



# Housing Over Gold

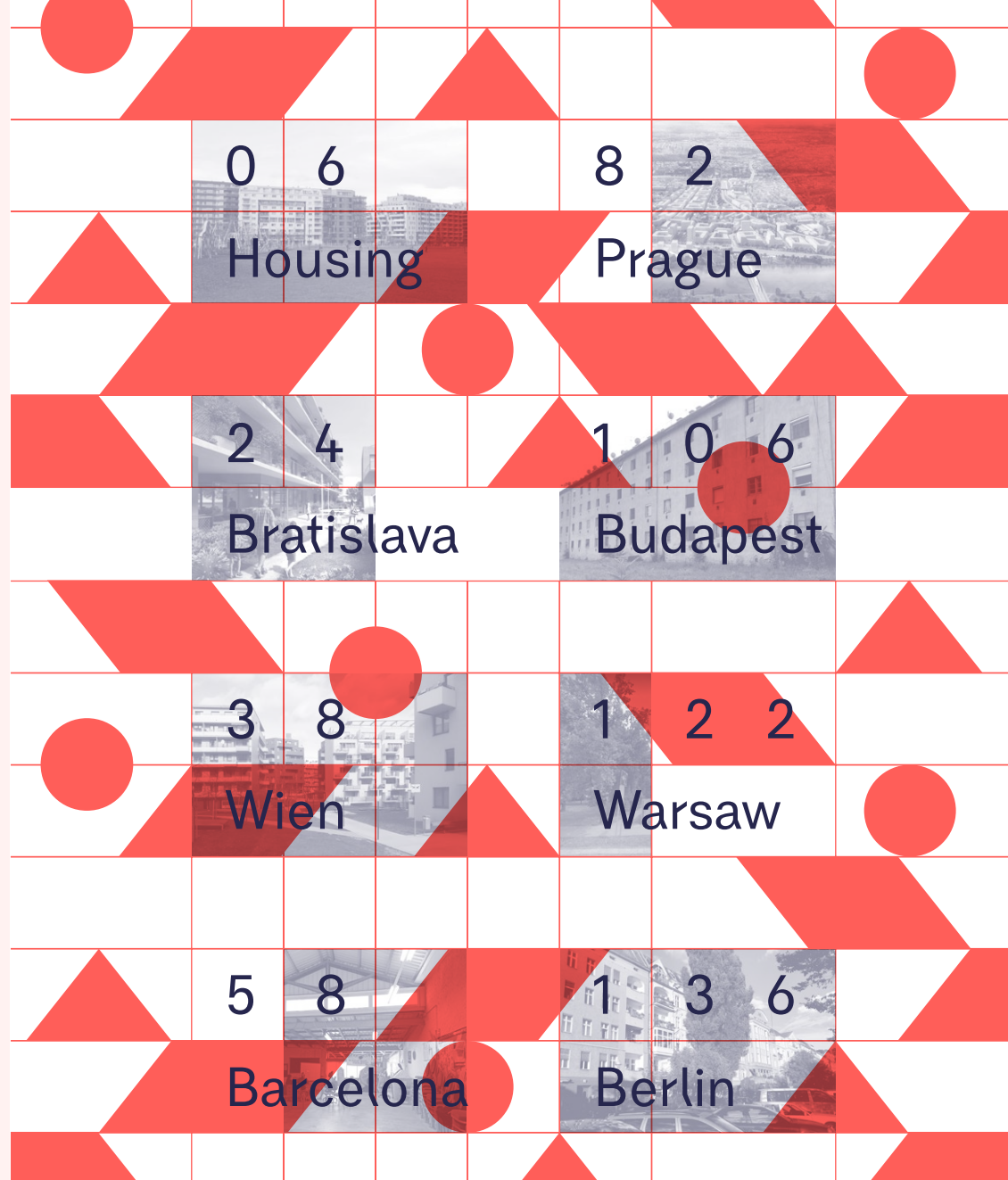


A2LARM



**NADACE ROSY LUXEMBURGOVÉ**

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# Housing Over Gold

Housing issues no longer affect only the lower strata of society, they now touch also the middle classes. The housing crisis in Czechia is advancing rapidly and must be understood within a global context. That is the impetus behind A2larm's series which addresses the ongoing European housing crisis.

"Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control."

(Article 25, The United Nation's Universal Declaration of Human Rights)

"We are at a critical moment. Globally, housing conditions are fraught. Homelessness is on the rise, including in affluent countries; forced evictions continue unabated; (...) and housing in many cities is simply unaffordable even for the middle class."

(L. Farha, lawyer, former UN Special Rapporteur on adequate housing)

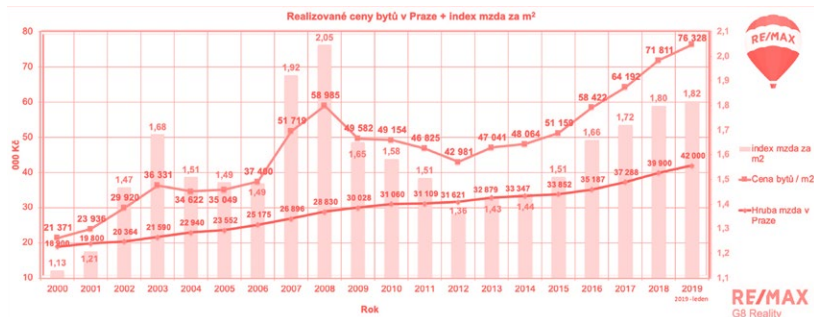
## Towards Even Less Affordable Housing

According to the statistics, among all European countries, it takes Czechs the longest to save up for an apartment or house of their own, requiring about eleven average annual salaries, fourteen if we look at the situation in Prague. And that is assuming they do not spend money on anything else at all – not on food nor rent, nothing. The price of housing is furthermore constantly on the rise: data from housing developer companies Trigema, Skanska Reality and Central Group show that the prices of new apartments have indeed risen by about 90 percent since 2015. Czechs pay on average 70 000 CZK per square meter of living space, and this figure is as high as 110 000 CZK in Prague. Developers' profit margins are rising along with real estate prices: they themselves admit that their margins have doubled in recent years. 40 percent of newly-built real estate in Prague is immediately converted into investment assets.

Owner-occupied housing, which constitutes 80 percent of the total housing stock in Czech Republic, is still the most wanted. Mortgages can be deducted from tax returns and the property tax in Czechia is also among the lowest in all OECD countries. The government raises a mere 11 billion Czech crowns through these. Within the context of the developed world, Czechia is clearly below average. While in the United Kingdom this tax constitutes about 3 percent of the gross domestic product, in the Czech Republic it is a mere 0.22 percent.

Twenty percent of Czech residents (in Prague and other larger cities this figure is about 10 percent higher) live in rented housing, and rents have been rising at twice the rate of salaries. Based on most of the available indicators, they have been increasing by 10 percent from year to year. Just

like with owner-occupied housing, the trend of unaffordability is on the rise here as well. Prohibitive housing prices have been rising mostly during periods of economic growth and during housing development booms. This goes against the mainstream assumption that an economic boom means a better ratio between salaries and housing expenses.



One of the reasons for this increased unaffordability is that during the 1990s and the first decade of the 21st century, large cities in the Czech Republic privatized most of their housing stock. While in the mid-90s Prague owned about 190 000 of its own apartments, it now owns 30 000 with a full 25 000 of those being maintained by individual city districts. Municipal or cooperative apartments are no longer being built. If Prague decided today to re-develop its housing stock and started building 1000 municipal apartments a year (which would cost 4 billion CZK per year), it would take more than 160 years before it regained the number of flats it owned before privatisation. This would happen only if the city owned large plots of land for development. But Prague has sold most of its real estate, oftentimes at bargain prices. Another factor which set in along with

## Amid a Global Storm

privatisation was massive deregulation, both of rents as well as of urban zoning processes. Czech cities thus lack the two central tools which would allow them to mitigate their housing crisis.

Furthermore, a special category of people live in low-quality or inadequate housing. According to the NGO Platform for Social Housing, about 83 000 people (of which 20 500 are children) do not live in satisfactory accommodation. These numbers are also on the rise –people are forced to live in temporary lodgings or in various institutions, which in fact cost the state much more than developing social housing.

Although most Czech economists, housing developers and politicians attempt to convince us that the main reason for the crisis of housing affordability is supposedly the notoriously drawn-out authorisation process, the current housing crisis is not just a local problem. Quite the contrary: the current state is the result of a change in the global economic system with roots in the late 1970s and early 1980s. At that time, neoliberal economics went hand in hand with the so-called FIRE economy (finance, insurance, real estate). The mounting influence of the financial and real estate sectors had dramatic impact also on the sphere of housing. While the post-war democratic European consensus understood housing as a political issue and as one of the fundamental cornerstones of a dignified life, neoliberalism changed this sentiment. A home suddenly became an investment opportunity.

Samuel Stein, an American analyst who focuses on housing, gentrification and real estate markets, writes in his book *Capital City: Gentrification and the Real Estate State* that investments in real estate are on the rise even today. The real estate sector is valued at 217 trillion USD, which is 36 times more than the value of all the world's mined gold, ever. It thus constitutes 60 percent of the total global wealth. In fact, no other sector is perceived in the mainstream as being so lucrative for investment and at the same time as secure. The real estate market has been the focus of pension funds, as well as famous investors like Warren Buffet who started investing into a segment of luxurious Berlin apartments simply because it brought him higher and more stable profits (about 15 percent a year) than if he had invested into traditional commodities, such as stocks, bonds or gold.



*La Borgia, a community cooperative housing created with the support of the city*

According to the European Union, anyone who spends more than 35 percent of their earnings on housing is at risk of becoming homeless. The European Economic and Social Committee defines affordable housing as a household that is able to pay for initial costs, rent and other related expenses such as bills and fees, but still manages to keep at least a basic standard of living. Overcoming this challenge is however still difficult for many Europeans: living expenses often constitute a major part of their household expenses. This applies to all of Europe, Czech Republic included.



*The new development at Vienna's railway station offers affordable housing and quality public space*

## From Dream Home to Nightmare

"Regarding housing, Prague is becoming one of the most financially unaffordable European cities," write sociologists Tomáš Hoření Samec, Eliška Černá, and psychologist Jakub Černý in their book *Za hranice kapitalismu* (Beyond Capitalism). "We woke up from the heady dream of cheap mortgages, where a house of one's own seemed to be just one visit to your local bank away. This sudden change begs the question: why has this happened? How to describe this given situation without making recourse to arguments about simply not building enough or that the construction process is too complex? We must look for the problem's much deeper core."

As the data of the Czech Statistical Office shows, a tenth of all Czech households spend 40 percent of their total income on housing. For hundreds of thousands of people, rent is their biggest monthly expense.

In the book *In Defense of Housing: The Politics of Crisis*, sociologist David Madden and urbanist Peter Marcuse write that low-income groups have been struggling with the unaffordability of housing in the past, and that they are struggling with it even today. It was only when the housing problems spread to other social classes that we started using the expression "crisis." Czech Republic arrived at this turning point only a few years ago.

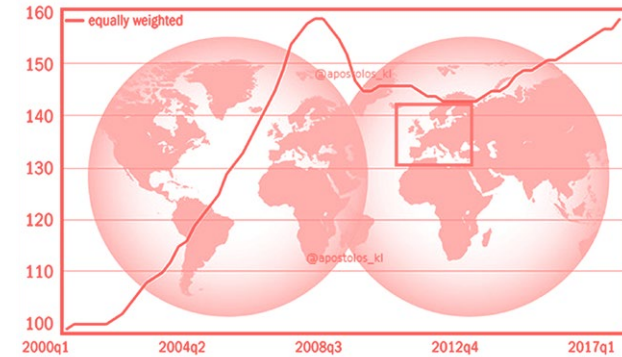
The 2017 report of Leilani Farha, the former UN Special Rapporteur on adequate housing, says that 75 percent of the global real estate market consists of housing. During the past twenty years, this market adapted to the biggest financial crisis the world has ever seen. When in 2008 the markets collapsed, it was the American non-regulated and state-subsidized risky mortgages which, paradoxically, drove the prices of housing even higher than they had been before. "The problem lay not only in predatory

loans, but also in their providers selling credit to other financial institutions, who in turn often sold them further. When it became clear that most of the creditors are not paying back the loans, this whole complex financial system fell apart. Apart from chaos on the financial markets, it made millions of households unable to pay back their loans and the value of their real estate plummeted," describe Tomáš Hoření Samec and Eliška and Jakub Černý.

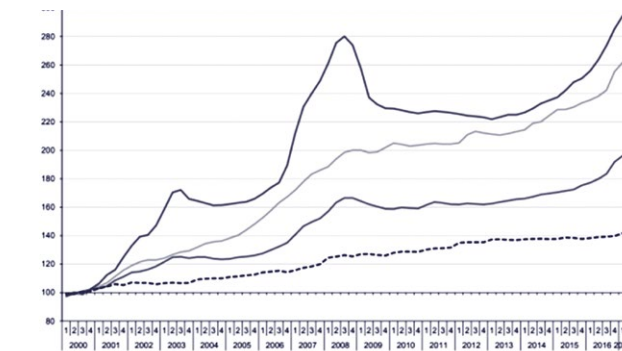
### We Know It too

In 2008, we could feel the crash and the bursting of the bubble also here in Czechia. The curve with prices of Czech apartments directly copies the trajectory of the global price curve (and that of the global economy in general), and in fact affirms that local problems (in the Czech context this is the oft repeated mantra about "construction permits taking forever to be issued") do not have such impact on the prices of real estate, despite investors, developers and bankers saying otherwise. The economic boom of the period between 2000 and 2008 was accompanied by a boom in construction and meant an increase in prices and the creation of a real estate bubble. This bubble burst in 2008 and was followed by years of economic stagnation and housing price stagnation. Since 2013, we have repeatedly seen the same pattern of economic boom, construction and increase in housing prices going hand in hand. While housing has become a sphere for speculation, the prices of family houses have been increasing at a much slower pace. This shows that the increasing price of apartments is not largely determined by the increasing price of construction works, as these have been growing at a more stable, slower pace – largely copying inflation.

Global housing markets have been steadily climbing up.



Global Real House Price Index



Development of residential real estate prices (quarterly index, year 2000 = 100)

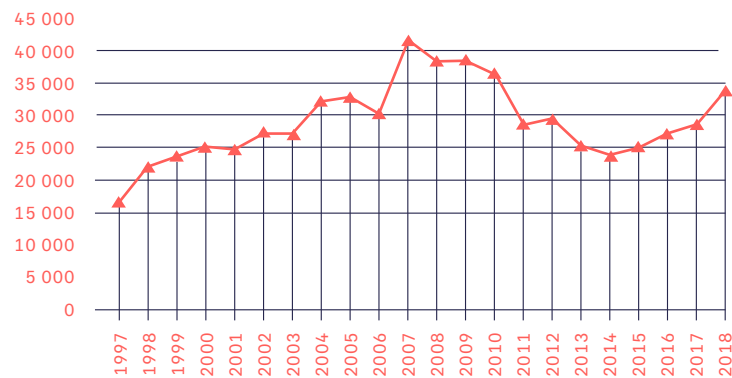
In the Czech Republic, the global perspective on the housing crisis and financialisation have not been much discussed – as opposed to the aforementioned calls to deregulate construction and the market. The result is the Ministry of Regional Development' current proposal for building legislation (with strong support from developers and lobbyists) and which is communicated as a tool for making housing cheaper and more affordable.



But during the last few years there has been massive housing development in the Czech Republic. The Czech Statistical Office shows that during 2019, works started on 6487 apartments. This was the highest number in ten years. This figure could have been even higher only if those apartments had been built as affordable housing and made available to all kinds of demographics, such as through municipal or cooperative housing.

The trend of building purely commercial apartments does not work to lower the costs of living. Instead of affordable housing, there are luxurious and over-priced developer projects intended mostly for investment. Since 2014, the number of completed apartments has been rising, but their prices rose too. Increased demand for investment funds drives the prices of real estate even higher and causes them to spiral, much like before the financial crisis of 2008. Already at the end of 2019, the Czech National Bank warned of a looming real estate bubble. The apartments in Czechia were overpriced by about 15–20 percent, and so the CNB started increasing interest rates, rather than reducing the investment bubble.

Development of completed dwellings in the Czech Republic in 1997–2018 (number of dwellings)



## Rent Never Ends

While the world has been trying to make a comeback from the effects of the financial crisis, the global players have started developing new strategies of how to maintain their profits from housing. The collapse of the market threw hundreds of thousands of people into difficult life situations and their frequent symptom was an inability to pay back mortgages. In the final instance, this led not only to a loss of housing and residents' general feeling of alienation towards their living spaces, but also a change in the market itself, which increasingly started focusing on tenants. The slogan "Rent never ends" has become determinative of strategies in the field of real estate investment. While the original ideal of ownership was (at least in theory) based on the possibility of people owning the apartments in which they live – which was supposed to generate a certain sense of independence – global financialisation has massively strayed from this ideal and has in fact turned housing into an item for hardline market practices. A good example of this is the situation in Barcelona where rented housing constituted a mere 9 percent of the market before the crisis. Afterwards, this figure climbed to 30 percent.

