for instance, where the majority of people rent as oppose to own their homes, 335,000 people - including families – were made homeless in 2014 (BAG Wohnungslosenhilfe, 2015). Experts warn that if the current housing conditions (lack of affordable flats) and failing social welfare protection continue, this number will reach well over half a million by 2018 (BAG Wohnungslosenhilfe, 2015). The growing trend of housing insecurity at the very heart of Europe raises important analytical and historical questions about the nature of rental housing provisioning in financial capitalism, and, by extension, its impact on how low-income households (welfare recipients and the long-term unemployed) meet one of the most basic survival needs: shelter.

Housing insecurity is, of course, not new. In *The Housing Question*, Engels (1872) described the abject living conditions of the working classes as an enduring and constructed feature of capitalism. Picking up on this thread a century and a half later, critical housing scholars have stressed the importance of conceptualizing housing as more than a market segment or policy (Clarke and Ginsburg, 1975; Aalbers and Christophers, 2014). Instead, they point out that housing is a capitalist social relation in that it serves as place of survival (use-value) *and* as a site of accumulation (exchange-value) (Berry, 1979, 1981). The latter being achieved through, for example, rent maximization behaviour (Haila, 1988). This dual nature of housing, moreover, results in on-going tensions in capitalism, albeit expressed differently across historical and geographical contexts (Madden and Marcuse, 2016).

Deploying the above insights, I renew the rental housing question by asking, how we might understand the rising levels of rental

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[1] More often than not, the critical housing literature employs the term financialization. I choose not to follow suit because of its definitional imprecision and its inability to tackle the role of money (for critiques of financialization see Soederberg, 2014 and Christophers, 2015).

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housing insecurity of low-income households, who have been integrated into financial capitalism[2] as debtors and renters? This prevalent trend raises critical analytical questions that require new explanatory concepts. To contribute to this task, I provide much-needed granularity regarding how the dynamics of monetized power relations and multi-scalar state intervention have acted to construct rental housing insecurity.

Keeping a firm focus on the dual nature of housing, I argue that rental housing insecurity is produced and reproduced along a tri-nodal continuum: (1) exploitation through rent and consumer credit, (2) evictions and homelessness, and (3) erasures by invisibilizing the displaced. The core dynamics of housing insecurity are driven by monetized power relations that draw together landlords, creditors and the state at various scales of intervention. These relations collectively play an integral, yet often contradictory and contingent, role in facilitating and mediating the lived experiences of poor households in-and-through the tri-nodal processes of rental housing insecurity.

I develop this argument in the historical context of Germany. Specifically, I focus on the case of social rental housing in Neukölln – one of Berlin's most impoverished boroughs – where qualitative fieldwork was conducted in 2015 involving archival research and semi-structured interviews with homeless shelters, social justice NGOs, government officials at the federal, municipal and district levels, and state-approved debt counseling agencies. Neukölln offers an appropriate case to address the above question because rental housing is not only the dominant form of tenure, the borough is also home to the largest number of impoverished people in Berlin. Many of the latter are overindebted, engaged in low-wage, part-time work *and* are recipients of federal benefits to meet basic subsistence needs, including support for rental payments.

The essay is organized into three main sections. In Section One, I historically contextualize several core concepts to shed critical light on the dynamics, power and tensions involved in the making and remaking of housing insecurity in Berlin. In Section Two, I turn to the case study of Neukölln to discuss tri-nodal processes and practices (exploitation, evictions, and erasures) that constitute housing insecurity. In Section Three, I conclude by summarizing the argument and drawing out some insights from the study for other urban spaces.

2. The rise and restructuring of social rental housing in Berlin

2.1. Rental housing as place of survival and site of accumulation

As has been well documented, social provisioning in post-War II Germany took the form of extensive social welfare programmes aimed at integrating and employing broad sections of the working population into the manufacturing-led and export-oriented accumulation strategy generally referred to as Modell Deutschland (Altvater and Mahnkopf, 1996). Housing subsidies therein formed a key part in establishing the social basis for its post-war economic miracle. Integration and employment of different segments of the labour force was accomplished through the provision of direct government subsidies and guarantees to landlords (private and public), who in turn agreed to keep rent prices low (*Mietpreisbindung)* for a limited period, generally between 20 and 35 years (Kemp and Kofner, 2010).

