

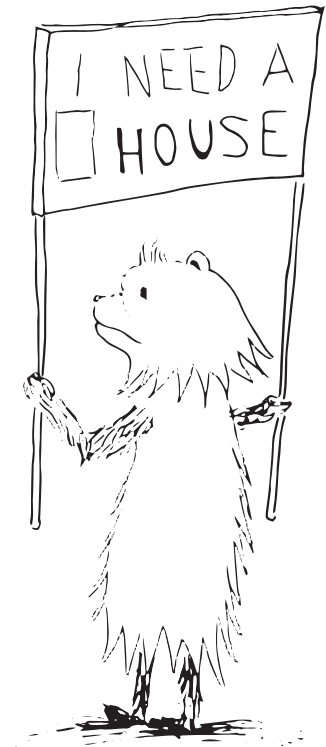
Bibi in Bearlin

A housing-quest in a finance jungle



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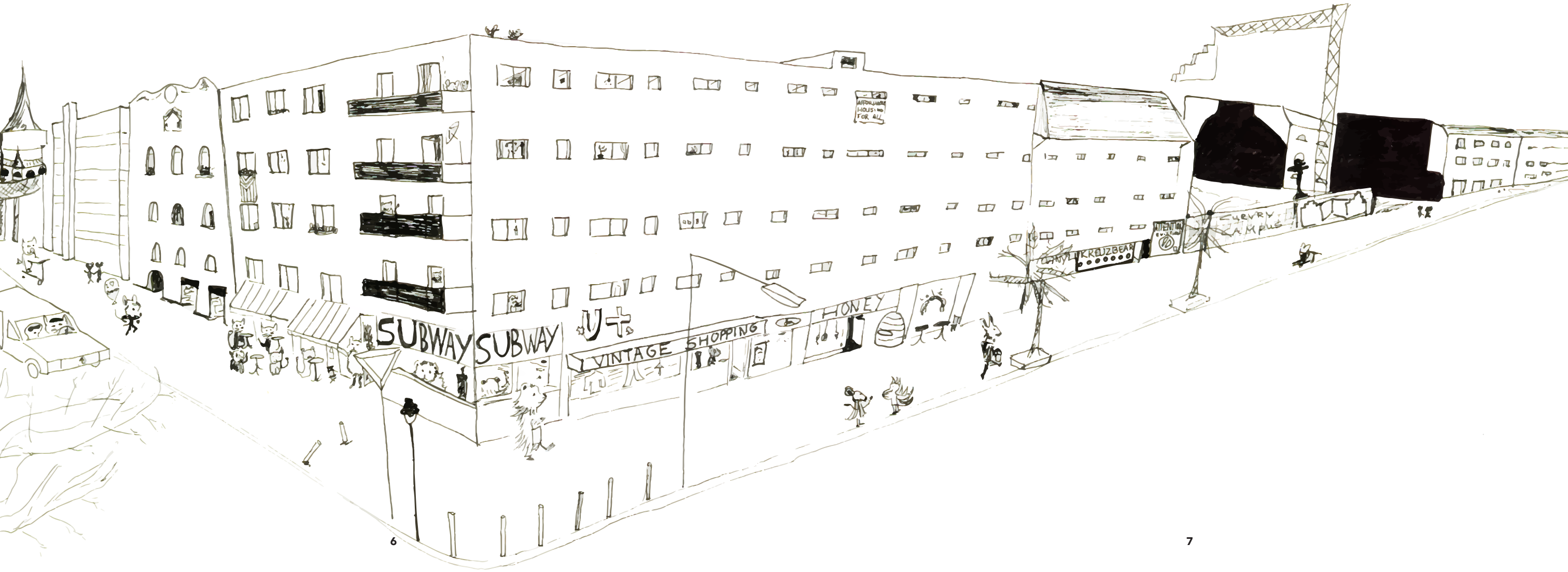
This book is the product of the seminar *Housing, crises, and catastrophes* given by Jun. Prof. Dr. Daniela Zupan and Arch. Mazen Alazazmeh and part of Bauhaus University's Summer 2021

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We hope this book brings a lot of joy and inspiration to you, the reader!

Mariam Kunchuliya, Freke Schrikkema, Florian Hesse, and Galyna Sukhomud.

To all Bibis struggling
to find housing





ATTENTION EVICTION NOTICE

Dear Bearliner tenants,

We would like to inform you that due to the renovations in the building, the monthly rent has been increased from 100 to 2000 bear coins.