"It's logical: the owners can almost always rely on rented housing being supported in the form of housing benefits," says Santi Mas de Xaxás Faus, member of the European Action Coalition for the Right to Housing and also one of the central activists of the Barcelona-based platform PAH, or Platform for People Affected by Mortgages, which in 2015 helped elect Ada Colau, the current mayor of Barcelona. "The threat of an increasing number of people without housing is high in any crisis, and it was extremely high in the years following the 2008 crisis. Back then, there were dozens of evictions per day and people were losing their homes at an alarming pace.

This situation was exploited by predatory firms, banks and investment funds which bought up the apartments in bulk. Rental housing was becoming precarious," Santi describes the situation in Barcelona. Despite this, the city decided to create a database of owners and to investigate to what use the flats are in fact being put to. "It is not possible to play the development card and to leave old flats empty and the new ones financially inaccessible," says the mayor's office. In Prague, we so far lack any detailed data about who owns apartments and how they use them and, based on the negative reaction to the Pirate Party's proposal of checking electric metres, we will not have such information any time soon. But according to most Western cities and experts, a robust network of information and data is the basis for any sphere of politics – including housing.

### **So Who Pays Rent to Whom?**

"There was a gradual change in housing economics, including the rental sector, which took place only after new data processing technologies started being employed as part of housing fund management, and only after the creation of econometric models allowing the evaluation of given portfolios. A new type of owners emerged in rental housing – private equity firms and hedge funds. These entered the rental and housing market even further during the 2008 mortgage crisis," write Tomáš Hoření Samec and Eliška Černá. This strategy started being employed on a mass scale in the USA, where it gradually gained control of the real estate markets. Its impacts are summed up in the article "When Wall Street Is Your Landlord," published in The Atlantic. While sales of apartments into personal ownership constitute a closed transaction for developers, investors and financiers, the concentration of rental housing is, from a long-term perspective, the best strategy –rent can be increased every year, which makes it a largely endless source of income.

This has been the method used by the largest investment firms in the world, such as Blackstone or Blackrock. Their work principles can be seen for example in Berlin, where they are represented by the company Deutsche Wohnen – the company which has today become the target of social opposition and whose name figures in the campaign aiming to expropriate the unethical large-scale owners of thousands of Berlin flats. This largest owner of Berlin apartments possesses over 110 000 units, which would provide living space for about half a million Berliners. "They set up branches which are supposed to be local. The trip there takes me about an hour. They're open just a few hours a day. I don't have a regular nine-to-five but the people who do have to take leave to make that trip," explains writer Iris Hanika who is one of the tenants of this global multinational corporation, exposing its arrogant practices. "It's a farce, we're just an endless source of cash to them," she adds. A few years ago, Iris joined the ranks of a Berlin-based activist group.

So far, such initiatives are lacking in the Czech Republic. Although compared to other countries Czech tenants are under exceptional duress – they usually have only one-year contracts which makes their position precarious, and they are being driven out of the city by short-term contracts, gentrification and the general change in services. No one is standing up for them or representing their interests. They remain on the margins of political and civic interest. In Vienna, they are very well aware of this issue and questions of gentrification and affordable housing are considered to be mutually interconnected. The municipality's goal is to keep the city alive, dynamic, community-oriented and as democratic as possible, both on the level of housing as well as that of services.

"If you wish to maintain your city life in equilibrium with tourism and prevent restricting services to only an affluent demographic, you must maintain various types of residents, and this is made possible by a large proportion of municipal and cooperative apartments," explains Christian Kaufmann of the famous Wiener Wohnen – the largest owner of Vienna apartments and the largest municipal developer in one.

In Czechia, the largest number of people who claim housing benefits are tenants. Apart from mandatory expenses, subsidies and welfare for housing are among the largest expenses in the budget of the Ministry of Labour and Social Affairs, costing about eight billion Czech Crowns per year. The Czech Statistical Office notes that in 2018, about 182 000 people were dependent on such subsidies. Apart from socially marginalized residents, a staggering majority of the applicants are families with children, seniors, the working poor or single mothers. The state thus subsidizes low wages on the one hand, and the high rents of private owners on the other, and so we pay rent from the state's budget instead of trying to drive down living expenses.



*The newest Viennese city apartment complex named after the famous left-wing politician Barbara Prammer*

## Seven Cities, Seven Tales

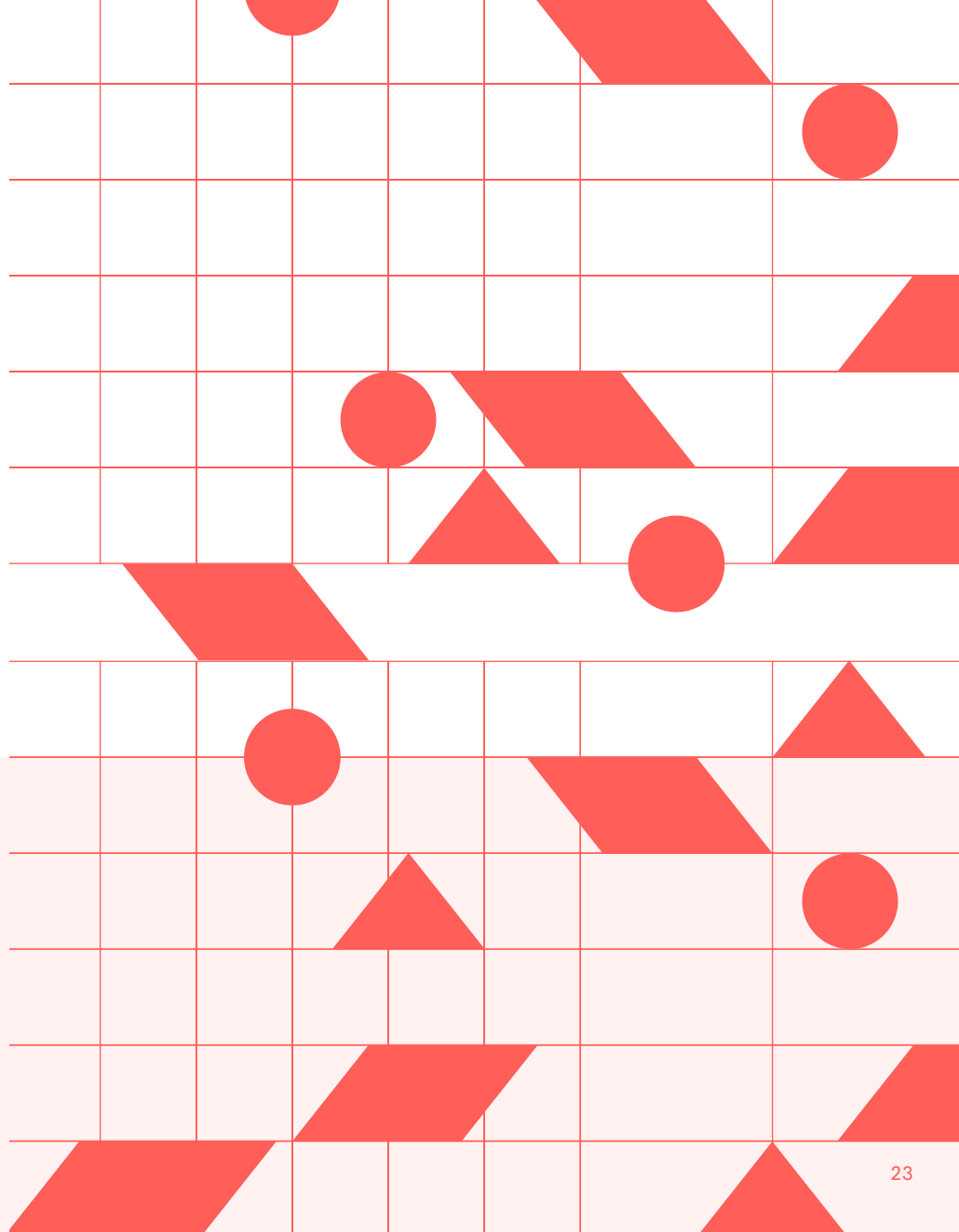
During the last few years, we have been hearing from politicians time and time again that they want housing like in Vienna, a smart city like Barcelona or public transport like in Copenhagen. The housing crisis in Prague, as well as in other Czech cities, has become one of the main pre-election topics. Instead of truly functional solutions we see only small, often merely cosmetic changes accompanied by shrugs. Nothing to be done, apparently. This isn't Vienna, Barcelona, nor Berlin.

[Together with Alžběta Medková and Táňa Zabloudilová and with the support of the Rosa Luxembourg Foundation, we went to seven European cities to find out how local politicians are faring in their battle against the housing crisis. Vienna, Berlin, Warsaw, Budapest, Barcelona, Bratislava and Prague are all presented in this series, titled Housing Over Gold.](#)

We were interested in why living is so good in Vienna and why Viennese politicians safeguard their inhabitants from insecurity, but also from gentrification. We asked ourselves about the surprising similarities regarding the emphasis on owner-occupied housing in Prague and Barcelona, what novelties have been implemented in Bratislava since the election of the liberal mayor Matúš Vallo, how the authoritarian government of Viktor Orbán deals with increasingly unaffordable living, and what problems plague the Polish capital where there has been a large public outcry against ongoing re-privatisation of housing. We asked ourselves whether Berlin will be able to maintain the atmosphere of an open, liberal city, and what have been the most recent developments in the civic campaign aimed at expropriating large owners. And just how good is Berlin's "Mietendeckel" system – the legally set maximum for rent?

We also looked at what problems plague Prague the most and what is to be done about them.

Apart from particular measures being employed by European municipalities, we also focused on the quality of life of residents, and on the strategies and impacts of local initiatives working in the sphere of housing. The series' objective is to provide an informed, complex and understandable perspective on one of the most pressing crises of our times – a perspective which is lacking in most mainstream media (who oftentimes simply repeat the mantras of investors and developers), and one which doesn't speak about housing only in the language of investment and opportunity but also places emphasis on its social and psychological function. Housing is indeed more than gold – only in a slightly different sense than is currently being practiced. As Leilani Farha says: Gold is not a human right. Housing is.



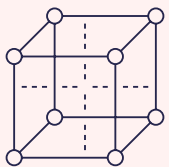
# Bratislava

ALŽBĚTA MEDKOVÁ

## A City with No Apartments that has Decided to Address the Housing Crisis.

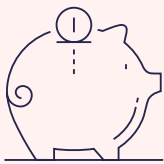
Bratislava has virtually no municipal apartments and the prices of rent and real estate continue rising. The city council has therefore begun a firm overhaul of the city's housing capacity.

Price per m<sup>2</sup>



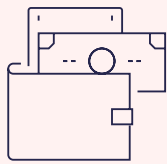
3 500 €

Time spent saving up for an apartment



12 years

Monthly, you can buy



0,45 m<sup>2</sup>

Number of inhabitants ----- 430 000

Number of housing units ----- 223 000

Housing capacity in the ownership of the city ----- 1 %

Housing capacity in private ownership ----- 80 %

Average price per m<sup>2</sup> ----- 3 500 €

Average rent per m<sup>2</sup> ----- 11,5 €

Proportion of inhabitants in rental housing ----- 11 % (1)

Average wage ----- 1 587 €

Number of homeless people ----- 4 000-4 500

Growth of prices per m<sup>2</sup> since 2015 (1)

2015 ----- 1 693 €

2020 ----- 2 273 €

1) Data for the whole Bratislava Region

In late February, Bratislava is covered in posters of smiling men and women. Under the monumental SNP Bridge, only a few metres from the Holocaust Memorial, hangs a poster belonging to the nationalist SNS party, bearing an eagle and a promise to free mothers from tax. Next, there is a politician surrounded by several women. To avoid misunderstandings, each of them has an inscription indicating whether she is a wife or daughter. The parliamentary election campaign is reaching its peak in the Slovak capital, and, perhaps for the first time since 1989, housing policy is an important issue. This is a sign that the housing crisis also concerns Slovakia, and that here too, the limits of the neoliberal approach to housing are becoming all too obvious.

### **A Country Saddled with Debt**

"The topic of housing is migrating from expert circles – where it was, of course, always discussed on both the national and international level – into political debate. This can be a good thing or a bad thing," says the leading Slovak expert on housing Elena Szolgayová, former director for housing policy and its instruments at the Ministry of Transport and Construction. "The tragedy of housing policy is that any good solutions begin working after six or seven years at the earliest. What we need are long-term, constructive, and fully conceptualised activities in order to do something worthwhile instead of racing from one end to the other," explains Szolgayová, who helped write the Geneva UN Charter on Sustainable Housing and the 2016 Urban Agenda for the EU, and was, until last year, chair of the Committee for Housing and Land Management of the UN Economic Commission for Europe.

All parties mentioned housing in their election programmes, at least in passing. More accessible housing could mitigate citizens' indebtedness, which is the worst in all of Central Europe in Slovakia. According to Miriam Kanioková and Sergej Kára, who curated the *Bývanie je (nám) drahé* (Housing – Dear) exhibition this winter, almost every fourth adult in Slovakia is under duress. The Slovaks owe their banks thirty-two billion euros, and housing loans represent a significant portion of this number.

Compared to other election topics, however, housing was nevertheless in the background. Almost ninety-one percent of Slovaks live in housing they own (compared to about eighty percent in the Czech Republic), so a large part of the population has not yet felt the effects of the housing crisis first hand. This problem disproportionately affects inhabitants of large cities (particularly Bratislava) and the younger generation, which, naturally, wants to acquire independence. For these groups, as well as for groups at risk economically and socially, the insufficient number of financially available apartments (whether for sale or rent) is crucial.

The situation is most dire in the capital, where, just like in other European cities, the prices of real estate and rent have grown quickly in the last few years. Last year, they surmounted the previous record, from just before the 2008 economic crisis. This growth wasn't slowed even by the coronavirus epidemic – though the real estate market seemed to stop for a moment in April, it began a process of renewal as early as May, so the second quarter displayed a growth of one and a half percent compared to the first. This July, the average price of the apartments on offer rose to a record 3500 euros per square metre, signifying a yearly increase of 17%, as reported by Bencot Investments in their regular market analysis.

## No Parents, Please!

The average price of rent has decreased slightly since last year, when it reached a peak of €12,3 per m<sup>2</sup> per month. Unlike Prague, where this year's price drop was mostly related to a decrease in short-term rent, Bratislava's decline is related to fewer apartments being built in newly built properties, where rents are generally higher. Prices per square metre are therefore between 11,5 and 12 euros in both cities.

In Slovakia, as in other countries in Central and Eastern Europe, rental housing is considered a temporary solution to a personal emergency. Even in the Bratislava Region, where the ratio of people renting accommodation is the highest in all of Slovakia, only around 11% of the population pay rent.

Generally, however, rent prices have gone up in previous years (some ten to fifteen percent between 2018 and 2019), and, according to the experts, will continue rising.

Many people living in Bratislava are therefore caught in a difficult situation – there aren't enough free apartments, prices are extortionate, so one must take on considerable debt in order to buy an apartment, and many people will not be given mortgages and other loans. There are also insufficient rental apartments and rent prices are going up just as quickly. "If demand is higher than supply, landlords can begin to choose," notes Sergej Kára, plenipotentiary of the mayor for social housing and people experiencing homelessness. "And I'm not talking about skin colour, that's a topic in itself. Discrimination of this kind affects parents, particularly single parents, as landlords will opt for someone less economically risky." A single parent of one child who works in a chain store is left with only eight euro a day after paying average commercial rent, as Kára and his colleagues demonstrated

at the exhibition mentioned above. It is a straightforward deduction that if people spend most of their income on housing – and this is the case for an enormous number of people in Slovakia – they are all the more threatened by losing their accommodation in any exceptional circumstances.

Recently, the media have paid considerable attention to the dismal situation in Bratislava. Just like in the Czech Republic, the reports often claim that the high prices are a result of the small number of apartments available and the slow bureaucratic process accompanying development. Developers continue claiming that if they could build without regulations, prices would "naturally" go down.

Representatives of the city – including Sergej Kára – agree that there really aren't enough apartments and that the permission process on the level of the city and its individual districts is extremely slow. However, merely speeding them up will not bring prices down. Terms such as "financialisation" and "investment housing" appear minimally in the Slovak public debate, and yet they have a crucial influence on housing, as demonstrated in the introductory text to this series. The global context is thus virtually absent from the Slovak debate, as is the local context. And in Bratislava, local conditions have a determining influence on housing costs.

## Municipal Apartments? One Percent of the Market

"Since 1994, the city of Bratislava has let go some 67 000 apartments. We currently have less than two thousand housing units at our disposal," explains Kára. About a thousand apartments are administered directly by the city hall and the rest is in the care of various city districts. This means the city owns only one percent of all the apartments in Bratislava, and is

therefore essentially incapable of exerting any influence on rent prices. For comparison: in Vienna, the figure is 60%, in Brno, 15%, and in Prague, only 5%. If the Slovak metropolis hadn't sold off its assets, it would now be able to influence rent prices in almost a third of all the apartments in the city.

