

# Property speculation exacerbates German housing crisis

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At the start of August the Federal Working Group for the Homeless (BAGW) announced a sharp increase of homelessness in Germany. According to BAGW, during 2010 an estimated 260,000 people were homeless nationwide. This figure had already increased by 15 percent in 2012 to 284,000 and is expected to increase by an additional 33 percent (380,000 homeless) by 2016.

The homelessness figures include not only people living on the street but also those who live either with relatives or in institutions because they no longer have their own home. Eleven percent of the homeless are children and young people, and 140,000 of those affected are eligible for homeless aid. BAGW reports that the number of homeless persons living on the street increased from 22,000 in 2010 to 24,000 in 2012.

BAGW writes that the causes for the rise are sharp increases in rents, growing poverty due to long-term unemployment, a huge expansion of the low-wage sector in Germany, a lack of affordable housing and attacks on social benefits inaugurated by the Hartz IV policy, which have particular consequences for young adults. In addition, municipalities and states have refrained from using their legal powers to prevent a housing crisis.

In addition to the homeless, about 130,000 people in 2012 lived in “endangered housing conditions”, i.e., with the risk of losing their homes. BAGW notes for the same year that an estimated 25,000 evictions were carried out, with an additional 40,000 people quitting their homes because of a threatened eviction.

The degrading methods used to force long-term tenants out of their homes was the subject of a report by the “Report Mainz” television program on August 12, which explored how the housing market has become an increasing target for speculators, particularly in urban

areas. To reduce their debts, municipalities and states have sold off large amounts of housing to speculators. For decades this “social housing” provided affordable accommodation to the less well off. To increase the value of their acquired properties, new owners intimidate and pressure long-established tenants who for decades have paid an affordable rent. After squeezing out the tenants, their apartments are modernized and either rented or sold off at exorbitant prices.

“Report Mainz” documented a number of cases from Berlin and Hamburg. In the apartments of long-term tenants, windows were bricked up, hallways and basements filled with rubble, lifts removed and, in some cases, chimneys filled in. In addition, tenants were exposed for months to unbearable construction noise.

Filmed with a hidden camera, a property company representative openly bragged about his repertoire of perfidious methods to break down stubborn tenants. When necessary, the property company can exert legal pressure on cash-strapped tenants who have no adequate means to defend themselves.

Property speculators are able to rely on the full support of the political parties in power and the legal system. A new law passed on May 1 by the ruling Conservative-Free Democratic coalition awards even more rights to landlords. The renovation of apartments can now be carried out by companies while tenants no longer have a right to rent reduction due to the noise and dust. Following modernization, the landlord can increase rents by up to 11 percent per year; in the case of new leases, there is no upper limit on rents. In addition, the new law facilitates evictions. This change in the law has been rapidly seized upon by investors to transform their properties into luxury apartments.

“Report Mainz” also attended the annual meeting of the House and Property Owners Association, which euphorically welcomed the new tenancy act as “our law”. A guest speaker at the meeting in June was Peter Ramsauer, the federal minister of transport, building and urban development. Ramsauer made no secret of the fact that the government is on the side of the property owner.

The report also exposed the cynical role played by the Left Party, which purports to defend the rights of tenants, but has in fact supported the sale of municipal housing to speculators. The team of reporters attended a meeting organized by disgruntled tenants in Berlin at which Left Party leader Gregor Gysi sought to justify the selloff of apartments by the former Left Party-SPD Senate in Berlin.

The report also dealt with the role of Regine Paschke, a judge at the Berlin state court. The Berlin *Tagesspiegel* reported in March of this year that Ms. Paschke writes articles for a magazine for property owners and gives “very well-paid” seminars to landlords. The television crew then accompanied a group of tenants who took action at a Berlin district court against harassment by their landlords. The court concluded that the tenants were in the right on all counts. Judge Paschke then overturned the tenants’ claim on appeal.

Some parties are trying to exploit the housing crisis in the federal election campaign without having any intention of doing anything seriously about it.

While the governing parties, the Christian Democratic Union, the Christian Social Union and the Free Democratic Party, together with the real estate lobby, celebrated the new tenancy law as a great success, the proposals of the opposition SPD differ only marginally. The Social Democrats want to extend the period that landlords have to wait before enforcing the maximum rental increase, changing it to four years instead of three. In addition, they call for rents on newly signed contracts not to exceed more than 10 percent of the local average rent. Past history indicates that the SPD will drop its humble demands as soon as the poll booths are closed.

The Greens want to “jointly solve” the problem, i.e., in alliance with the wealthy and under their direction. Official support is provided for property owners undertaking modernization of housing, which investors

use as a pretext for massive rent increases. These actions also have the unconditional support of the Greens, who propose to expand such measures.

The Left Party hypocritically seeks to portray itself as the advocate of the little man. It spouts empty phrases claiming it is possible to pressure the ruling class to legislate in the interests of poorer tenants. No one should be fooled by these lies. Upon taking power, this party of ex-Stalinists and trade union bureaucrats invariably sided with the speculators. When in power at a local or state level the Left Party has continually supported policies aimed at the privatisation of public housing.



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