All the tenants who intent to stay are asked to pay the rent for the within the next three days or otherwise be asked to vacate the property

Coalstone LTD
Oysterstrasse 8, Oysterreich

Dear neighbours,
I know it is impossible for some of us to pay the new rent price there are some solutions please get in touch with the social housing office that you can find here

Fact box

In the last decade, housing and rent prices in Berlin have exploded mainly as a result of intensified financialized investment in the city. At the time of the Global financial crises, the stability of the German housing market combined with historically low interest rates imposed by the European Central Bank attracted the interest of local and international hedge funds seeking a secure, low-risk investment¹. A total of 42 billion Euros were spent on major residential developments in Berlin and its surroundings between 2007 and 2020, more than in Paris and London combined².

As the investors from the finance sector and real estate companies acquire housing stock, they seek to increase profits for their shareholders by increasing the rent or reducing maintenance costs. As the German tenant law strongly protects the tenants from rent increase, the companies seek semi-legal ways of tenant expulsion, among which renovation is the most common. According to German law, landlords can share the burden of renovation costs with their tenants, which is one of the very few exceptions to justify rent increases. Moreover, as renovations and modernizations can take years, most of the tenants quit the contract due to unsuitable living conditions even before construction ends, which gives landlords the opportunity to substantially increase rent in a new contract.



Social Housing Office

“Next please” The worker behind the glass yelled “ What are you here for today?” they asked Bibi. “Hello my name is Bibi! I am about to be evicted and need your help to find a new home!” Bibi said, but the social housing officer had to disappoint her. “We would love to help you, but you have to wait at least a year to get on a waiting list because we have very few houses available at the moment.” “Why so

Fact box

The number of social housing units in German cities and particularly in Berlin has been decreasing in the last years. Partly, it is related to the specifics of the system of social housing in Germany where social housing is not a type of stock, but a limited characteristic of housingⁱⁱⁱ. When public subsidy used to finance the housing is paid back, such housing units are released to the private or free market. Increasingly in the last years, the social binding of housing built in the peak of post-war welfare development expired, causing a shortage in affordable housing.

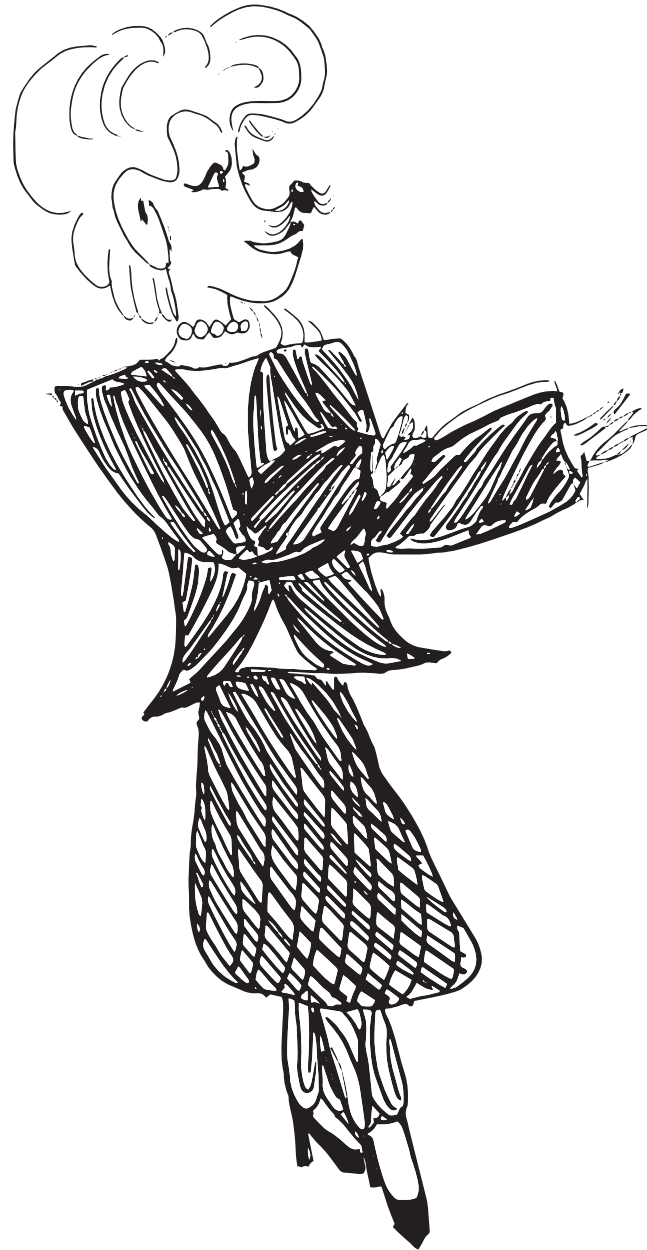
Another reason for the significant decline of social housing in Germany is en-bloc privatization of state-own housing companies conducted by city municipalities since the late 1990s. In Berlin alone, municipal housing companies such as GEHAG and GSW with a combined 90,000 units were sold to foreign hedge funds and financialized institutional investors at discounted prices. Such privatization is a unique track of housing financialization in Germany as opposed to the mortgage-backed track in the US.