The city's housing stock is an important instrument for maintaining an acceptable price range and thus keeping the city socially diverse and functional. If the city has no such tool at its disposal, it becomes much more difficult to maintain even the previously stable middle class, as well as helping poorer classes, people in housing need, or people experiencing homelessness. "The city should own not only apartments for single parents, older people, or people in need, but also for necessary professions such as teachers and social workers," thinks Lucia Stasselová (SPOLU), deputy of the mayor for social issues. "Bratislava does not have enough of these people, simply because they struggle so much to find accommodation and keep it," she adds.

## A Lack of Apartments Everywhere

Bratislava is no exception in Slovakia. The privatisation and selling off of property took place on a much more massive scale than in the Czech Republic, and there are even cities like Žilina, which disposed of absolutely all of its apartments. And, bar exceptions, no new municipal housing was built. There are also many cases of cities keeping part of their housing stock but not using or caring for the apartments. In recent years, with the onset of the global housing crisis, however, cities are realising more and more that they need their own housing stock.

Bratislava's current liberal government, led by the architect Matúš Vallo since the 2018 communal election, wants to reverse the trend of selling off municipal property. Vallo's bid for mayor was portrayed as a civic candidate leading a team of experts called Team Vallo – who prepared an ambitious vision for the general development of the metropolis, Plán Bratislava –, with the support of the centrist liberal movement Progresívne Slovensko (Progressive Slovakia) and the liberal-conservative party SPOLU (TOGETHER). The ruling coalition wants to extend the urban housing capacity in several ways. "We've got our eye on some unused properties belonging to the city that could be renovated and transformed into rental housing," explains Lucia Stasselová. "We're also negotiating with state institutions and the Bratislava Region, who have empty buildings in the city, about transferring or buying these properties," continues the deputy. According to Stasselová, this could lead to the acquisition of up to two hundred apartments.





But most importantly, the municipal authorities are restarting construction after years of inactivity. In addition to the reasons listed above, there is a further motivation: the law on restitutions. In buildings that were returned to their original owners after the collapse of the communist regime in 1989, rent is regulated and the city has to compensate the difference between the regulated rent and market-value rent. This costs the city two million euro every year. Furthermore, the law states that the city is obliged to find substitute rental apartments for about five hundred tenants in restituted houses.

### **Not in my Backyard!**

Seen from the castle view, Bratislava looks a little like a city put together by children at an architecture workshop looking to test out all the approaches that took place in various European cities over the preceding centuries. In the 1970s, the old town, with its crooked paths and cathedral, was ripped apart by the huge arterial road and the SNP Bridge, crowned by the iconic UFO building. The distant horizon is lined by wind turbines and the chimneys of old gasworks.

However, we need only to turn our heads slightly and we'll see an unlikely view: directly in the historical centre are several skyscrapers, towering dozens of metres into the air as consumerist counterweights to the Cathedral of St Martin. This is the New Bratislava – the Bratislava of the future. At least according to its creators, who would very much like to multiply the numbers of cathedrals of unbridled capitalism. There must be at least some truth to the saying going around the city – Bratislava today, apparently, is a "Klondike for developers".

Behind the SNP Bridge is a different "city of tomorrow" – that of the 1970s. The largest housing estate in Central Europe, Petržalka, is home to almost a quarter of all the inhabitants of Bratislava. It is here that the city hall has selected several properties on which new rental houses could be built. But the city's problem is that it disposed of its best properties along with its apartments during the transformation period and it only has small plots of land left. "But perhaps this isn't such a bad thing – smaller projects will be easier to accept for the local inhabitants," thinks Stasselová. In Bratislava too, the slogan "not in my backyard" is important – locals are usually not very happy with the idea of rental housing in their neighbourhood. "People usually support the construction of new municipal housing – anywhere except near their home," agrees Stasselová. The city hall is therefore organising participative meetings in selected localities, and, according to Stasselová, they have been successful in convincing the inhabitants of neighbouring properties that municipal apartments will not be detrimental to their quality of life. A distaste for municipal development is also rooted in the stereotypes about rental housing mentioned above. "People often think that problematic individuals will inhabit these houses. Though a few apartments will be set apart for people in greatest need, most of them will be aimed at young families, seniors, nurses, policemen, and the like," explains the mayor's deputy.

The most developed project so far is a group of houses on the opposite end of the city, in Terchovská Street in the district of Ružinov. The city organised an architectural competition along with the Metropolitan Institute, established in April 2019. The Czech studio The Büro won the commission and negotiations about the contract are currently taking place. Here too, the locals were worried at first, but Stasselová claims they have mostly

been assuaged. "At the participative meetings, we don't just discuss the new constructions but also other problems worrying the locals that we try to address," she describes the city's strategy.

The city hall also wants to acquire new apartments through collaboration with developers. It is planning to make use of the fact that developers often circumvented the territorial plan, for instance by bypassing housing coefficients. "They built more housing units that was permitted in the given area, bypassing the regulations by presenting part of the flats as suites, counting these into the category of public amenities," explains Stasselová. The city hall has put an end to this practice and is negotiating with developers: the plan is that the city will retroactively change these coefficients, the developer will then be allowed to build more apartments, but part of these will be sold off to the city at cost value. Stasselová claims at least some developers are open to this kind of cooperation.



### **We Have Regulations, but they don't Correspond to our Needs**

"At present, Bratislava only has threatened, more threatened, and the most threatened," says Sergej Kára about the present situation on the Bratislava housing market. "Even the middle class is now among the threatened. It is unrealistic for Bratislava to provide housing for all those who need it in the following, say, ten years," he responds when we asked him who should be selected to inhabit the new municipal apartments. The current waiting time is four to seven years. "If someone finds themselves in a difficult situation, God forbid a critical one, they have no chance to get an apartment regardless of whether they conform to the current criteria or not." The regulations for distributing municipal apartments date back to 2000 and they do not correspond to the needs of today. This year, however, the system by which apartments are allocated should be reset.

Before working at the city hall, Kára worked as a social field worker and co-founded the Vagus civic initiative, aiming to help people experiencing homelessness. Socially endangered groups are also his area of expertise at the city hall. These groups are not eligible for housing, even when they have a small income. With the aid of experts from Brno, Bratislava is now setting up pilot projects for people in greatest need of housing based on the principles of Housing First. "It's a very long path before we are like Helsinki, where they can aim to eradicate homelessness completely," Kára muses. "But it's important to start naming these issues, as that dictates public policy. This is what we, as responsible people, should be doing."

Compared to Prague, the Bratislava city hall seems much more ready for action in carrying through specific solutions. The Bratislava coalition has a much stronger position, and unlike Prague's, is unified on issues of housing. The comparison yields one more difference: while in the Czech Republic, similar approaches are often considered left-wing and sometimes even "radical" (whatever that may mean), in Bratislava, they are promoted by centrist and right-wing parties.

SPOLU, for instance, Lucia Stasselová's party, is a political partner of TOP 09, the Czech liberal-conservative party. Prague's conservatives could learn a thing or two from their Slovak colleagues.

### **Housing Equals Living**

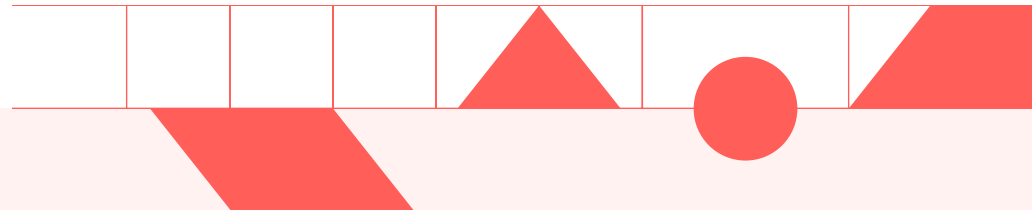
"Unfortunately, Czechoslovakia and the entire Eastern Bloc was unlucky in having an ideological rupture in a period when neoliberalism was already the dominant ideology around the world," says Elena Szolgayová, placing today's problems in context. More and more experts, such as sociologist Saskia Sassen, draw attention to the fact that as far as housing goes, neoliberalism simply does not work. "The unavailability of housing grows into all sectors of society; it is a factor impacting economic and social life. But it's hard to trace these connections from a layman's perspective," explains Szolgayová. "The neoliberal ideological principles of the 1980s left a huge mark on the first attempts of post-socialist countries at approaching the issue of housing. And it has become apparent that the more liberal a country's approach was, the greater the problems it has on its hands today."

"We subordinate our lives to the housing we can afford," says Michal Janák of the social impact of unavailable housing. I met him in the Nová Cverno-

vka cultural centre to discuss how the current crisis impacts twenty- and thirty-year-olds. "Many people live with partners they no longer want to be with simply because they cannot afford to live on their own," he explains. And it's not just partners: in Slovakia, some 60% of young people live with their parents. The country is the European record holder, tied with Croatia for first place.

Janák, who works as an architect, also draws attention to the part his field can play in formulating societal conditions. The prevailing typology of Slovak apartments reflects the normative idea that the inhabitants of the apartment are a traditional family. "In Austria, for instance, the apartments under construction right now are much more diversified – adapted for the cohabitation of several single individuals, for instance," he explains, describing the Austrian approach as more democratic.

According to Janák, the problem of market mechanisms is that they narrow the issue down to the greatest common societal denominator, which can also make the most money. "Today, people over thirty opt for a particular way of life just to have a roof above their heads, and this seems dangerous to me." His words are a stark contrast to the political slogans that so favour the happy – of course, most often also the "traditional" – family. Perhaps they will also once come to the realisation that even a happy family has to have a dignified place to live.



# Vienna

APOLENA RYCHLÍKOVÁ

Vienna has a long tradition in active housing politics that considers the needs of the city's inhabitants. The city is a model for the world in housing policy, but even Vienna has its own problems to address.

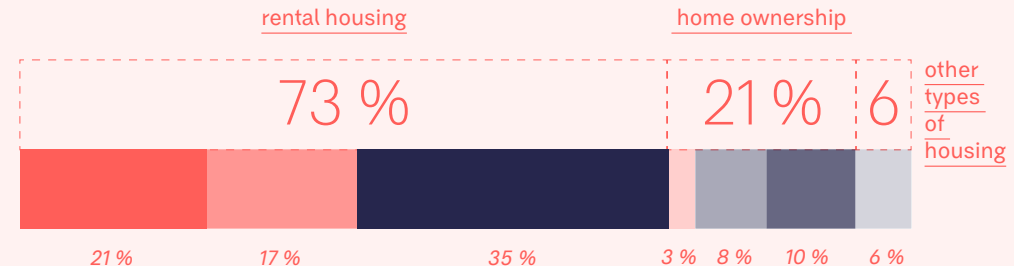
Number of inhabitants	2 000 000
Number of housing units	1 040 000
People in rental housing	75 %
People in other forms of housing	5 %
Number of apartments rented privately	365 000
Percentage of the housing capacity in private ownership	20 %
Average rent price per m <sup>2</sup> / regulated rent	7 €
Average rent price per m <sup>2</sup> / market rent	18 €
Average income	2 500 €
Number of people experiencing homelessness	5000

## Rental housing:

- in the ownership of the city
- Limited-Profit Housing Associations
- in private ownership

## Privately owned housing

- subsidised privately owned apartments
- unsubsidised privately owned apartments
- family houses
- other forms of housing



The streets of the new Viennese district, Seestadt Aspern, are reminiscent of scenes from the film Inception. There are virtually no cars on the new streets, the sidewalks are empty. People only occasionally appear behind the windows of the shops lining the streets. Seestadt Aspern is only now being completed for its future inhabitants, but it should house some twenty thousand people. "How do you enjoy living here?", I ask the first passers-by I meet, in English. After a few moments, it transpires that they are Czech. "It's cheap and it's nice," the young couple shrugs – they live here in cooperative accommodation. "The metro takes us to the centre quickly, and we have everything we need here. That seems ideal." They only moved to Vienna a few years ago, and when they heard of the opportunity of renting an apartment in Seestadt, they did not hesitate. "Compared to our wages, this is incomparably cheaper than the Czech Republic. And what's more: look at the surroundings." In the spring sun, this ecologically sustainable, technologically intelligent, affordable, and architecturally diverse district seems like an advertisement for perfect living. But in Vienna, Seestadt represents – and not only in terms of housing – the usual standard of urban planning.



## **Fifteen Years of Work and Progressive Taxation**

Year after year, the Austrian metropolis tops the charts measuring life quality. The city, which is defined by its housing politics above all else, began its journey to today's success directly following the First World War. Though the "Red Vienna" period lasted only a short time, it laid the foundations for today's Vienna. In fifteen years, a city decimated by World War I became a progressive metropolis. When housing policy is discussed today, there is a general conviction that any significant and systematic changes take a long time. But in Vienna, the essential changes took place in a matter of years.

When the social democrats won the 1919 election in a landslide victory, they set themselves the aim of making Vienna the shop window of social democratic politics. At that time, Vienna became a separate federal republic, which allowed it to write its own laws, and so the city leadership adjusted tax policy: in addition to state taxes, it also established local taxes. Luxury goods were taxed: racing horses, large private cars, and expensive food.

And so the new progressive tax, "Wohnbausteuer", was born, rising with the value of one's estate. Income from this tax was used by the city to finance an extensive housing programme. In the course of eleven years, sixty-five thousand apartments in three hundred and fifty apartment complexes of high architectural quality were constructed. These were very simple apartment blocks with a useful courtyard that housed everything important to the inhabitants: greenery, kindergartens, schools, libraries, community centres, swimming pools, and laundrettes. All this within walking distance. This is still how new developments are built in Vienna today.



*The most famous complex from the "Red Vienna" period, Karl-Marx-Hof (1927-1930). Photo by Apolena Rychlíková*

## **No One Wants an Expensive Apartment Here**

"The entire housing policy system in Vienna stands on two pillars: municipal and cooperative apartments and new developments, which regularly assess the current criteria and needs of the city's inhabitants and adapt to them. The central issue, however, remains the same: the apartments have to be accessible at every cost," explains Daniel Glaser, one of the members of the city hall who focuses directly on housing.

The young social democrat is also a member of the municipal council in one of Vienna's districts, where he also works on housing, especially new developments and housing for the most vulnerable inhabitants.

Around two million people live in Vienna in one million housing units. Seventy-five percent live in rented apartments. A majority of these – around four hundred thousand units – are municipal apartments or apartments built with the help of limited-profit housing associations. The rest is market rent. Only twenty percent of people in Vienna own houses or apartments. The remaining five percent are short-term accommodation and other forms of housing. This means that forty percent of all apartments are cut off from the market and offered directly as affordable housing. What's more, every Austrian employee automatically pays one percent of their wages towards the "housing tax".

"It is a well-known fact that housing in Vienna is directed at a broad spectrum of people. We call it social housing, but it is aimed at most of the city's inhabitants, so really, it's just affordable housing. We don't want the state or city to subsidise individual housing to private landlords through some kind of benefit system. We prefer making housing more available to three quarters of the population and diversifying the market through various construction subsidies, reinvesting the incoming funds, building, and renovating," explains Glaser.

"People should not pay more than twenty percent of their household income for housing. A rent-regulated apartment costs some 270-500 euros a month, while market-value rent, intended for high earners, can be around 750 to 1250 euros in a similarly sized apartment," Glaser continues, adding a note on the complex system of rent regulation: "If you live in an apartment built before 1945, the price of rent cannot be more than 5,91 EUR per metre squared. But newly built apartments are regulated too: since 2019, two thirds of any new development built by the Limited-Profit Housing Associations with the support of the city cannot cost more than 4,97 EUR/m<sup>2</sup> of netto rent. Territorial planning helps us achieve this."

The city of Vienna does all this in order to flood the market with available housing, thus exerting pressure on private landlords. "In an environment in which finding cheap accommodation in a high-quality flat is easy, nobody would dare charge overblown prices for rent. Not only does this go against the Viennese way of thinking about housing – it is also unprofitable for landlords. No one wants an expensive apartment here," adds Glaser.

## The City Must be Fair

"We have a long list of conditions that those requesting an apartment have to fulfil: an individual's income must not be more than 3200 EUR, they have to have lived in Vienna for over two years, they must be over eighteen and be a legal resident here, or, alternatively, have asylum status," says Glaser of the regulations by which Vienna aims to guard its property against misuse.

"Housing should be available to everyone who needs it," is the response to these strict regulations offered by Gabu Heindl, the famous Viennese architect, urbanist, and activist, who lectures at universities in London and Sheffield. She criticises some of the city hall's housing policies, demanding that no rules apply for those truly in need. She recently finished a study commissioned by the city. Its working title is "Our City Must Be Fair" and it focuses on various insufficiencies in the current system, particularly women in pathological relationships, victims of domestic abuse who need immediate help. They sometimes fail to comply with the demand of the city hall to have spent at least two years living at a single address, and so they do not even make their way onto the waiting list. Heindl also mentioned young people who move to Vienna for work or study, and we discussed immigrants too.

Alexander Machatschke, president of the non-profit organisation BAWO, spoke in the same spirit. "You're here to hear the nasty stuff about our housing system, that's it, isn't it?" The likeable social worker laughs as he opens the door and invites me into his office. "Once you've met all the demands, it takes some time for you to move from the waiting list into an apartment, but for some groups, living two years in commercially rented apartments is extremely difficult," he explains. Machatschke has worked on issues of homelessness for over thirty years, and much has changed during that time.

