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 invisibilizing 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 capitalism1 (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 insecurity?
hiring insecurity of low-income households, who have been inte-
gerated into financial capitalism2 as debtors and renters? This preva-
lenent 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 invisibi-
lizing 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 rela-
tions collectively play an integral, yet often contradictory and con-
tingent, 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 bor-
ough is also home to the largest number of impoverished people
in Berlin. Many of the latter are overindebted, engaged in low-
earnings, 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 accu-
mulation 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 gov-
ernment subsidies and guarantees to landlords (private and pub-
lic), 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’ (Gemeinnützigkeit) 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 (Haile, 2015). This fed-
eral strategy was also implemented at the municipal level. Up until
the 1990s, the Berlin Senate3 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 provi-
sioning, 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 adher-
ing to management strategies modeled after the private sector
(Stadt-Brandenburger Landtag, 2016). 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, competi-
tiveness 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 pri-
ate 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 hous-
ing company (Degewo) and private landlord (BUWOG) in two non-
gentrifying Neukölln neighbourhoods: Gropiusstadt and High-
Decker Siedlung. For now, it is important to underline that the priva-
tization and marketization measures culminated in the Berlin Sen-
ate’s general withdrawal from housing provisioning, especially in
terms of constructing new social housing units and gradually aban-
donning rental caps. The emphasis of housing as a site of accumu-
lation over its function as a place of survival had significant and
negative consequences for a large number of low-income house-
holds 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 house-
holds and homeless people in Berlin (Abgeordnetenhaus Berlin,
2014; Soederberg, 2016).

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

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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 Environ-
ment (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
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