After the Global financial crisis, as the German housing market recovered quickly, as foreign equity funds sold their formerly social housing units or turned them into liquidated real estate companies, which are committed primarily to generating value, i.e. profit for shareholders in the long run. The constant attempts to optimize profit-gains persistently increases the pressure on inhabitants and diminishes the number of affordable units on the private market, raising even more demand for social housing units while these diminish.

long?” Bibi asked “Well you know, the city does not own a lot of apartments anymore. A lot of the social housing was sold and not a lot of new ones are being built”, the worker explained. “But how am I going to find a new home then?” “Well, there is always the option of searching for housing on the free market! Here’s a flyer for you!” the worker handed her a piece of paper “Have a nice day”, he added and continued his work “next please!”.

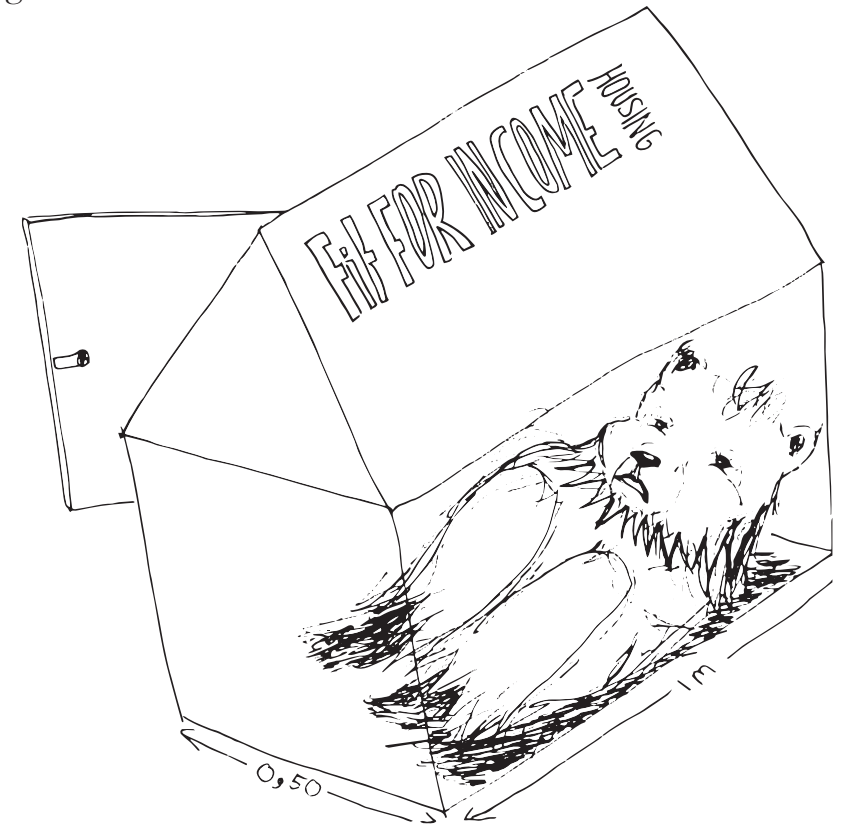
Fact box

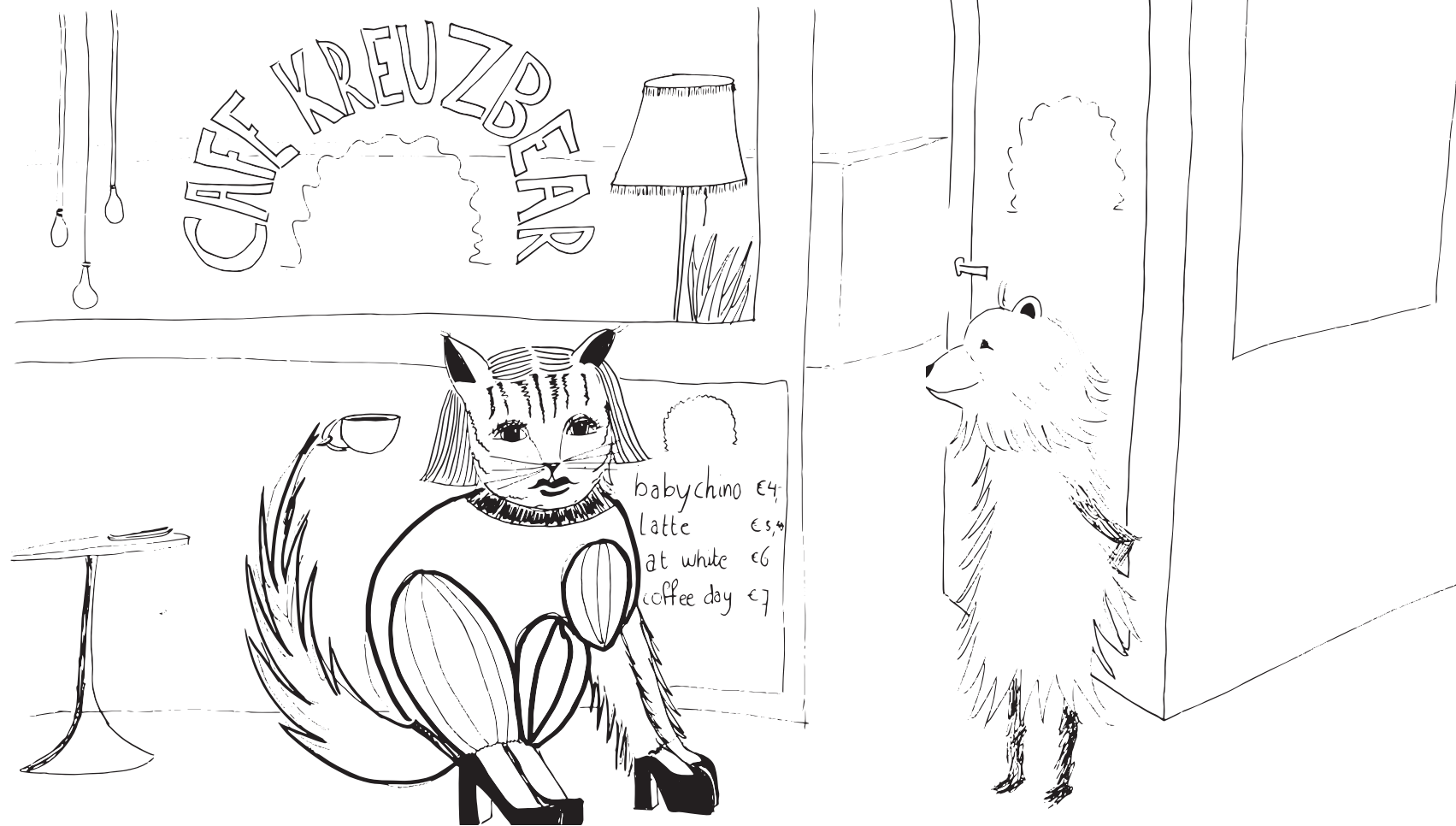
The city of Berlin has seen one of the steepest increases in rental prices in Europe. In 2018 alone rental prices in Berlin rose by 15%^{iv}, and compared to the level before the financial crisis, prices have increased by just over 200%. Particularly small rental apartments are experiencing price hikes in the price per m². When comparing the price/m² of apartments of up to 40 m², these are up to 30% more expensive than larger ones. On one side this is explained by the high demand for single rental apartments which is caused by a general demographic change. However, on the other side, it disproportionately affects tenants who are already struggling to find affordable housing and those who cannot afford larger apartments^v. Rental apartments have become an attractive investment opportunity, particularly for larger companies who invest on behalf of international private equity or pension funds. This is because they are seen as safe ways to grow money.



Real Estate Agent