### Home or houses?

"When we first started, Vienna only had a few houses aimed at people living on the street. Today, we have over thirty programmes and the city uses the Housing First concept. Hostels where you could only spend one night are transforming into what's known as Houses of Change, where people can spend entire days without worrying. We also have a rule that no one can be on the street between November and March. We have just under five thousand homeless people in Vienna. The problem, however, is that we do not have sufficient social housing for them. Yes, there are hostels, and there are entire houses too. But that still does not mean the city is offering them a true home," explains Machatschke.



From the social worker's perspective, Vienna has its problems, but at least its housing policy is stable and firm. "And we don't have any ghettos. Social housing is located throughout Vienna and the inhabitants are very varied. That's a success," admits the social worker.



## It's Not Just About Housing

The monumental building of Wiener Wohnen stands directly next to the Gasometer metro stop and looks a little like an unconquerable fortress. Over four thousand people work in this bureau, which aims to improve the quality of Viennese housing. Christian Kaufmann is one of them. "We're the largest non-profit housing company in Europe," he says proudly as he leads me through the building. "Some half a million people live in municipal apartments, making us the largest municipal landlord in the world," adds a colleague with even greater precision. But it's not just about housing.

"We administer hundreds of parks, children's playgrounds, social spaces for culture or sport. We also employ social workers who care for the stability of various communities. That is particularly important for us," emphasises Kaufmann. I meet one such duo by chance while visiting one of Vienna's most famous "Hofs". The Reumann-Hof, composed of a beautifully layered facade and a series of courtyards, is home to a broad range of people. There are four hundred and fifty apartments altogether. "Life here is good, rent is cheap and they take very good care of us," calmly comments a young man who is weeding a flowerbed in front of his house. This is almost always the case when I speak to Viennese locals about housing. They do not even consider the fact that from a European perspective, they are practically living in a utopia.



*Residential complex Reumann-Hof. There are 450 apartments.*

"We're here to help overcome minor and major problems that might arise among tenants," says Fabian, one of the hundred and sixty social workers employed by the city as community coordinators. "We try to create positive relationships among tenants, support community life, listen to the locals, and, together with them, search for solutions and change things for the better."

### Conditions for Developers

Social sustainability	Architecture	Financing	Ecological sustainability
everyday sustainability	urbanist quality	land price	climate-considerate construction with a focus on saving resources
availability through effective planning	architectural quality	construction price	construction considerate of the environment and health
community life	apartment and layout quality	rent prices and contractual conditions	quality of the greenery and public spaces
housing adapted to changing needs	quality of the architectural proposal	price and quality ratio and maintenance costs	Diversification

### A City for the Future

Since 2004, most newly constructed apartments have been realised through the Limited-Profit Housing Associations (LPHA). The city's aim was to diversify the market and provide an opportunity for smaller developers to build according to precisely specified conditions. "We try to adjust the conditions for construction to current needs. We have four pillars that the city assesses when distributing commissions: economic availability, architecture, social sustainability, and ecology," explains Kurt Hoffstetter, part of the team responsible for IBA Vienna, the International Building Exhibition that Vienna will host in 2022. The city's concept is an exhibition of the best in social housing – an opportunity to renovate and build.

"We're calling the concept New Social Housing, but that mostly means we're operatively approaching current challenges. We focus on the transformation of the job market, gender issues, new technologies, maximal accessibility for people with any handicaps, and, of course, the climate crisis," emphasises Hoffstetter. New apartment complexes conforming to these criteria are currently under development and in two years, Vienna will introduce them to the public. Overall, there should be around a hundred projects in nine districts. Most of these will be built by the Limited-Profit Housing Associations. A few, however, will be built by private investors and the city itself.

"Wiener Wohnen stopped building for some time. We felt that it was more important to support the Limited-Profit Housing Associations, which is a kind of Viennese variant of cooperative housing," says Christian Kaufmann. "But the global housing crisis also affected Vienna, so we set to work. In 2015, we began construction of the first new Hof – we called it Barbara-Prammer-Hof after one of the most famous leftist politicians in Austria. We want to build four thousand apartments in total over the next few years," he says proudly. "Go have a look at Sonnwendviertel, a new district right by the central train station," he adds.



*Sonnwendviertel, a new social housing development a few steps away from the Viennese central railway station. Photo by A. Rychlíková*

## **We Determine How Much You Make**

The huge development in this lucrative location is composed of various types of buildings. There are large apartment complexes and smaller buildings, houses lined with wood and separate panel houses. Part of the land is not developed at all. Instead, it is devoted to green belts, playgrounds, cycle paths, and a large park. The courtyards are freely accessible and connected. The orientation plan on each building shows how important community life is in Sonnwendviertel. You'll find a cinema, social spaces, garden gazebos for communal grilling, courtyard balconies. A number of houses contain publicly accessible gyms or pools. Much of this district was built with the help of Limited-Profit Housing Associations – there are around sixty of them in Vienna.

"We calculated the maximum possible profits of such an Association with a view towards the economically sustainable aspect of construction," explains Daniel Glaser. "We consider ideal costs for a new development to be 2100 EUR per metre squared – this is the figure for which you can build and which ensures maximum quality," he says, pointing to various columns on his presentation.

"The model of supported housing involves the city, a bank, the development association, and a cooperative," explains Glaser, aided by his meticulously worked out graphs. "The bank, the Association, and the cooperative all have some initial investment which the city then matches. The maximum allowed interest rate for the Associations and banks is 2,5% – it's 5% on the free market – and the city makes a claim on one percent of the interest. We then calculate rent prices based on these values. Availability is, after all, an issue of profit," he adds. In practice, this means that the resultant rent price of the Associations is half of that on the market.

These policies are also made possible by the fact that Vienna regulates land prices. Land is often the most expensive part of a construction budget and the city knows this very well. "We built new zones and priced them," says Glaser. "Our aim is to avoid speculations on this land, as these hugely increase the price of construction. In the past, when someone owned a field that became a construction plot, the price jumped up terribly. We therefore determined that two thirds of plots such as this one must be sold at 188 euros per metre squared and the owner can only treat one third of the parcel commercially, selling it for the market price of 750 euros," says Daniel Glaser. "The profit for the owner of the plot is still considerable," he adds curtly.

## Protecting Our Inhabitants

"What I'm trying to avoid at all costs is for my critique to sound like what right-wing politicians say. My critique is aimed from the left, I'm talking about the injustice of the housing system, but this can never be resolved by the market, only by better policies implemented by the city," says Gabu Heindl emphatically and adds that attempts to destroy the unique Viennese system through market liberalisation are intensifying. "Privatisation and deregulation would pave the road to hell," she warns. But that is exactly what is at stake today.

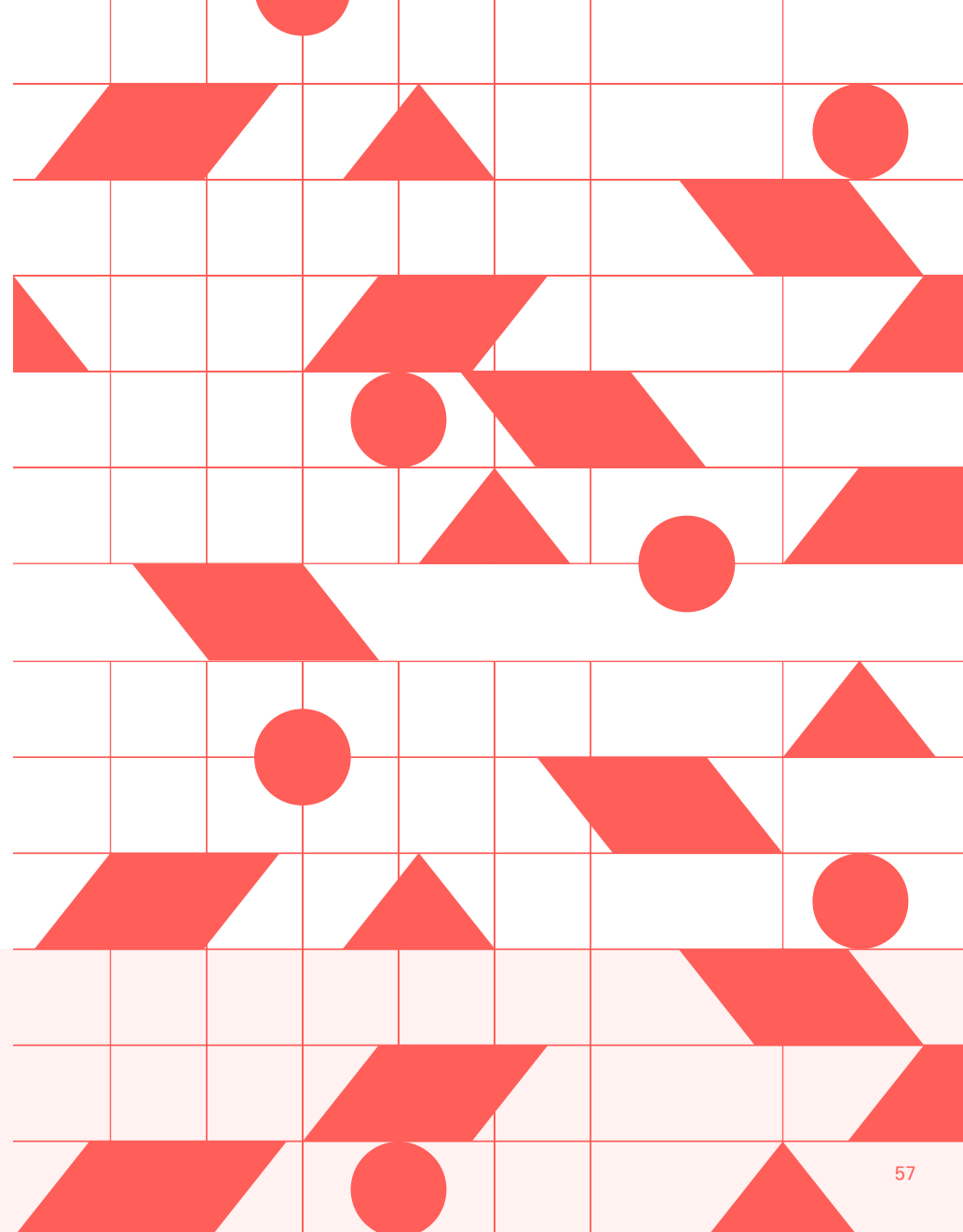
According to a new Austrian law, cooperative apartments can be offered up to be sold to their inhabitants after five years. "It used to be ten years and few people made use of the rule," explains Heindl. "It's a silly idea! The city massively subsidises cooperative housing, so why should someone privately buy and own our common property?" adds the famous architect crossly.

"The results of a survey we did showed that 84% of Vienna's inhabitants are not interested in privatising. But of course, the option of buying cooperative flats worries us. The inhabitants buy them cheap, then sell them for a multiple of that price, and the entire system may begin collapsing," admits Christian Kaufmann. Despite the concerns regarding the new federal law, he believes the Viennese system will never be destroyed.

"Our tradition has worked well for a hundred years now, everyone who lives in Vienna understands why it is favourable to them. Compared to other cities, we haven't been as badly hit by the global housing crisis. Of course, you have districts that are more tourist-focused. But even there, the inhabitants are normal people, and there are normal shops in the neighbourhood. You can't fight against gentrification, tourism, and negative transformations of the city without the locals. The only way of resisting gentrification is to care for the city's inhabitants. To protect their homes, their right to housing, their communities. And this can only be assured through affordable housing. Everything else is cosmetic," concludes Kaufmann resolutely as we say our goodbyes on the corridor of the administrative colossus.

Wiener Wohnen, just like all of Viennese housing politics, is not without fault. However, the atmosphere of the Austrian capital, its local institutions, and the thinking of its inhabitants make one thing clear: in Vienna, housing is understood as a right to the extent that nobody has to think twice about it.

*The author would like to thank Eurocomm-PR / the Foreign Office of the City of Vienna in Prague, especially Martin Landa, for their selfless help in finding interviewees.*



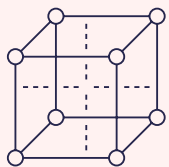
# Barcelona

APOLENA RYCHLÍKOVÁ

## The City Where Anyone Can Become a Squatter.

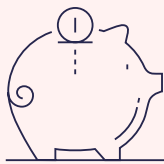
The Spanish metropolis can well be described as the guinea pig of financialisation. Here, housing is the most important political and social topic. It is discussed with equal fervour by people in cafes and on the streets, as well as by the leadership of the city.

People living in  
rented accommodation



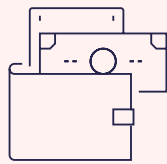
35 %

Time spent saving up  
for an apartment



9,9 years

Percentage of wages  
spent on housing (2)



> 40 %

Number of inhabitants	1 620 343
Number of housing units	774 190
Number of empty apartments	88 259
Percentage of inhabitants living in rented accommodation	35 %
Housing stock in private ownership	65 % (1)
Housing stock owned by the city	2 %
Percentage of apartments owned by corporations	10,7 %
Average monthly rent	1350 €
Average income	3000 €
Average price per m <sup>2</sup>	3984 €
Average price for a new apartment	5730 €
Number of people experiencing homelessness	5000

1) private or cooperative ownership

2) More than 42% of inhabitants spend more than 40% of their income on housing

"For years, people only listened to a single idea repeated by real estate agents, investors, developers, financial institutions, and the media: that housing is a safe investment and that property prices would never go down. These ideas were then institutionalised by the public administration," writes Ada Colau – the mayor of Barcelona – in her book *Mortgaged Lives: From the Housing Bubble to the Right to Housing*. This is her second term in office. Almost by miracle, she rose from the street and witnessed the birth of PAH, the famous movement resisting evictions (Plataforma de Afectados por la Hipoteca; Platform for those Affected by Mortgages). Colau, the former spokesperson of the most famous activist platform in Spain, was elected to lead the city hall through championing a topic that has literally changed the lives of many of Barcelona's inhabitants: housing.

### **We Showed the Way**

An aerial view of Barcelona – the capital of the Catalonia region – reveals beautifully the atypical urbanist structure of the city. Block housing, meticulously structured, pierced by two infinitely long diagonal streets, and then a smaller, gothic city centre with its tangle of narrow, winding streets. From a bird's-eye view, the city looks like a copied and pasted grid towered over in the centre by the famous – and still unfinished – Sagrada Familia cathedral. Barcelona has three million inhabitants counting all agglomerations, over a million and a half live in the city. Ada Colau is now serving her second term, and though there is a certain skepticism among the inhabitants as to whether the mayor has managed to enforce everything she promised, the results of her work at the city hall are visible on many levels.

The city hall leads a project called Observatory of Housing, which gathers data on real estate, ownership structures, and rent growth. The department of housing (one of the biggest at the city hall) focuses on all areas from rent through social housing to mortgages.

[In Barcelona, even topics like the right to energy are discussed – ensuring that no household is left without water or electricity.](#)

"You'll hear talk of housing everywhere here. You need only sit for a few moments in a café and soon enough, you'll hear people heatedly debate how their landlord increased their rent or is trying to get them to move out," says the architect Carli from the LACOL cooperative as he greets me in front of his home. The simple modern wooden structure is called La Borda and came to life thanks to a unique project aiming to support cooperative developments. La Borda was a pilot project for Barcelona's cooperative housing. Thanks to its success, the model became more popular and dozens of community houses are now being built this way. La Borda is home to over fifty people.

"In the beginning, in 2011, was a massive squatting event that drew attention to unused buildings in the area. We finally carried it through and the city agreed to lease the land to our cooperative for seventy-five years," says Carli proudly as we walk through the house together.

There are bicycle stands instead of parking spaces. There is a social room on the ground floor with a kitchen and a children's play area. The entire space is composed of courtyard balconies from which inhabitants enter the apartments. "We built the house as simply as possible in order to keep costs down. It cost three million euros, the rent for the land is four thousand euros a year for all the apartments," says Carli of the cooperative's economic model.

We are standing on one of the two terraces. Drying clothes hang around us, otherwise, it's quiet. "Our initial deposit into the cooperative cash box was eighteen thousand euros. Our rent is about three to four hundred euros a month, which means about a third of market value rent in Barcelona. If a tenant decides to leave their apartment, they receive their eighteen thousand euros," explains Carli, for whom this housing model is a means to find housing in the area for years to come.



*Architect and cooperative member Carli on the terrace of the community project La Barda. Photo by A. Rychlíková.*



## We Did Everything Right, So Why Did it Fail?

The history of Barcelona's housing crisis reaches back to the 1990s. Until then, the state had oversight over construction, but around 1997, Spain opted to go down the path of deregulation of construction and the real estate market in general, putting construction entirely in the hands of private developers. No other country in Europe built as much. Only between 1997 and 2007, over six and a half million apartments were built in Spain – more than were built in Germany, Italy, and France combined.

But a considerable portion of the newly built apartments were bought for investment purposes. Along with the easing of conditions for mortgages, the real estate bubble began inflating and apartment prices rose at rocket speeds. Restlessness increased, but the banks assured buyers that if they are no longer to pay the mortgage, they can always sell the apartment and buy a cheaper one. No cheaper apartments were available and prices continued to grow. Everything collapsed with the arrival of the economic crisis and thousands of Spaniards found themselves bankrupt.