The so-called principle of 'common public interest' (*Gemeinnützgkeit*) guided housing provision during this period (Fields and Uffer, 2014). Put in terms of the duality of housing, the use-value of rental housing – i.e. its role as a place of survival (Engels, 1872; Massey, 2004) – was granted primacy over exchange-value – i.e. site of accumulation (Haila, 2015). This federal strategy was also implemented at the municipal level. Up until the 1990s, the Berlin Senate[3] operated 19 non-profit municipal housing companies, which controlled 28 percent of the housing stock. Given that 85 percent of the population in Berlin rent their homes, this was a significant form of state provisioning for workers (Uffer, 2013).

In the wake of German reunification, rising unemployment rates, low-growth, and ballooning budget deficits, state provisioning, including social housing, began to shift in the mid-1990s (Dorn, 2007). This shift in governance reflected the wider trend of the pro-market competition state, which was aimed at restoring Modell Deutschland by, among other things, disciplining labour to the exigencies of global capital (Hirsch, 1995; Ryner, 2003; Bieler, 2006; Bruff, 2013). In addition, there was a wider retrenchment of state support for social housing.

In Berlin, restructuring public support for social housing involved privatization and deregulation schemes, which, in turn, facilitated rent maximization behaviour. In so doing, these policy shifts granted a higher preference to the role of housing as a site of accumulation over its function as a place of survival. In the new millennium, for instance, the Berlin Senate sold off many of its social housing properties to private equity real estate investors forging what Fields and Uffer (2016) refer to as new type of investor-landlord in the city.[4] At the same time, the Berlin Senate directed the remaining municipal housing to adopt market-oriented behaviour aimed at increasing revenue streams and adhering to management strategies modeled after the private sector (Abgeordnetenhaus Berlin, 2007a). Since the 1990s, for instance, the state at all scales of intervention has embraced marketization strategies in which social policies, including housing and welfare, were guided by neoliberal dictates of cost effectiveness, competitiveness and value for money (see OECD, 1998).

Marketization strategies resulted in a situation in which rental prices of units owned by Berlin's municipal housing companies not only increased rapidly but also reached levels higher than the private sector ('Städtische Wohnungen warden schneller teuer,' *Die Welt*, 11 November 2008; Aalbers and Holm, 2008). I illustrate this point below in the case study where I discuss the municipal housing company (Degewo) and private landlord (BUWOG) in two non-gentrifying Neukölln neighbourhoods: Gropiusstadt and High-Deck-Siedlung. For now, it is important to underline that the privatization and marketization measures culminated in the Berlin Senate's general withdrawal from housing provisioning, especially in terms of constructing new social housing units and gradually abandoning rental caps. The emphasis of housing as a site of accumulation over its function as a place of survival had significant and negative consequences for a large number of low-income households in Neukölln. This is particularly true of ALG II (or *Arbeitslosengeld II*) recipients, who have been greatly afflicted by rental housing insecurity. ALG II households residing in Neukölln, for instance, represent the largest category of overindebted households and homeless people in Berlin (Bezirksamt Neukölln, 2015a; Soederberg, 2016).

Briefly, ALG II describes federal unemployment assistance that merges the benefits of long-term unemployment (more than one

[2] In this paper, financial capitalism refers to the dominance of monetized relations of power (e.g., credit and rental relations), which have been actively supported by pro-market regulation and privatization of public provisioning.

[3] The Berlin Senate refers to the government of the city-state of Berlin. It is the executive body governing the city of Berlin and has competencies in housing and urban policy, e.g., the Senate Department for Urban Development and the Environment (*Senatsverwaltung für Stadtentwicklung und Umwelt*).

[4] This environment facilitated the steep rise in gentrification processes motivated by rent-gap opportunities (Smith, 1996; Slater, 2015), including the northern reaches of Neukölln (Holm, 2011, 2013; Huning and Schuster, 2015).

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