Bibi followed the advice of the “worker” from the social housing office and found a real estate agent who showed her options for apartments. “How do you like it?” the agent asked “Uhhh... It feels a little...uhm..small?” Bibi answered. The real estate agent shrugged “Well yes, but it’s what you can afford. You won’t find anything bigger for your low budget. This is the best offer you are going to get!”





Fact box

Not only rent prices, but also the price of the property for private ownership has risen significantly in the last decades. On the one hand, ongoing financialization of the formerly social housing sector and subsequent rent increase combined with low-interest rates for mortgages have been pushing households into homeownership¹. On the other hand, the growth in demand, speculative investment, and increase of available mortgage finance have been raising the price of homeownership and making it out of reach for many. In the last 10 years, the median price for private apartments in Berlin increased by 202,60 %, and accounts for 5.120 EUR/m² in 2021^{vi}. With the ongoing price dynamics for residential properties, the importance of intergenerational wealth for property acquisition only increases, leaving people without financial backing at the sidelines for ownership.

Bibi's friend

Disappointed and sad Bibi left the real estate agent, feeling like she was running out of time and options. She felt like she was running out of time and options. Walking down her favorite street of Kreuzbearg, she came across her school friend Kitty who was sitting in a café. “Bibi! I have not seen you in ages!” Kitty shouted. “Hey Kitty! How are you doing!” “Oh I’m doing fabulous! I just moved into the neighborhood. I finally fulfilled my dream of owning my own place.” “Wow! Congratulations!”, Bibi said. “But how did you

do it?” she asked hoping to find a solution to her own housing problem “Well, of course my parents helped me. They have been investing in Coalstone for me since my birth. It’s honestly the only way these days. And still I will be paying my mortgage until I’m 80! But well... It was really nice seeing you!” “Yes... you too ...”, Bibi said, leaving without a solution...