"Unemployment in Spain rose to 26%. People became unable to repay their mortgages and no one wanted the apartments – the market was completely destabilised," describes Melissa García-Lamarca, a journalist at the international magazine *The Radical Housing Journal* and an academic researching the financialisation of housing. Melissa came to Barcelona eight years ago as part of her doctoral studies. The question of global interconnectedness in the unavailability of housing is a central issue for her, and what she is researching now in Barcelona is the rise of massive rental companies like Blackstone after the crisis.

"Before the crisis, everyone in Spain thought that the central right is owning real estate. We blindly followed the neoliberal mantras, bought apartments, believed in fairy-tales about the free market. In a certain context, we did everything right: built apartments en masse, made mortgages more available. But that is precisely what brought us to the real estate bubble and economic collapse," says Melissa.

The same banks that once enticed people to buy apartments demanded that people regularly pay back their mortgages. But the economically devastated Spaniards could no longer pay, and so began the process of eviction. People lost their homes, and on top of that, they were left with debt to the bank – which now owned tens of thousands of apartments. In the first years after the crisis, almost sixty-five thousand apartments were seized. If they were lucky, the owners became tenants, if not, they became homeless. And so PAH was born – the platform against eviction.

"People who had never been activists suddenly burst onto the scene with the slogan 'Houses should not be without people and people without homes', and things immediately started moving," explains Melissa, for whom PAH is still an inspiration today. "People resisted eviction together – they protected each other against the police and literally squatted their apartments; they wouldn't let the clerks in. It was radical, in a way, but that level of despair, the declared state of distress that the city's inhabitants manifested together – it brought results.

The pressure exerted by PAH and other organisations was incredible: the protection of housing became a crucial political topic. But after 2014, the problem of mortgages moved to rent. In the past, only 8% of Barcelona's inhabitants lived in rented accommodation, now the figure is almost 35%. These are mostly people who lost their mortgaged homes."

The Spanish housing market began changing under the weight of the new tenants: regulations for renting were restricted, including the duration of contracts and the price of rent. "Owners could increase rent at will, so rent prices skyrocketed," says Melissa, who believes the only possible way of stopping the crisis is capping rent prices.



### From Normal People to Activists in Less Than a Day

During the coronavirus pandemic, PAH's weekly plenum looks a little different than usual. Usually, several dozen people would gather in one of the offices of the activist organisation to discuss pressing cases of evictions and ways to help those affected. Now, there are only a handful of people in face masks and an online conference is beamed onto the wall. Many more people are present virtually.

"Following the crisis, there were up to a hundred and eighty evictions a day in Barcelona. Today, it's a fraction of that, but our aim is to have none," says Santi Mas de Xaxàs Faus, an activist who joined PAH at its very beginning. Next to him is a pensioner and several young people from various social groups.



*Headquarters of the activist platform Afectados por la Hipoteca (PAH) at the time of the pandemic*

That is a fair sample of the people associated with PAH. They are normal people who became activists in a very short time. And most of them continued as activists.

"We might be a large social movement, but from the very beginnings, we also aimed to change laws. We know that a solution to the housing crisis must stand on legislation that protects the right to housing. The current local government is, of course, partial to our cause. But we're still fighting resistance from the Spanish government," says Santi of today's strategy of resistance. "We're currently preparing materials for a law on large owners. The ownership structure in Barcelona is not transparent at all, but generally, anyone owning over ten apartments is considered a large owner.

These are dominant now, but we assume that in a few years, Barcelona's market will be swallowed up by sharks like Blackstone. Even now, families in Barcelona face evictions, which is why we demand that properties in which the owners expresses no interest for two years, leaving them to waste away, are transformed into social housing. The city has a waiting list for social housing, you see, but it doesn't have the apartments. In Barcelona, only 2% of all apartments are owned by the city."

### **This Is a Conflict Zone**

A small square in the Vallcara district is glaringly empty. The houses look unused and partly dilapidated. A wall on one of them is adorned with an English inscription: "Tourist: This is a conflict zone". Directly opposite two smaller, two-storey houses that seem out of place in the city stands a new, shiny development. "There used to be smaller houses like you see here," say two anarchists, Felicia and Juan, who established a branch of the Tenants' Syndicate. Every district of Barcelona has such tenants' unions.

"Vallcara was always a district for the lower classes, but as housing prices in Barcelona grew, more and more people moved here. And as you see, the original local houses, mostly two-storey buildings, are ideal food for developers. Mass demolitions and constructions started. And mass evictions, too," say the activists of the district they call home. "The aim of our syndicate is to give people access to legal knowledge and provide them with the courage and determination to resist," says Juan. "We want to teach people to self-organise, that's why we're here every day."

"This fascinates me about Barcelona," says Melissa, shaking her head. "In every district, you'll find not one, but several organisations devoted to housing. Not from the top down – they're all based on the principle of self-organisation. In addition to local organisations, there are, of course, also large organisations: the main tenants' unions work closely with the city hall, supplying it with expert references, supporting materials, and connecting work on housing with topics such as migration and domestic abuse," continues Melissa, listing most of the current hot topics in Barcelona. Another particular issue is homelessness – there are around five thousand people living on the streets of Barcelona.

### No One Counts the Grey Area

Barcelona's Raval district is famous. The long square that serves as an entrance to the quarter is full of tables, people gather around them. The atmosphere is markedly different from the centre or the picturesque districts elsewhere. For years, Raval has been home to people of lower social classes and the district also struggles with the production and distribution of drugs. "It used to be a cheap, lively district for all kinds of people, but that's no longer true," says Juan, originally from Mexico, who came to Barcelona one time as a holidaymaker and never went back home.



Graffiti on one of the houses in Vallcarca, followed by a new development.



Juan is a documentary photographer and the spokesman of Arrels, a non-profit organisation that helps people experiencing homelessness or uncertain housing. Arrels has existed for thirty-three years and its network of volunteers includes hundreds of people. It is nine in the morning and clients are beginning to gather in front of the headquarters in Raval. "This is our central day centre, then we have a few smaller ones," says Juan as he leads me inside. In addition to washing rooms, resting rooms, and social rooms, Arrels also runs a laundry, a freeshop with clothes, a distribution service for personal hygiene items and food, a storage facility, and social services such as job or debt counselling. Additionally, Arrels also runs its own hostels, where people from the margins of society find privacy and peace



*Juan Arrels on the roof of a community center and hostel for people in need*

"Only part of our support – around 30% – comes from the city, the rest of our budget is subsidised by minor donors," says Juan. Additionally, the non-profit also tries to generate its own income: it offers people experiencing homelessness work in a unique woodworking workshop, it sells jewellery, makes books. "Housing is the foundation of a good quality life, but if we really want to help people on the margins of society, they also need further social work and care," concludes the photographer.



## At Least One Squat in Every District

Jorgos, a Greek wearing subcultural clothing, sits in front of an underground station in one of the more gentrified districts. As soon as I walk out, he gets up. We share a conspiratorial wink and set off. We only walk a few minutes before taking a turn into a subtle, narrow house. The only thing suggesting there's something different here are the banners hanging from the window: "Social and cultural centre." "We had a centre down on the ground floor. We organised events and sold books, but for some reason, the owner took us to court precisely over of this part of the house," says Jorgos ironically – he is clearly a veteran of squatting battles, and not just in Barcelona. He and his flatmates are expecting a visit from the clerks alerting them of their impending eviction any day now. "We've been here for over a year, we knew the time was coming," he shrugs and rolls a cigarette to accompany his morning coffee. Barcelona was once the centre of European squatting.

According to Jorgos and his flatmate, there are still over a hundred squats in Barcelona today. Most of the official ones maintain a cultural infrastructure, public programmes, they work as solidarity networks in the city, as critical spaces. And they have the overwhelming support of the locals. "Because in Barcelona, anyone can become a squatter," says Jorgos with a laugh. "It's as easy as one two three – all you need to do is skip rent a few times because you don't have the money to pay for it and boom, you're a squatter. Given how fast rent prices are going up, it's one of the more realistic strategies to keep a roof over your head," adds Jorgos as we say goodbye.



One of Barcelona's squats. Photo by Apolena Rychlíková.

## It's Worth It

Carlos Macías has worked at Barcelona's housing department for two years now. He was – like many people Ada Colau brought with her to the city government – a member of PAH, for seven years. Today, he works on housing at the city hall. "Wait, I have something for you," says Carlos as he hands me a giant book of over four hundred pages titled *Innovations in Affordable Housing: Barcelona 2015–2018*, the result of several years' work by employees of the city hall and invited experts. You'll find everything you need: data, architectural commissions and their conditions, cooperative housing projects, and an overview of the activities of the city hall.

"The first thing we did after we were elected was a large data analysis process. In order to make our struggle against unaffordable housing truly effective, we had to know what the ownership structure in the city was," explains Carlos. "It might seem unbelievable, but we had to send teams to check the apartments, because we couldn't even find out whether an apartment was inhabited or not from the electricity or water meters. You see, some owners would intentionally leave the light on or open the taps to confuse us. So we resorted to physical checks, three times a day at random times," he laughs. There are still around ninety thousand empty apartments in the city, which Carlos believes to be one of the fundamental problems. "We try to negotiate with the owners who leave their apartments uninhabited about property management. We offer to take over all responsibility for the house for five years if they agree to have tenants. We also guarantee the owners a certain price of rent, for which we often have to pay the difference when the tenants are unable to keep up with their payments for some reason or rent takes up too much of their income."

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Many houses in Barcelona are also owned by banks and corporations – with these, the mayor has repeatedly threatened expropriation. "But everything is a struggle," admits Carlos. "Especially because as a city, we have limited authority. We are lobbying with the Catalan parliament, but of course, we fall under Spanish law, and that often sides with the landlords, so many of our decisions end up at the constitutional court. Sometimes we lose, but it's worth it – it's important for us to approach important problems, to stop them for some time or delay them and consistently push to change the narrative on housing at the national level," he shrugs. "We're making waves," he adds with a smile. Additionally, the city is actively fighting tourism: it established a clear legal definition of who is entitled to a short-term rental license – this is available only to people offering rooms in apartments where they verifiably live. This resulted in five thousand Airbnb apartments returning to the standard rental market.



*Carlos Macías from the Barcelona Department of Housing*

The city hall's strategy in the housing area stands on three main pillars. The first is increasing the number of municipal apartments. "We have seven thousand today, but we're building wherever we can in order to have fourteen thousand by the next election. We're also buying up apartments. We always want to keep 80% of those for rental accommodation, the rest will be for cooperatives," lists Carlos.

The second point is the struggle against evictions. "That's really a huge problem," he admits. Through various district unions, the city is trying to enter into the process of eviction, serving as a mediator for tenants. "We try to negotiate better terms, vouch for the tenants, offer them legal advice and representation for free." The last pillar, which Carlos believes to be absolutely essential, is the regulation of private developers. "We recently agreed that everyone who builds or renovates more than ten apartments

has to provide 30% as affordable housing and follow our rules. But this regulation will definitely end up at the constitutional court," smiles Carlos. He believes it's worth a try nevertheless.

### **We Know Our Enemies**

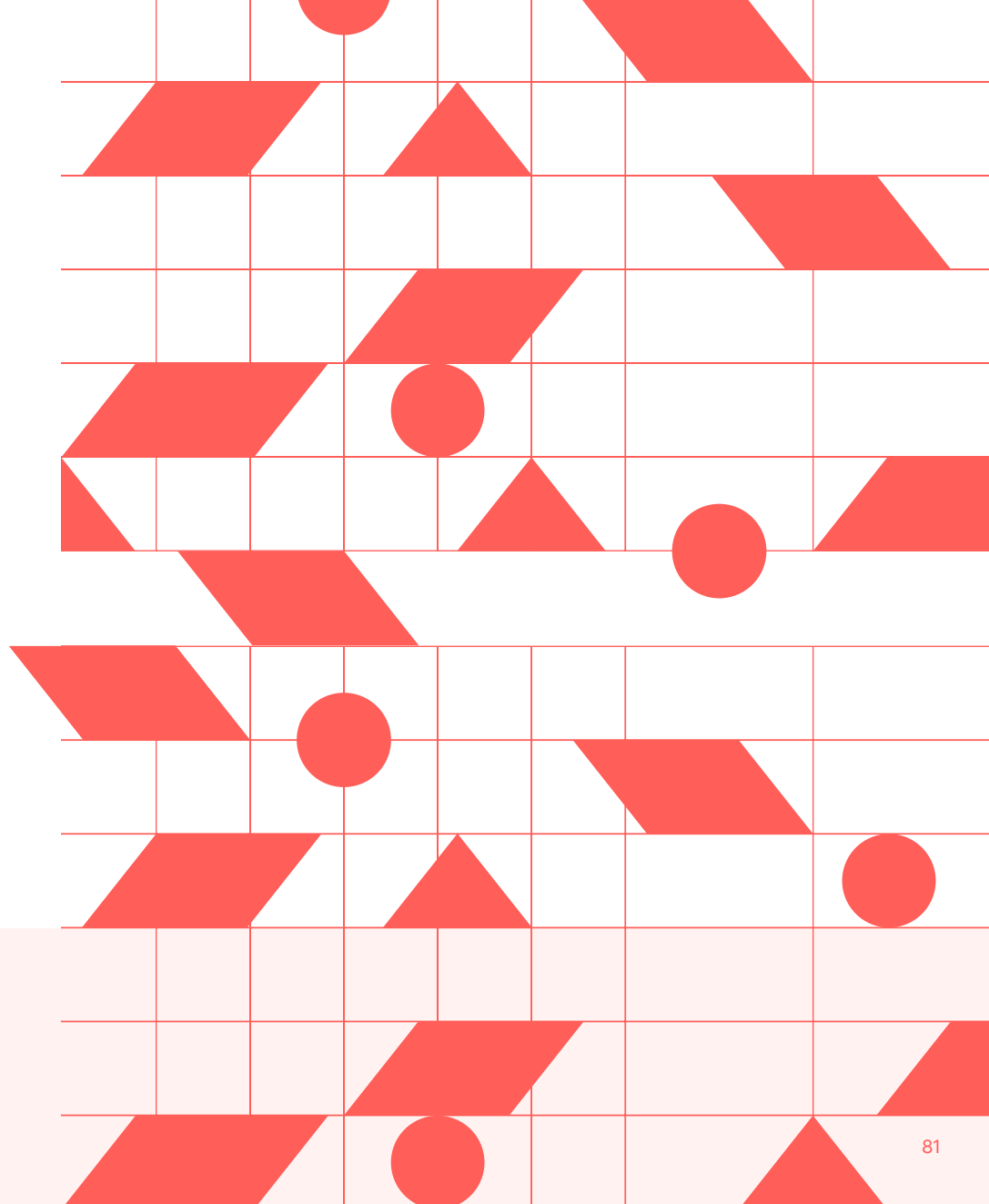
Almost half of all tenants in Barcelona spend over 40% of their wages on rent, many people rent apartments illegally, without any contracts or assurances, many people live on the street. "The city hall, the Catalan government, and the Spanish parliament must all find the courage to regulate private developers and landlords. They must demand a certain percentage of newly developed housing to be transferred to the city's administration so they can be offered to those who need housing," says Santi. That is one of the issues PAH is lobbying for. But there is one thing about the crisis Santi finds positive: "Everyone knows that the ones responsible for the crisis are the banks, investors, the financial sector, which was also - unlike us - truly saved by the system. This gives us strength for every new fight. We know that in reality, we aren't fighting against minor owners, but against an entire field of housing speculation that is typical of global capitalism."

Activists can rely on the city hall, but many of them criticise Ada Colau's government. Their former spokesman, they claim, should not have promised to end the globalised market and tame the developers when she didn't know if she could make good on these promises.

"Our relationship with Ada is a little tense," laugh Santi and his colleagues in the pub. "Ada?" asks a pensioner sitting next to them in an apron and I nod. The entire table waves it away and everyone puts on an entertained expression.



"PAH recently occupied the city hall. We feel like they're not doing enough to fight property speculation. It probably annoyed our former fellow fighter, but that's just how politics is. We're a movement, we have to stay critical," shrugs Santi, unfazed. He remembers a situation, for instance, when the current mayor arrived at the PAH anniversary celebrations and demanded to speak. "We said okay, Ada, speak, but simply as a former member of PAH. No prime time, no opening remarks, no exclusivity. We love you, we always will, but we now act as a counterweight to your politics, as the voice of the street," says Santi of PAH's position. "Without the housing movement, which in Barcelona comprises not just us, but dozens of other organisations, associations, communities, clubs, collectives, and individuals, the city hall would have no back-up. The current city government is better than any before it. But it has to realise that it is they who need us, not the other way round," concludes the activist.



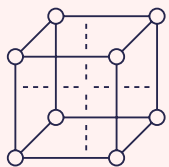
# Prague

APOLENA RYCHLÍKOVÁ

## The City Where Affordable Housing is Just Talk

The Czech capital has been in the throes of a housing crisis for years. Although housing availability became the topic of the previous election, there have been no crucial developments since the arrival of the new, progressive local government. At least for now.

People living in  
rented accommodation



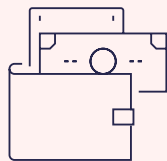
30 %

Time spent saving up  
for an apartment



14 years

Percentage of wages  
spent on housing



43 %

Number of inhabitants	1 324 277
Number of housing units	700 000
Housing stock owned by the city	31 000 (5 %)
Number of unoccupied apartments	46 000
Housing stock in private ownership	70 % (1)
Average rent price per m <sup>2</sup>	11,5 €
Average monthly rent	607 €
Average income (before tax)	1 320 €
Average price per m <sup>2</sup>	4 180 €
Number of people experiencing homelessness	3000-5000
Number of hostels/asylum homes	150
Growth in cost of rented accommodation	+ 50 %
Growth in property prices, 2014-2019	+ 50 %

1) private or cooperative ownership

2) on rental accommodation

At an exhibition at Prague's Centre for Architecture and Urban Planning (CAMP) fittingly titled Prague's Priorities, everything looks wonderfully clear. Five topics share the space of the presentation, each represented by five specific projects. New Districts, New Connections, New Opportunities, New Squares, New Parks – those are the categories defined for twenty-five projects that are set to influence the future shape of Prague in coming years. Perfect visualisations of the near and distant future of the Czech capital, projected onto one of the walls of the gallery, are accompanied by short comments from city hall councillors.

"Really the greatest problem is affordable housing," says the mayor, Zdeněk Hřib, with a serious tone. "It has become apparent that the market itself cannot resolve housing issues. We as politicians must act," explains the councillor for housing, Adam Zábranský. None of the projects presented at CAMP, however, says anything about affordable housing, and none of the presentations mentions municipal, cooperative, or any other form of housing other than commercial. This paradox perfectly describes the situation in Prague.

## When the City Says Nothing

Since the 2018 election, a so-called progressive coalition has ruled Prague, partly supported by protest votes from citizens dissatisfied with previous developments in the capital. In addition to the Pirate party, which also secured the position of mayor, the coalition is formed by Praha sobě (Prague Unto Itself), a party created based on resistance against an overpriced project to build a new municipal hall in one of Prague's district. The third coalition party is Spojené síly pro Prahu (Joint Forces for Prague), created by a union of the right-wing parties TOP 09 and STAN and representing more conservative voters.

Several crucial projects are currently being prepared in the capital. There are developments on brownfield land that formerly housed industrial production or railways and are now to become residential areas. The vast majority of this construction, however, rests on the private sector – the city makes no demands and some of the projects include more offices than apartments.

"Prague is trying to stop its growth into the surrounding landscape, which is why building on inner-city brownfield land is a priority. This is, of course, a logical and worthy idea, but its realisation falls short," says the sociologist Václav Orcígr from Arnika, a Prague-based non-profit organisation striving to improve the environment. In recent years, the organisation has also taken an active part in the future of Prague. "The largest transformation projects, which will develop areas in the districts of Smíchov, Bubny, or the Žižkov freight railway station, will ultimately result in an excellent business venture for several private companies," warns Orcígr, who also criticises insufficient attempts at involving citizens or addressing the climate crisis.



*Visualisation of the new district Bubny-Zátory.  
Photo Institute for Planning and Development.*

"When brownfield land or urban development is discussed in Prague, it is driven by the idea that all we have to do is build more and more apartments because more and more people want to live here," says Adam Zábranský, the councillor for housing from the Pirate Party. "But what kind of housing is actually built is not discussed at all."

## Who Will Tame the Developers?

According to Zábranský, the city should aim for greater consensus with developers. The mayor, Zdeněk Hřib, says the same: "The developers got too used to the city meeting them half way. But building houses without ensuring the infrastructure – street lights; transport; education – makes no sense at all." Both politicians agree that previous demands on developers (both in individual districts and at city hall) were insufficient.

"While we've reached a certain degree of consensus regarding nursery schools and parks – we now agree it's normal to demand these things –, the issue of affordable housing has probably not been fully established in any Czech city. It is up to us to break through this barrier, otherwise the situation will really not improve even if we build non-stop," says Zábranský.  
"We are currently finalising a methodology that should serve as a compendium of recommended measures for city districts."

One of the aims of the document, created by the mayor's first deputy Petr Hlaváček and the architect Filip Foglar, is to support the active participation of investors, developers, and other entrepreneurial subjects in the development of the city so that they contribute fairly to the development of infrastructure, public spaces, and public amenities following the principle of corporate social responsibility. "I'm trying to add another element: if significant changes to the territorial plan are made, the city should also demand affordable housing – either in the form of the sale of part of the apartments to the city at cost value, or simply by singling out some of the apartments as affordable housing stock," adds Zábranský.

## Lost Confidence

"The question of who will live in Prague in five or ten years is truly pressing," admits Ondřej Boháč from IPR – the Prague Institute for Planning and Development. IPR was created ten years ago. At the time, it bore considerable promise for many active citizens and a number of experts in urban planning. Since then, however, its role has shifted considerably. "The original aim was to tell the world how it should be done, and if the world behaves that way, everything will work out. We've abandoned that now," says Boháč, half in earnest.

IPR's role is more or less that of a regulator and moderator: it speaks for the city and prepares concepts and other preparatory material. Additionally, it should also work as a mediator between experts, the general public, investors, and the local government. "Municipal halls often behaved in completely inconsiderate ways and developers almost succeeded in creating an oligopoly in which the largest investment companies have the power. Disappointment on the part of the people of Prague is therefore not that surprising and it will take some time before we can rebuild the trust we lost." In recent years, IPR has been the subject of increasing criticism, as some people believe it merely acts as a fig leaf for development projects.

Michal Lehečka, an urban anthropologist with a focus on gentrification and urban zoning, adds that the mistrust towards IPR also has its roots in the insufficiently exploited potential of participation, which the institute (and therefore the city) once promised its citizens. "What we are seeing is the processual helplessness of city urbanism in which the participation of citizens is often merely an attempt to mollify public opinion and convince inhabitants that what was agreed upon with the development companies

is the only possible solution. This results in the construction of districts where offices (of which we need fewer) dominate over housing, and the housing that is built is not even close to affordable – all it will do is deepen the spacial segregation of Prague's inhabitants," states Lehečka.

Ondřej Boháč resists this criticism: he claims people often cannot see what the city was presented with in the beginning. He adds, however, that if participation – which garners more interest every day – fails to leave a mark on the new projects, the citizens' frustration will grow. "But we're frustrated too: our local administration's options for addressing all these problems are highly limited," complains Boháč. "The changes that can be ratified today might only have an impact in several years. And at that point, it might well be too late."

This is an opinion shared by Petr Hlaváček, Boháč's predecessor and now the first deputy of the mayor and councillor for territorial development, an architect who is indelibly linked with the development of Prague over the course of the preceding decade. "I believe the most important goal of our coalition is to fight for the rights of local government," he says firmly. "Cities and municipalities should have more rights, whether this concerns territorial planning, construction planning, building regulations, or agreements with development companies."

Unlike his coalition colleague Adam Zábranský, however, he has a lot more faith in the market. And he is also vocal in his criticism of previous city governments. "We have to unblock construction. My ideal goal for the next ten years is for Prague to build twice as many apartments every year – ten thousand, and of these ten thousand, two thousand should be initiated by the city. The primary aim is variety. However, it must be said that in the

future, the influence of the private sector will be key – that's just how it is. But more apartments will mean a drop in prices. I have come to the conclusion that the fact that virtually no construction took place during the rule of the previous city hall under Matěj Stropnický was a mistaken approach that harmed many people," says Hlaváček, voicing an opinion he likes to repeat to the media.

### **Build, Build, Build. But Who Pays?**

When asked how many municipal apartments will be built and when, Hlaváček responds with derision: "You should write that the average time to receive a construction permit is nine to twelve years – that should answer your question as to when." Some opponents, however, claim that this position is an oversimplification.

"We keep hearing the same mistaken mantra from politicians and developers: housing costs are going up because construction has stopped, but as soon as we start building, prices will go down. We need only look to recent history in the international context to see this is not the case. Between 2000 and 2008, there was an economic and construction boom around the world, a record number of apartments was built. But prices did not go down, quite the opposite – they skyrocketed. The end result was the real estate bubble and the financial crisis," explains architect Jakub Nakládal.

"Following the crisis period, the same story is playing out again now. In the Czech Republic, between 2013 and 2019, yearly construction increased from twenty-five to thirty-five thousand apartments (four thousand to six thousand in Prague). And prices grew rapidly: by 50% in Czechia and 70% in Prague. Much faster than wages," says Nakládal critically of the argument

most often heard in the country today. Nakládal, who is a member of the platforms Paměť města (Memory of the City) and Reset, is also one of the authors of the Analysis of the Housing Situation in Prague, titled *What Is Behind the Housing Crisis and What Are Its Solutions?*, published by Arnika almost two years ago.

Nakládal also warns that at the end of 2019, the Czech National Bank began discussing a real estate bubble of around 15–20%. The architect has also mapped the transformations of Prague's districts in direct collaboration with the locals. As part of the Memory of the City project, he organised a series of critical walks, where he and the city's inhabitants demonstrate how Prague is changing in front of our eyes. "Wherever we go, we observe the same processes: oversized private development with unaffordable apartments and luxury offices. We observe this gentrifying development increasing the price of housing in the vicinity, driving lower income groups of inhabitants, as well as normal services and shops, out of the neighbourhood."



*A walk through the Karlín district, organised by the Memory of the City collective.*

## **You're Not Going to Live Here**

The progressing transformation of the city is gradually pushing the lower and middle class out to more remote parts of the city, or even to other cities. One of those affected is Ivo, a forty-year-old sociologist who recently bought a house outside of Prague. "Although I don't have a particularly strong relationship to Prague, I wouldn't have left the city were it not for the economic pressure related to housing," he explains.

Ivo lived with his partner in a rented apartment in one of the post-industrial districts of Prague, Vysočany. The apartment belonged to his relatives, so he had no idea what the average rent price in Prague was. "When we decided to have a family, I began looking for a larger apartment. We needed at least two rooms – our ideal was a flat around the classic 75m<sup>2</sup> mark. I opened the listed advertisements and I was horrified."

During the time Ivo spent living in his relatives' apartment, rent prices in Prague increased by almost 30%. "Even for an apartment in the 1980s panel-based housing estates, landlords often asked for about twenty thousand crowns (ca €760) a month," he shakes his head. "If the median netto income in Prague is just over twenty thousand, then rent and energy bills for twenty-five thousand can be up to half of the household income. That's a long way off from affordable," Ivo muses, adding that he and his partner could pay rent at this price, but this would not allow them to amass the savings they consider crucial for their family's security. So they began looking around for an apartment to buy.

"The shock I got from the increase in rent prices was nothing compared to the shock from real estate prices. Family-sized apartments in housing estates started at five million – on the outskirts, too. We're middle class,

but we simply cannot afford an apartment like that," says Ivo. They ended up buying a family house – in Kolín, some fifty-five kilometres from Prague. They abhorred the fact that the formerly industrial district of Vysočany was becoming visually and socially unified; all the land was used up for development; the genius loci disappeared. There is mass construction taking place, but the apartments remain unaffordable, the new developments bring new services in their wake, pushing out normal stores and greenery. "And finally, this wave swept us out too," he concludes.

## **If We Had More Apartments, We'd Use Them**

Housing has become a crucial topic in Prague, and it's no surprise given the rapid growth in prices. The latest data shows that Czechs spend on of the longest periods of time saving up for an apartment in Europe – fourteen yearly wages. Data provided by the development companies Trigema, Skanska Reality, and Central Group prove that the price of new apartments has grown by about 90% since 2015. A square metre of a new apartment in Prague costs a hundred and ten thousand crowns (ca €4200). The developers' mark-up grows along with real estate prices: development companies admit that they have doubled in recent years.

While in the mid-1990s, Prague owned almost two hundred thousand apartments, it now has only thirty thousand. Around two thirds are administered by the city districts. "This means the city government's hands are tied," admits Adam Zábranský. Part of his agenda is the speedy return of apartments administered by the city into circulation. "It is obvious the city's housing stock is minimal – the seven thousand six hundred apartments we have are not enough."

## **Social: Yes. Affordable: No (For Now)**

"We want to build, but it will only be hundreds of apartments at first, which unfortunately won't have a great deal of influence on the situation in Prague, but it will allow us to resolve the situation of the most vulnerable groups of the city's inhabitants," says Záborský apologetically. The city has decided to actively increase the housing stock by purchasing real estate. "Prague has put out a call to buy properties intended for housing. Ideally, we are looking to purchase buildings with a capacity of twenty to ninety people intended for housing," explains Záborský. "The purchases will be financed from the Fund for Development of Affordable Housing. We also want to take out a loan with the Council of Europe Development Bank (CEB). We're currently negotiating conditions."

While affordable housing is still a difficult topic in Prague, social housing has found more understanding. "I really don't know if I've ever encountered such support as that provided for our work by Adam Záborský and Milena Johnová, councillor for social issues," muses Vít Lesák from NGO Platform for Social Housing. For over five years, the platform has looked for solutions for the most vulnerable groups. They have focused on the Housing First concept, introducing unique experiences from abroad into the Czech public debate. "The city hall has taken our ideas on board. Vulnerable families are being actively rehoused. We are fulfilling a plan to provide good-quality housing to children and senior citizens who live in hostels. There are special crisis funds to help people on the margins avoid losing their apartments simply because they have experienced a sudden loss of income," says Lesák of some of the successes Prague has had. Even so, Prague has a huge number of people experiencing homelessness and over a hundred and fifty hostels.

## **The Tenant – An Endangered Species**

"For people who are very badly off in the long term, the situation has remained pretty much the same for years. But what we have noticed is a fast deterioration of the position of the lower and middle class," continues Lesák. "The sector of people who qualify for social housing is getting larger all the time, and that's terrifying." According to Lesák, the city hall now needs another platform – for affordable housing.

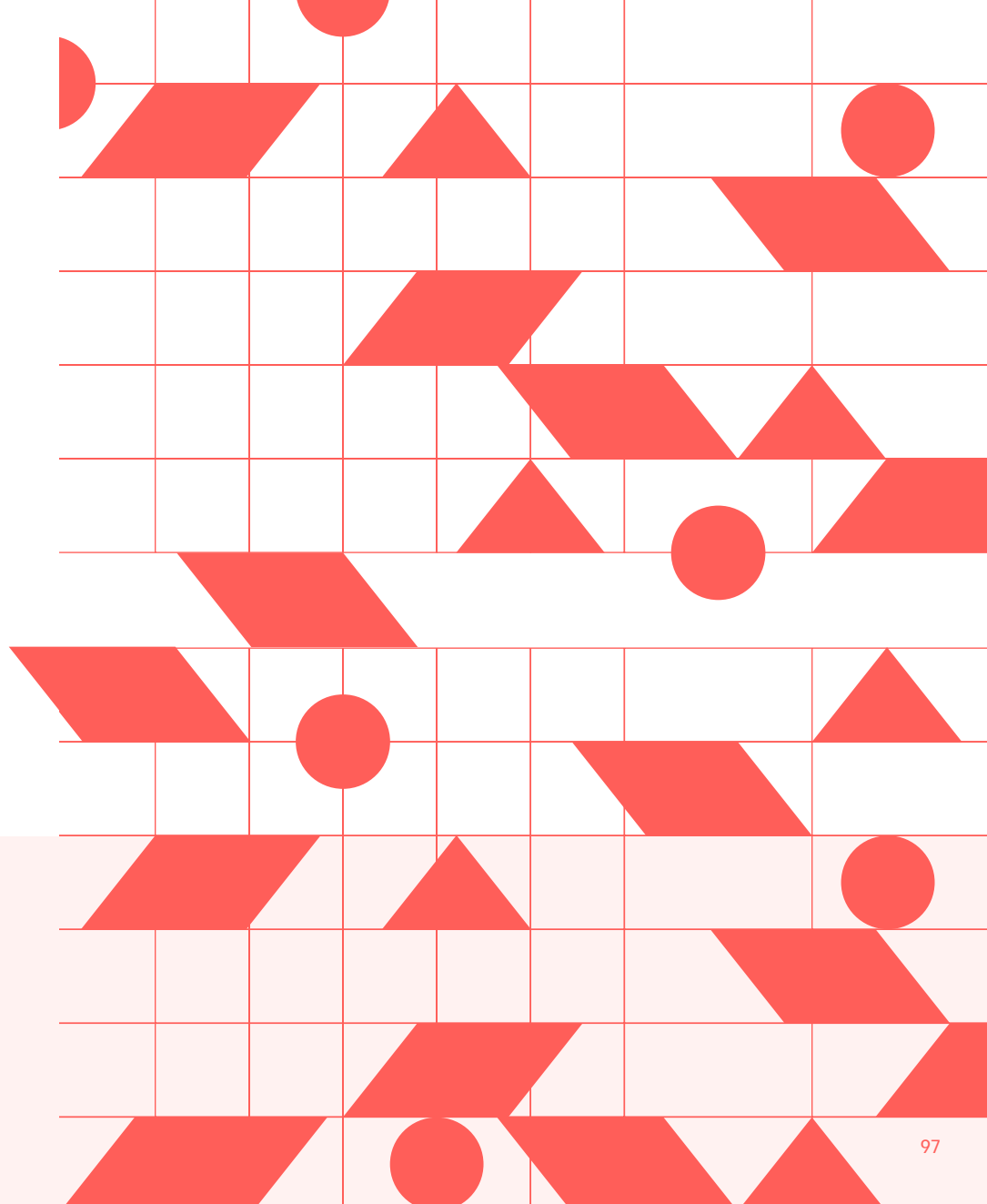
One group of inhabitants stands entirely outside the scope of political interest: tenants. They form over 30% of Prague's inhabitants, yet no one truly addresses their situation. At a presentation of associative housing (Baugruppe), representative Pavel Zelenka stated that an average household in Prague pays over 43% of its income on rent – an exorbitant figure.