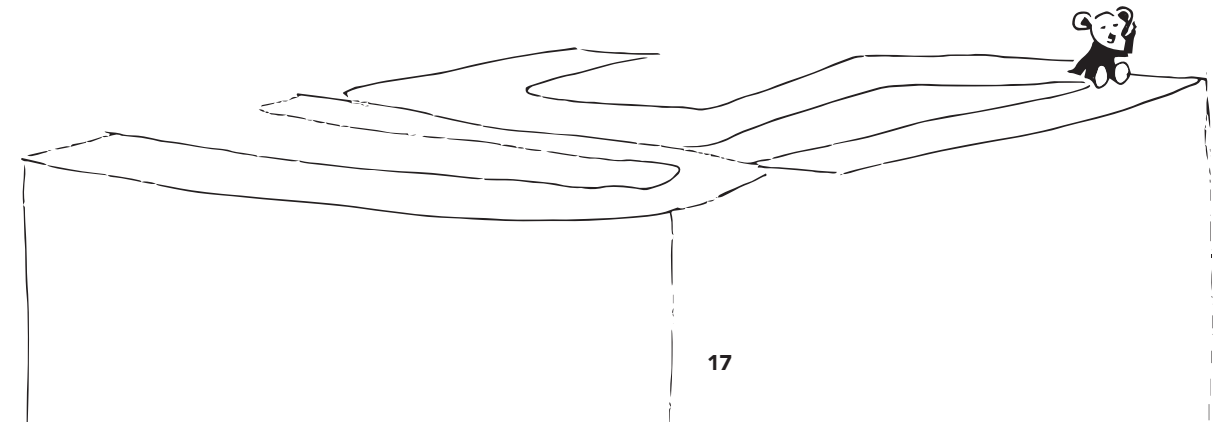


Call with American Friend

Unsure of how she could continue living in her Bearlin, Bibi started thinking about her friend and decided to call him to distract herself from her problems. “Hey Bernie! I was just thinking about you. I’m trying to find a new house in Bearlin, but nothing seems to be working out.” “Oh it’s so nice to hear from you Bibi! I’m sorry to hear about your situation though. I wish I could say come move to New Hawk, but we have the same problem with housing. You know ever since 2008, things have only been getting worse around here...” “2008? What happened in 2008?” “Well, you know, a financial crisis hit us and ever since then many investors have been buying our apartments and raising our rents. It’s crazy.” A lightbulb went off in Bibi’s head and she realized something; it’s not just her! This housing problem is huge and not just in Bearlin. Bibi said goodbye to her friend and continued her journey to solve her housing problem.

Fact box

In Germany, the main mode of financialization has been and continues to be the acquisition of housing stock - private and public - by large housing companies which rely heavily on investment firms to fund their businesses. In the US, financialization mainly uses the channel of mortgages. However, both processes led to the diminishing of affordable housing. The 2008 financial crisis, or Global financial crisis, which originated in the US, has accelerated these processes of financialization and was the result of many factors. Some of these factors causing the crisis were very risky practices of banks which were possible because there was insufficient regulation of their practices and the fact that in the US the housing market was over-valued, meaning that the houses people paid for were worth less than what people paid for them. Already since the 1970s the regulations for banks and other institutions in the finance sector had been reduced^{vi}. The idea was to allow riskier practices to make more money by trading stocks and other financial instruments to make more investments in production-based sectors. One sector in which rules were reduced a lot was the mortgage market. Mortgages describes the money people lend from banks to pay for their houses or apartments. These mortgages were regulated relatively strictly, as housing was seen as something to be safe and so taking risks with it was not appreciated. However, this protective mortgage system changed when many rules that protect home-owners from risky practices were removed. This seemed to work out well for a long time because many more people could now lend money from banks to buy their homes, because since there were less rules many banks could make cheaper offers, but these cheaper offers were often based on very risky lending practices. The entire system behind these mortgages became increasingly risky and difficult to see through^{vii}. Often banks would sell mortgages they considered too risky or untrustworthy, making it even more difficult to know who is involved with who. In 2008, this ended in a big real estate bubble bursting, as housing prices dropped greatly, loans could not be repaid anymore and mass evictions forced people to leave their homes. As the financial markets are so strongly linked across the world, a crisis in the US, quickly became a global one and had great effects on countries such as Greece or Spain^{ix}.