If it was once true that you can move from the centre to a cheaper apartment on the periphery, it's certainly not true now. The millennial generation, which had no option to privatise their apartments cheaply, is struggling with high rent prices. At the same time, millennials are growing up and they want to settle down – but there is nowhere to settle down, or at the cost of leaving no planning options for the future. Rental contracts most often last only a year and there is virtually no protection for tenants in Prague or the Czech Republic. They are still considered failures.



Low-income workers who ensure a number of essential services in the city survive only thanks to housing subsidies. These are also crucial for many young families in rented accommodation. Pensioners often cannot live out their lives in the places they considered home, ending up isolated and alone in care homes. Students who wish to move to Prague to study at university see housing as one of the main barriers, and part of them are ultimately put off by exorbitant housing expenses. Despite attempts at restraining overtourism, the city centre continues depopulating and losing the small entrepreneurs and services that create the communal character of a city.

In recent years, all this has taken place at surprising speed. Most of those responsible suspect that if we don't do something soon, it will be too late. Will they find the courage to finally act, following the example of many cities in the west, or will the Prague of the future really become only a playground for the upper classes and property speculation, as the grimmest predictions suggest? The timer has been ticking for some time.



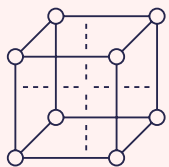
# Budapest

ALŽBĚTA MEDKOVÁ

## In a Clinch Between Luxury Developments and Orbán's Government.

Since 2016, rent prices in Budapest have risen at the fastest rate in the EU, deepening the city's housing crisis. The city's liberal government does not have sufficient remit to implement structural changes and the authoritarian regime has no will to do so.

People living in  
rented accommodation



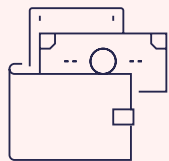
19 %

Time spent saving up  
for an apartment (1)



17 years

Percentage of wages  
spent on housing (2)



87,2 %

Number of inhabitants	1 750 000
Number of housing units	908 000
Housing stock owned by the city	6 %
Housing stock in private ownership	81 %
Average price per m <sup>2</sup>	1 687 €
Average rent price per m <sup>2</sup>	8,5 €
Percentage of inhabitants living in rented accommodation	19 %
Average income	750 €
Growth in rent 2015–2019	40 %
Growth in property prices 2015–2019	180 %

1) average, 75 m<sup>2</sup>

2) average, 3-room apartment

The date is the 24th of September, the 104th minute of the match, and Javi Martínez has just gotten the better of Sevilla's goalkeeper, Jasin Bunú, ensuring Bayern Munich's victory in the UEFA Super Cup. The final was watched by over fifteen thousand wild fans. Budapest's Ferenc Puskás Stadium was UEFA's testing ground for the return of fans into the stands after the spring pandemic, with the naive belief that the virus had been defeated forever. Puskás Aréna, opened in 2019, is one of the newest and most modern European stadiums and it cost Hungarian taxpayers some 567 million euros. Viktor Orbán clearly decided that rather than enter uncertain waters, it would be better to stick to the tried and tested authoritarian approach of "bread and circuses" – support of football infrastructure is among his key investments. The announced renovation and construction of several dozen other stadiums (the first of which, as coincidence would have it, in Orbán's home village) could cost up to 598 million euros, some sources claim.

While the construction of one of Budapest's new landmarks swallowed up vast sums, the city around it is falling into an increasingly pressing housing crisis, which is, in some respects, the worst in the European Union. Rents have more than doubled over the course of the last ten years and property prices have grown by up to a hundred and eighty percent in some districts.

In lucrative locations, a square metre goes for as much as four thousand euros. In Hungary, over thirty percent of all households spend over half their income on housing, and in Budapest, the number is even higher. According to Eurostat, quoted by the Hungarian National Bank in its report on the housing market, the Hungarian capital is the fourth worst in unaffordable housing in the EU – after Paris, Prague, and Bratislava. Hungary also regularly leads European tables regarding the number of people living

in inadequate conditions. Though the situation has improved considerably over the last few years, Hungary is still fifth, following Romania, Latvia, Bulgaria, and Poland. Orbán's government might claim the quality of housing in the country is improving, but many experts agree that the nation's leadership is doing practically nothing to make housing more affordable and ameliorate the housing crisis.

### **The Liberal Dream**

"In practice, all those statistics mean that for a young person, like me, it's practically impossible to rent an apartment, or worse yet, buy one," says Csaba Jelinek, an urban sociologist and anthropologist from the Péfiferia research centre, in a pub a stone's throw away from the Puskás stadium. "It depends on the district, but the centre is virtually unavailable for someone from the lower middle class." According to Jelinek, this is the result of years of neglect of public housing policy. "Since the revolution, no government has proposed any truly progressive housing policies. The dominant discourse is the classic denial of state intervention based on historical experiences from before 1989. The state should not intervene in housing, after all, it did not act like a prudent businessman and mismanaged public property," explains Jelinek.

Before 1989, almost 50% of Budapest's apartments were owned by the city, but tenants also had certain proprietary rights. "As a tenant, I could exchange my apartment for another, or even change rental housing for ownership. The price at which these exchanges took place were around 50% of the market price," says the sociologist and economist József Hegedüs from the Metropolitan Research Institute (MIT). "It was essentially a grey economy transferred into official waters. According to our research, some 30% of people in the 1980s acquired housing in this manner."

As early as the 1980s, Hungary became relatively liberal in the context of the Eastern Bloc – among other things, the privatisation of housing began before the fall of the regime. Fifty thousand apartments were privatised before 1989 and the process continued after the revolution. Hungarian privatisation, or rather restitution, was different from the Czech case in that it was not possible to receive an entire house (with tenants included), but only individual housing units. The previous owners could apply for compensation, but this wasn't very high.

As a result of these factors, the rental housing sector in Hungary is highly non-transparent and unregulated. "We have virtually no data – we don't know who's renting what to whom and for how much, it usually takes place on an unofficial basis," says Hegedüs as he tries to explain the local system. This leads to a great uncertainty on both sides, but particularly for tenants, who can lose their accommodation very easily. "But I've also heard of many cases in which the tenant did not pay rent and the landlord had to pay him to leave the apartment," continues the sociologist. "This disorganised situation is convenient for many people and interest groups. But our institute proposes at least partial regulation," he adds.

Thirty years after the revolution, the city's housing stock represents only about 6% of all the apartments in Budapest. Just like in other post-communist cities, the city therefore has limited options for supporting affordable housing and protecting its inhabitants from the negative impacts of financialisation and gentrification. Municipal property continued to be sold off in recent years, even as property and rent prices skyrocketed. According to the 2019 Annual Report on the Housing Crisis in Hungary, in 2017, another 536 apartments in Budapest were privatised.

## **Housing Benefit: Decent Families with Children Only, Please**

After the year 2000, as the economy grew, mortgages in foreign currencies (usually in euros and Swiss francs) with floating interest rates became very popular among Hungarians. The cheaper they were, however, the riskier. This was confirmed in 2008, when a mortgage crisis broke out, closely followed by a global economic crisis. Hungary was one of the most severely affected states – the state debt was over 70% of the GDP and Hungarian households owed over six billion euros. Two years later, the economic and political crisis gave rise to Viktor Orbán as the country's leader.

"That was perhaps the first time housing became a topic of discussion across society – the crisis affected hundreds of thousands of people across all classes, including the richest," explains Csaba Jelinek. "It took years before we got out of the crisis, but it didn't give rise to any public support for housing. Or at least not in a form that would truly help the social groups most in need," he remarks. Though the government created a programme to increase the birth rate and support economic growth, within which it offers families with children subsidies and loans for housing, in order to be eligible for these funds, you must conform to a number of criteria, including a certain income level and a clean criminal record. "This support therefore doesn't make its way to the poor families at risk, but is mostly reserved for the financially secure middle classes," says Jelinek. The system therefore ultimately aids the increasing differences between various social groups.

In Budapest, the governmental programme had a further negative impact – some 40% of all families that received the housing benefit did not use the money to acquire housing in the metropolis, instead opting for a house in one of the urban agglomerations surrounding Budapest. This strengthened the generally criticised trend of suburbanisation. The government itself admitted a partial failure, especially after the programme and the dire situation became the point of critique from the Hungarian National Bank, as the extreme rise in housing prices began endangering the entire financial market.



*Csaba Jelinek at a conference organized by the Institute of Sociology, Czech Academy of Sciences. Photo courtesy of the Institute of Sociology.*

## **We (Don't) Want Foreigners in Hungary**

"Unaffordable housing has always been an issue for the poor. But today, it is also an issue for the middle classes, including the well-educated younger generations," says Áron Horváth, an economist at ELTINGY, the Centre for Property Research at Eötvös Loránd University. "Most of our students spend some time at universities abroad. They would then like to return, but more and more often, I hear that when they compare the costs of living, moving back here simply isn't worth it," explains Horváth. "Housing prices are lower in Dutch or British cities (except London), and they often have the opportunity to get better work for better money there."

Everyone agrees that without the help of their families, young people simply cannot find housing here.

Insufficient availability of municipal rental apartments, the unregulated private sector, unsystematic state support, and also the slim offer of affordable private housing, along with the typically Eastern European desire for home ownership at any cost all contribute to the fact that over 40% of Hungarians between the ages of 25 and 34 live with their parents. And all these factors continue driving prices up.

In Budapest, there is the added element of the attractiveness of the centre for Hungarian and international investors and the large number of apartments used for short-term tourist rentals. On top of that, property is increasingly being acquired as an investment. "Housing has become a commodity. The upper middle class and the wealthy are now investing much more in housing than in the stock market.

And again, that contributes to the creation of social inequality, which has grown considerably in past decades," says József Hegedüs. It is not only the local elites who are storing their money in property – there are foreign investors too, and this despite the fact that Hungary's leadership continues to claim that it is restricting the influence of foreigners and foreign powers in the country.

Orbán's regime influences (not only) the housing policy of the city to a much greater extent than is commonly found in the state-capital city relationship elsewhere in Europe. Though we could describe the official discourse as neoliberal dogma, Orbán's government is also strengthening the position of the state, which some experts interpret as the sign of a centralist system. But Csaba Jelinek describes the current Hungarian system as merely another form of neoliberalism, linked to elements of authoritarianism and economic nationalism. "As for housing policy, the central position is still that the state should not interfere to much; that it is not the role of the state to build houses," explains Jelinek. Even the family subsidies mentioned above aren't provided by the state directly – banks are used as intermediaries. "What we had before was classic neoliberalism: we have to privatize, even though the ones privatising and investing were generally foreigners. Then Orbán introduced the idea that they had to be replaced by Hungarians, so he gave the local oligarchs much greater power."

But most development projects, especially in the centre of Budapest, involve investors from abroad. Jelinek claims that we can assume many of them are profiting from good political relationships. Áron Horváth speaks of the old government programme, The Hungarian Investor Residency Bond Program, in which foreign nationals could receive Hungarian citizenship in return for an investment over a certain sum. The programme was mostly popular with the Chinese and citizens from the Middle East. "I don't think it was a completely transparent programme. Hundreds of apartments were sold to foreign investors this way," claims Horváth. Though this programme has been terminated, it was replaced by another, focused directly on the property market: the Hungarian Real Estate Residency Program. "The residency permit will be based on the profit of your real estate investment. The simplest way to acquire it is to purchase at least two apartments in Budapest and rent them out with the aim of generating profit," we read on the website of the New Residency company, which organises the programme. All you need to get a residency permit for you and your family is an investment of at least two hundred thousand euros in "one of the most dynamically developing real estate markets in the European Union".

### Head to Head

Wandering around Budapest, you don't exactly feel like you're in a real estate dream. The tattered buildings are beautiful and they possess a romantic charm, but I doubt their tenants feel just as charmed. Solutions to the sorry state of the housing stock and making housing more available are some of the priorities of the new leadership of the city. The opposition won the autumn 2019 municipal elections, Gergely Karácsony from the Dialogue party became mayor, and the opposition also formed governing coalitions in many city districts. The ruling party's failure in local elections, however, meant it fortified its centralising tendencies, further limiting the

cities' autonomy. The government is primarily trying to limit budgets. This year's pandemic was a welcome pretext that allowed the government to confiscate large sums from cities' budgets as part of extensive extraordinary measures. The eighth and ninth district, for instance, where the housing crisis in Budapest is at its worst, lost hundreds of millions of forints intended for the renovation of municipal apartments and aid for poor families, as reported by Balkan Insight.

Although the city hall now has at its disposal a proposal for the city's housing policy from 2020 to 2030 developed by MIT, Bálint Misetics, an expert on social policy and housing and an advisor to Budapest's city hall, points out that it is unclear how much of the proposal will be carried through and enforced. The core of the institute's plan lies in broadening the segment of available rental housing in three basic ways: through better and more effective care for the current housing stock, by establishing a non-profit agency to administer the municipal housing stock and expand it, and through support of alternative forms of ownership (condominiums, cooperatives, and others). If the city were to follow this strategy, the proportion of municipal or agency housing would rise to 12%, up to 30% in the long-term. At this stage, however, all these are just proposals on paper.

### **Where Do the Poor Go?**

After the coronavirus outbreak, most tourists disappeared from Budapest, so thousands of apartments used for short-term rentals returned to the market and rental costs decreased slightly. Regulating tourist rentals was one of the central tenets of Karácsony's programme, to which end the mayor met with Airbnb representatives shortly after last year's election.

"That was more a diplomatic meeting to clarify our respective positions – we didn't have a legislative tool to limit this type of rentals," explains Misetics.

This August, however, saw the ratification of an amendment of a trade law that gives local politicians the right to restrict short-term rentals, most directly regarding the number of days for which apartments can be rented this way. In Budapest, however, this decision is not up to the city hall but to individual city districts. "Airbnb is lobbying against the new regulations and we're trying to get the municipalities to cooperate and unify the rules as much as possible," says Misetics. "In any case, apartments should only be rented for short-term rentals for a smaller part of the year from now on."

Airbnb and other platforms often state that only about ten to fifteen thousand apartments in Budapest are used for short-term rentals, i.e. about 1%, so tourist rentals have no impact on the cost and availability of housing. "This is a highly misleading statement. Budapest is a large city, and of its twenty-three districts, only about seven are affected by this phenomenon," says Misetics. "In the central districts, it might well be more than half of all apartments, perhaps even three quarters."

Especially in the centre, recent years have seen the progression of gentrification processes that have been hardest on the city's poorest inhabitants. The central areas on the Pest side (where the parliament is) are now lucrative and popular with tourists. Traditionally, however, the central districts of Budapest were working class, poor, with a high percentage of Roma population, and highly socially stigmatised. The relocation of the original inhabitants has been taking place since 1989, but it gathered speed particularly in the past decade. "Thanks to the fact that only individual apartments could be restituted and privatised, a highly specific mosaic-like

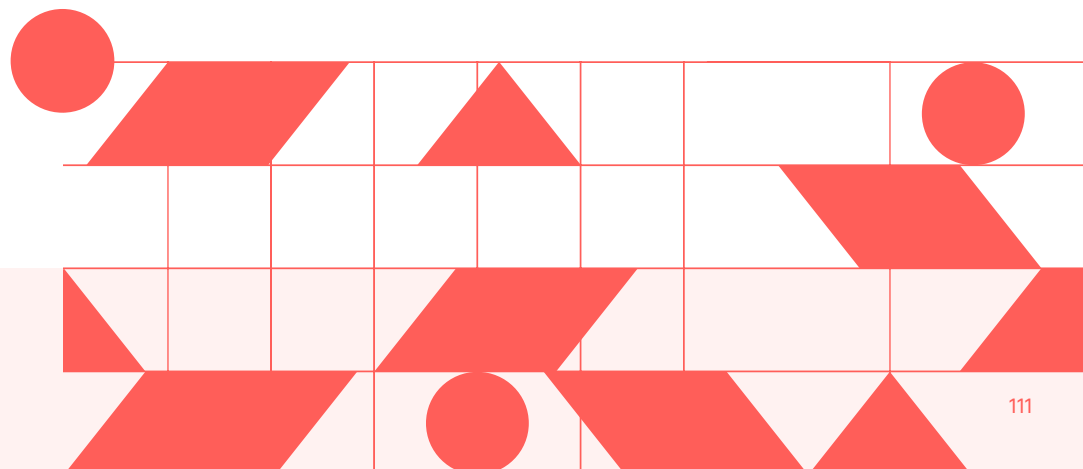
ownership structure was created here, and it didn't allow investors to buy entire houses or blocks," explains Csaba Jelinek. "In this respect, we're lucky compared to Prague, because this prevented the quick displacement of the inhabitants and the transformation of the centre into a Disney Land park. But investors find a way, of course."