Homeless bear

Making her way downtown Bibi encountered a bear who used to live in her neighborhood. It seemed like he was living on the street. “Hey Bärnd! Is that you?” “Bibi! I have not seen you in so long!” “What happened to you? You just disappeared from one day to another..”, Bibi asked him. “Oh Bibi, it was horrible. You know I was working at the Queer Anarchobear Book shop in our street. One day we got an eviction notice telling us that the building would be made into fancy offices and we just were not welcome there anymore. The rent was just too high. I tried to find a new job, but you know how it is, they really

Fact box

Since the fall of GDR (German Democratic Republic) and reunification with West-Germany in 1990, an economic and welfare state restructuring in Berlin led to the housing privatization and housing market expansion. Privatization of previously state-owned housing led to increasing rents and homelessness, which rose by 81.7% between 1989 and 1993. Decades later the trend continues: followed by increasingly financialized investment, privatisation of municipal housing and commodification of inner-city area, affordability of housing has been continuously compromised, pushing more and more people into precarious living^x.



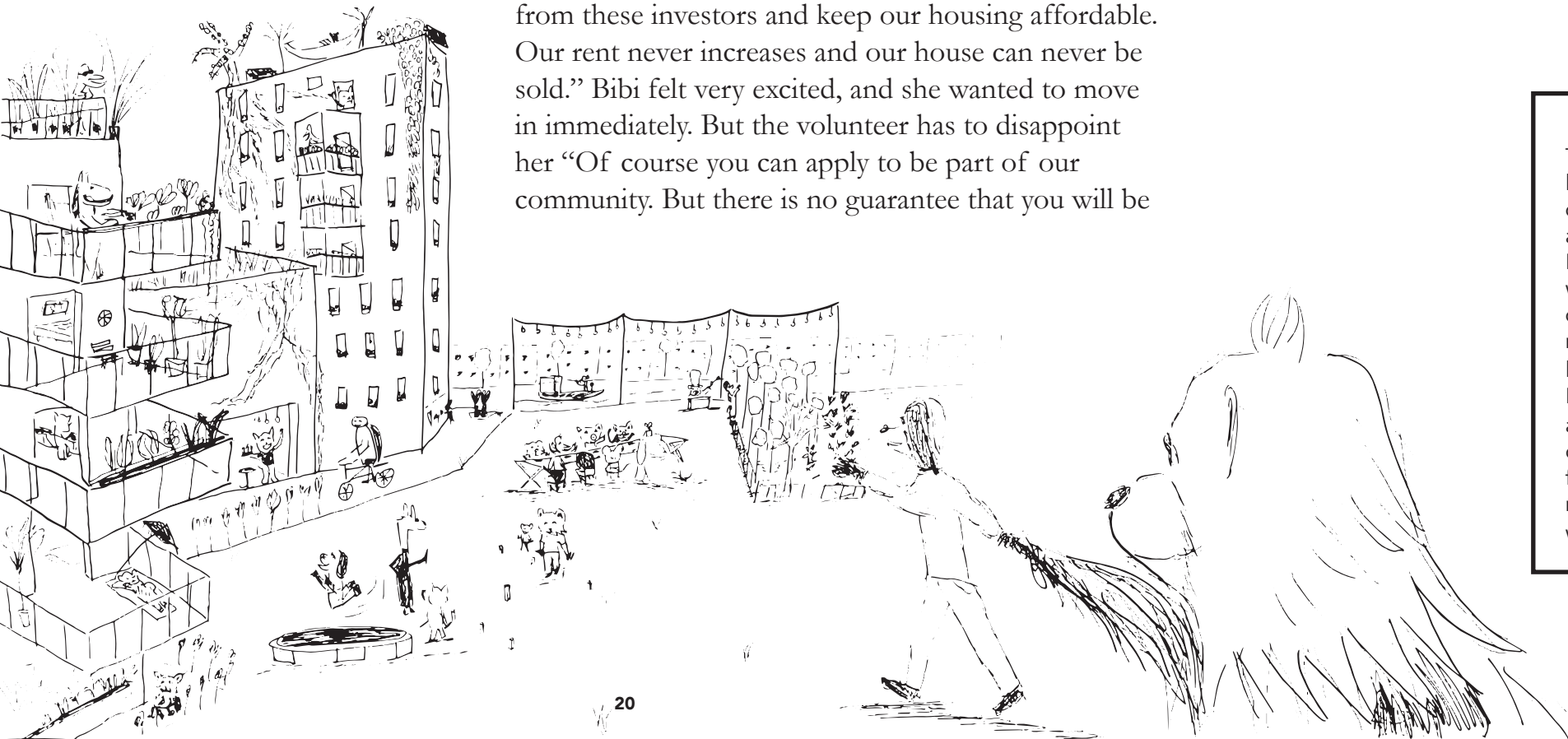
don't like our fur...”. “They did the same to me! I'm trying to find a new home, but it's so hard”, Bibi said defeatedly “no one seems to care about us”. “Mmm, there's this volunteer who might be able to help you. He's working at Pooh university and helps bears in need. Here's his address” Bärnd handed her a card “Thank you Bärnd! I'm happy about any clue”. With new hope Bibi went on her way to the volunteer. Maybe he was the one to help her...

Even though the data differs depending on the country, the 2008 economic crisis has led to a sharp increase in homelessness in Europe. Berlin's homeless population has been increasing continuously with 4765 in 2011, 5926 in 2012. Today there are around 1,976 people sleeping on the streets of Berlin, 36,000 people living in shelters, 16% of whom are women and more than half are from non-EU countries^{xi}. There are lots of legal and social hurdles keeping homeless people from accessing housing, and those coming from abroad face particularly severe bureaucratic challenges in their struggle of finding a home. Social service organisations such as Housing First Berlin aim to provide homeless people with housing while simultaneously facilitating counselling and help with employment opportunities^{xii}. Unfortunately, in Germany there is no national strategy in place written to fight against homelessness or housing exclusion^{xiii}. Some of the main reasons for a loss of housing are unaffordable housing, rent debts, unemployment and lack of social support for the vulnerable members of society. Hence, a strong focus on ensuring access to social services and housing are of main importance when tackling the homelessness crisis.

Volunteer

When Bibi arrived at the address of the volunteer she felt like she entered a different world. Animals of all furs and ages were gardening, cooking, cycling,

and laughing together. It was exactly what Bibi was looking for: a real community. “Hey! You are Bibi, right? Bärnd told me you would visit me.” Bibi happily answered the dog: “Bärnd said that you could help me find a new home. You know, Coalstone increased my rent, so I will have to move out”. The dog rolled his eyes: “That company really is the worst! Because of companies like that we started this cooperative. You know, we came together to protect ourselves from these investors and keep our housing affordable. Our rent never increases and our house can never be sold.” Bibi felt very excited, and she wanted to move in immediately. But the volunteer has to disappoint her “Of course you can apply to be part of our community. But there is no guarantee that you will be



accepted. Everyone has to agree to accept you in, plus we already have a long waiting list. I am really sorry.” But Bibi did not want to give up. She asked whether she could start her own housing group like this. “Sadly, with all these investors buying land in the city it would be hardly possible to make it cheap like this. The mayor should solve the land problem first.”, the dog told her, giving her the next hint on her housing quest. and laughing together. It was exactly what Bibi was looking for: a real community. “Hey! You are Bibi, right? Bärnd told me you would visit me.” Bibi happily answered the dog: “Bärnd said that you could help me find a new home. You know, Coalstone increased my rent, so I will have to move out”. The dog rolled his eyes: “That company really is the worst!

Fact box

The increase of speculative investments and the construction boom led to inflated land values in German cities such as Berlin. Due to high land prices, it is more difficult to acquire the land for non-profit housing projects to keep its rent in the affordable range. Even traditional construction companies have to rely more and more on cooperation with financialized investors to develop projects. Moreover, many of the current developers have never built in Berlin before and their entrance to the housing market is conditioned by their ability to have capital available, in order to acquire land in Berlin and the inability of traditional housing actors to compete for the land^{xiv}. In the business model of financialized real estate developers, expensive land is not an obstacle but an integral part of the business plan^x. Shares on the development operation valued by the demand on the financial market can serve as the collateral for other financial operations. In such a model, production of high-end apartments is not a result of high land cost but a way to leverage more capital from overvaluation, which can be done even before the project is finished and units are sold^x.



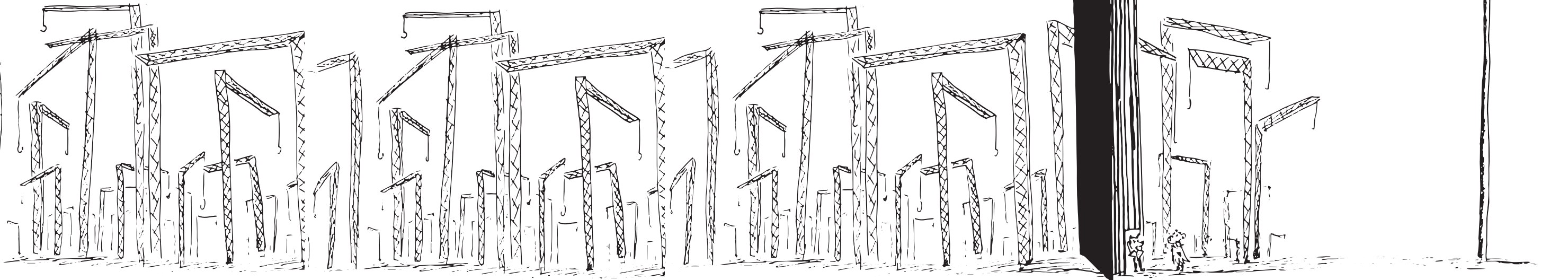
Mayor

Bibi decided to visit the mayor to find out why she could not find a place to live. “Welcome to my visiting hour!”, mayor Beaver said “what brings you here today?” “I am looking for a new affordable home because Coalstone evicted me. I looked everywhere but even with my two jobs as a care bear and a honey inspector, I can’t pay it! Housing in this city is just unbearable!”, Bibi said. “I understand your problem”, the mayor responded, “and I wish I could solve it, but sadly I can’t. There are laws in our state we do not make, but we have

to follow. We tried to change things, but the owl court didn’t let us. And there are many companies like Coalstone in our Bearland. They say that if we create too many rules for them, they might take their money elsewhere. It’s a free market, Bibi. We cannot make too many rules, or it won’t work” But housing should be a human right, not a market, Bibi thought to herself. She now knew who she had to talk to. She jumped on her bike to confront Coalstone itself.

Coalstone

The building of Coalstone was in the middle of Bearlin. It was a coal-tower, even higher than the old honey-tower. In the lobby a security dog quickly stopped her. “Where do you think you’re going?” “I wanna speak to Mr. Coalstone”, Bibi said with all the confidence she could find. “Oh little bear, Mr. Coalstone doesn’t come here. But maybe I can help you?”, the guard offered. “I just want to know why companies like his stop me from having a home”, Bibi said. “I think it’s not that simple. You know, Mr. Coalstone has to make profit to give it back to his investors. Nowadays housing is more than a home, it’s also a safe way to make money. Especially after 2008 many investors came to Mr. Coalstone to give him money so he would secure it in his housing business. The more Coalstone invests in housing and property, the more money it makes. That’s the way it works.” Bibi got sad “But housing should be about having a home and not about making profit.”, she stated “All these investments drive our rents up. And while a few rich people make a lot of money from it, bears like me end up without a home. That’s just not right.”. The guard shrugged and walked away.



The next step

As she left the Coalstone headquarters, Bibi was fuming and felt so angry. Rather than accepting things as they were, she wanted to imagine a better world, one that worked for all, not for few. Bibi knew it would not be easy to fight on her own, but she knew it was worth it. She would make a change. On her way to the metro station, Bibi walked down the main street when she saw a group approaching. As it got closer she saw that they were holding up signs saying “People over profit!” and “Housing is a human right!”. Could it be? It seemed like they were fighting for the same thing as Bibi did. Seeing all the bears, rabbits and bulls chanting and singing together with a common goal gave Bibi new courage. She realized she was not alone in her fight. And immediately, she knew what she had to do...



Berlin
Bibi paves the way
for affordable housing

The Claw

Rent cap bill accepted

No more empty homes

Daily
Coal
ar



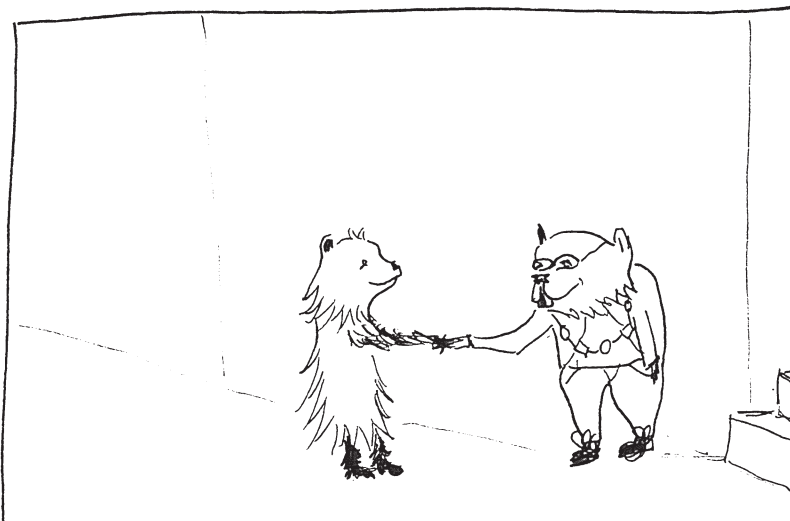
HOUSING FOR ALL

The Mirror

Victory for housing battle:
Subsidies for ownership
OUTLAWED!

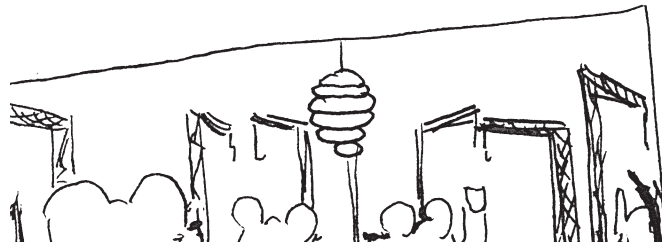
Bear Times

Bibi Brownbear achieves empty houses to be
rented out if empty for more than a year.



Eagle Digest

Social housing construction
triples in Bearlin



Hi!

ALL
TO

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