### **A Right to Dignity**

Following a recommendation from journalist Eszter Neuberger, who focuses on social issues and housing, I visit Hös Utca, the location of one of Budapest's famous socially excluded districts, stigmatised by the mainstream media as a hub for a variety of negative social phenomena. In reality, it is home to dozens of family, mostly Roma, who have the "good fortune" – for now – to live in these houses (though they are falling apart), and not in tents in the park or beyond the city borders. According to public opinion, a walk through Hös Utca would likely be dangerous for my health, but I wouldn't really have noticed I was walking through a "problem district" if I hadn't been alerted to this fact in advance. The only sign of social exclusion is the sorry state of the houses, but that is nothing uncommon in Budapest. Poverty strikes the eye even harder in a city where hundreds of millions of euros are being invested in giant development projects.

The surroundings of Puskás Ferenc Stadion underground station, where I board my train back to the centre, are full of homeless people and others clearly from the poorest strata of society. This tableau is typical of all the metropolises of the world, but I meet many more poor and begging people in Budapest than in, say, Prague, and not just at the central transport nodes. According to József Hegedűsz, some 15% of Hungarians can be described as very poor, but another 70% represents classes in precarious circumstances, with no security they won't lose their job or apartment, leading to serious problems.

I give the rest of my cash to an older gentleman playing the guitar on the dirty tiles in an underpass. He looks like he might have been teaching high school English just last week. Perhaps he still has a job, but it's no longer enough to live off. I have nothing left for the pensioner sitting at the other exit, so I avert my eyes. After a few days in Budapest, one can hardly avoid thinking about the banal but crucial fact that here, poverty is robbing people of one of the most valuable things they have – their dignity.





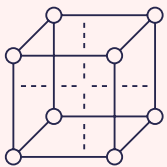
# Warsaw

ALŽBĚTA MEDKOVÁ

## Where the Young Pay the Most and Conservatives Build Municipal Housing

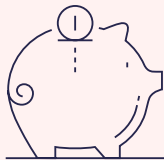
Members of Warsaw's generation Z look posh, but they spend most of their income on rent while older generations buy up flats as investments and affordable housing policies are promoted by right-wing politicians.

Housing stock owned by the city



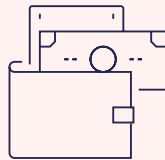
5,5 %

Time spent saving up for an apartment <sup>(1)</sup>



16 years

Percentage of wages spent on housing



98,8 %

Number of inhabitants	1 790 000
Number of housing units	925 000
Housing stock owned by the city	5,5 %
Housing stock in private ownership	43,9 %
Housing stock in cooperative ownership	15,6 %
Housing stock in condominiums	34 %
Average price per m <sup>2</sup>	798 €
Average income	1 486 €
Number of people experiencing homelessness	4 000
Average apartment price per m <sup>2</sup> in 2015	1 670 €
Average apartment price per m <sup>2</sup> in 2018	1 914 €

1) average, 75m<sup>2</sup>

2) average, 3-room apartment

"Who is most affected by the housing crisis?" I ask. "Those who have to pay commercial rent. When you come to Warsaw, you see shiny Starbucks and Costa Coffees and young people drinking expensive coffee. Those are the people who rent houses on the free market. They pay people like me, who were born in the 1970s and began working in the '90s. We profited from the change of system and my generation now owns the apartments these young people rent," explains Grzegorz Gajda, a housing expert, over a video call.

I could not travel to the Polish capital due to the pandemic, so all my interviews and research migrated to Zoom and Google Maps. On an aerial map, Warsaw looks familiar: just like every other European city, including Prague. A river snakes its way through the historical centre. Then there are newer districts, extensive prefab housing estates, and new developments and suburbs stretching further and further into the landscape.

Statistics prove that Warsaw – along with the capitals of the other Visegrád countries – is among the worst cities in Europe regarding housing availability. You have to earn the average wage for sixteen years in order to afford a three-room flat. That might be the "best result" in the V4, but all other cities in the EU except for Paris fare better. Comparing average wages and average rent, Warsaw is in fact the second worst in Europe, topped only by Lisbon.

One could therefore assume that the housing policy of the Polish metropolis would be similar to Prague or Budapest. However, in recent years, Warsaw has opted for a different direction and will perhaps succeed in resolving at least some of its problems. Yet, perhaps more than other cities in Central Europe, Warsaw serves as an example of how the current crisis disproportionately affects various generations, with the youngest generation being the worst hit.

## Tenants in the Grinder

Privatisation, deregulation, neoliberalism... in interviews with Polish experts, we keep coming up against the same terms and a similar historical experience to that of Czechia, Hungary, Slovakia, and many other places in Central and Eastern Europe. Negative experiences with several decades of state socialism and the social revolution that took place at the height of neoliberalism resulted in a resistance to the state and the invocation of private ownership as the only correct solution to housing.

"We all know the Poles are highly religious. But I think the strongest religion here is the invisible hand of the market. Our politicians believe it more than they believe in God," says urbanist Łukasz Drozda. He believes this is why state housing policy is seen as something bad and ineffective that supports lazy individuals, so they have nothing left but to live in rented accommodation.

According to Drozda, state and municipal housing policies are still insufficient, which mostly affects tenants. Like most cities in the former Eastern Bloc, Warsaw disposed of a large portion of its municipal housing stock and is only beginning to discover how much it needs those apartments. The city currently owns about eighty thousand apartments (Prague has around thirty thousand), which is a little over five percent of all housing units. "The wait for municipal apartments or social housing is often more than ten years, part of the housing stock is not used at all or is distributed ineffectively, as those who need it most will never be assigned housing," adds the urbanist.

The position of Polish tenants is, in many respects, much worse than in neighbouring countries. Post-communist restitutions, called re-privatisation in Poland, are completely unregulated; they have no special legislative amendments. "We're basically still following a law written in the 1940s to facilitate the return of property after the war," explains Drozda. In practice, this means that every restitution is addressed as an individual court case and verdicts vary greatly.

"The crucial thing, however, is that the original owners or their heirs seldom take part in these cases. In the vast majority of cases, their claims were sold off to private companies," says Drozda. Private companies thus acquired a great deal of land, as well as many houses along with their previous tenants. "In Warsaw, this affects up to fifty thousand inhabitants. The houses are usually in the historical centre – i.e. in the most lucrative spots – which has resulted in the use of brutal practices," he points out.

Here, tenants are sometimes compared to the meat filling in pierogi – a type of Polish dumplings. Organised crime became involved in the process, many unjust manipulations took place, including the falsification of documents, spiralling rent prices, the purposeful destruction of apartments, violent evictions, and even murders, as described in detail in a report by Alarm published two years ago. Citizens' rights are fought for by various organisations and associations, and only now, thirty years later, do we see the introduction of the first legal amendments to the re-privatisation process.

Polish cities also lost many of their assets during the standard process of privatisation, when – just like in the Czech Republic – citizens could buy the apartments they lived in at a fraction of the market value. "Everyone thought this was a good thing – they thought the state hadn't taken good

care of its assets and a private owner is much better because he takes care of what he owns," says Grzegorz Gajda. "It wasn't just the practical aspect. The fact that you gave the people the possibility of owning also tied them to the new system," adds Joanna Erbel, a sociologist and housing policy expert. "Ownership was a certainty for the people; it provided them with emotional stability. In the West, this is also the role of long-term rentals, but that was never the case here and still isn't."

Many citizens thus acquired their own housing quite easily during the privatisation process. Younger generations live in the same paradigm of private ownership, but of course, they no longer have the same options, and have to buy apartments on the free market. As the state and the cities practically gave up on their own developments after 1989, private development companies took control. Their aim, of course, is maximising profit. Acquiring their own housing is therefore much more difficult for the generations that "missed out" on privatisation. "There were supportive programmes – one was to support mortgage applications, the second was for young people. But the money could only be used for new developments, which massively supported the process of suburbanisation. So about four years ago, they were both cancelled," explains Joanna Erbel.

Those who were not lucky enough to inherit an apartment are left with no other options but taking out a loan. "That was our case too. We took out a loan that allowed us to buy a small apartment. But then it was too small for us," says Monika, now in her thirties. "We now live in rented accommodation and we're happy – we're really satisfied with this apartment. We spent about six months looking for it, but that's normal in Warsaw if you have any specific demands."

Even though they have a considerable income, they could not afford a mortgage on an apartment of the size they need for their family, which is why they opted to pay rent. Monika and her husband rent out their original flat so they can pay back the loan. "We wouldn't have been able to afford the loan for our small apartment either, if it hadn't been in Swiss francs, which was a common practice at the time," continues Monika. "This type of loan, however, is highly problematic. As the value of the franc went up and down, people often did not know how much they would end up paying. What's more, the contracts also contained various dishonest or fraudulent clauses. People are taking these cases to court and winning now – we're considering that too."

### **My Fence, My Castle**

In Warsaw, dissociation from the previous regime did not merely take place through the transfer of property from the state to the private sector, but also through a complete overhaul of territorial planning. "Before 1989, new developments were planned meticulously. Transport and local amenities were taken into consideration. But then, private investors took over construction and nothing of the sort took place," reminisces Grzegorz Gajda. In the 1990s, there was much demand for new apartments. "Developers tried to build as many apartments as possible on every plot. Not only did they not want to worry about public amenities, they essentially lacked the authority. The city made no such demands. These new developments don't function as cities. From an urbanist perspective, they are atrocious."

But this is certainly not just an issue of the '90s. The year 2003 was crucial – a new law completely loosened territorial planning. "This led to total deregulation and liberalisation: the development companies' power grew even further. They build the vast majority of flats and have a huge influence," warns Łukasz Drozda. Sometimes this leads to curious situations, such as that in Jankowski park. During the re-privatisation process, a section of a park in the very centre of Warsaw (i.e. one of the most lucrative districts) fell into the hands of a private owner. This owner then felled all the trees on an area of several dozen square metres and built an unsightly system of walls and fences to enclose it. He was only able to do this due to missing territorial regulations.



*Development in Jankowski Park. Photo Google Maps.*

"He is blackmailing the city hall in this manner, demonstrating what he can do. He wants to acquire further land from the city," says Drozda in response to my baffled question as to why the owner chose to do this instead of putting his land at least to some use.

Fences and walls are generally very popular in Poland, confirms Grzegorz Gajda. Since the 1990s, a number of gated communities have been built in Warsaw – development projects that are inaccessible to the public. "It became highly fashionable to make it obvious you can afford to live in new developments, that you're something better, so you're separated from the poor," says Gajda. "But it didn't end there. The people living in the old buildings said 'Oh, these new people from the new houses are hiding behind their fences, but they walk their dogs here, on our land, so we'll build fences too.' So Warsaw is completely covered in fences," he adds. The situation is similar in other cities, and the popularity of the Polish pastime of fencing even has its own Facebook page.

## **Conservatives for Affordable Housing**

Tens of thousands of new apartments have been built in Warsaw, but for a considerable segment of the population (those with lower incomes), these were and still are unavailable. Development companies have no interest in pushing prices down, as demand is still high. Only the rich and the upper middle class can afford apartments, but they invest in housing extensively. Those who can buy at least one extra apartment (or more) for rent.

According to Joanna Erbel, however, unlike Berlin and other cities, investment properties in Warsaw are not being bought up by large multinational corporations (yet). The buyers are mostly small-time investors or individuals. "Of course there are also larger development companies and multinational corporations who build rental accommodation, but they are a minority," she claims. "Thanks to the privatisation process, the baby boomer generation had or still has the means to buy more apartments. Most older millennials, like myself, were still able to afford their own apartment, but there are no funds left over for others. And given the rising prices, the younger generation won't have the sufficient funds to buy housing for themselves."

Nevertheless, according to Joanna Erbel and Grzegorz Gajda, attitudes to housing are changing. The political class has begun to realise that when much of the population cannot afford housing and is therefore dependent on an uncertain rental market, this doesn't do much to help the stability of the system. As an observer from abroad, it is perhaps most surprising that it is the authoritarian, ultra-conservative government who is proposing measures to support housing.

"Pretty much all parties – with perhaps the exception of some hardcore libertarians – have accepted that people need stable housing," says Erbel, who was a consultant for the state's supportive programmes. "We are now approving new packages that contain a more varied system of support than in previous programmes. It is no longer just about mortgage support – there are also cooperatives, municipal companies that will build for the cities, and many other options," lists Erbel.

"I consider the Polish situation the best of the Visegrád Four. I must admit our ultra-conservative government has shown itself to be capable of shifting housing policy in a more progressive direction," agrees Gajda, who works in the international banking sector and deals with housing on the European scale. "The paradigm that housing should only be provided by the private sector and everyone should be a home-owner is no longer a hundred percent true. The current government really is increasing its support for housing compared to previous cabinets," says the economist. Right-wing politicians in Poland thus bring neoliberal beliefs and discourse together with the narrative of available housing. "For example: Jadwiga Emilewicz, a member of the government, says that a stable housing situation is a requisite for our freedom," says Erbel.



*One of Poland's gated communities.*

*Photo Facebook page of Polskie Obozy Mieszkaniowe.*

## Rent for Everyone?

Polish cities are thus introducing various housing support programmes and, perhaps more importantly, are beginning to take care of their housing stock. According to the experts, Warsaw is not among the most progressive cities in the country, but it is home to an operative programme for housing policy, partly prepared by Joanna Erbel. The city began repairing its decaying property, it is building new apartments, and three years ago, it also banned the privatisation of municipal property.

In order for me to get an idea of how it all works in practice, Grzegorz Gajda introduces me to the complex system of Polish public rental accommodation. It consists of four categories. Social housing for very poor citizens, which often fails to fulfil even elementary standards. "Unfortunately, the state and the cities often think the poorest do not deserve good housing," says Grzegorz. There are no new developments in this category – at most, municipal houses whose state of disrepair is so bad they are no longer suitable for any of the higher categories are moved into this one.

The second form is communal housing for low-income citizens. The monthly rent in these apartments is €2,5 per square metre. Most of the city's housing stock falls into the category. New apartments in this category are under construction in Warsaw, but according to Gajda, the process is too slow. Apartments in the third category, with a monthly rent of €5 per m<sup>2</sup>, are developed by two municipal companies established by law, tasked with building affordable housing without generating profit. Three thousand of these apartments have already been built. The fourth category of rental housing is still in the planning phase. It is intended for teachers and other essential professionals whose income is not high enough to buy apartments or pay commercial rent, which is around €15/m<sup>2</sup>.

## The Cursed Generation

Not everyone shares the optimism of Joanna Erbel or Grzegorz Gajda. "I think we're still in the state of pretending that we have a housing policy," says Łukasz Drozda. "It's nice that the city builds a thousand available apartments, but we need many times that. When the developers build twenty thousand apartments in the same period, they remain the ones who dictate the rules." Drozda believes, however, that neither the state nor the city have sufficient means at their disposal, which has to do with the extremely low level of taxation in Poland. He immediately supports this with his own experience: his apartment has a value of around eight hundred thousand złoty, and he pays a yearly tax of sixty złoty.

"But this isn't just the fault of the current conservatives in the government or at the city hall, who all believe in Margaret Thatcher and love Ronald Reagan. It is a broader problem – for decades, Poles were brought up to believe that the state is bad, taxation is bad, both hurt private companies, and so on. Raising taxes is practically unimaginable even though we really need them to go up by a lot. But even our leftwing politicians are afraid of such proposals," says Drozda in conclusion.

Nevertheless, something is changing. "The day-to-day situation of young people is still bad, but it is beginning to change a little as we all learn what's behind it. Perhaps there will be gradual pressure to change the housing policy," writes Weronika, a lecturer at the University of Warsaw. "The students I discussed this with a few days ago at a seminar on housing are highly critical of the operation of the entire neoliberal system." The fact that housing is unavailable for young people as the humble municipal and state developments cannot push prices down (though this year at least, rent prices did go down in Warsaw) is something that Gajda believes his generation is also coming to realise. "So far, the situation

was such that people of my age and above just wanted to make money. Why? Because they're afraid the pension system won't ensure a fair pension for them, so they're looking for other ways to make money. And what's better than buying a few apartments to rent?"

However, data and personal experiences both show that the money is coming from people in their twenties who cannot afford to buy apartments and therefore pay overpriced rent, as they have virtually no other options left. "They now pay seventy percent of their income to people of older generations. That's totally unfair," thinks Grzegorz Gajda. "They might look posh when sitting in front of a luxury coffee shop, they're dressed well, and they spend lots of money on fancy coffee, but the reality is such that these are the people who pay the most for the privilege – or the curse – of living in Warsaw."

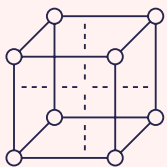
# Berlin

TÁŇA ZABLOUDILOVÁ

## Struggling for its Identity and Preparing a Referendum on Housing.

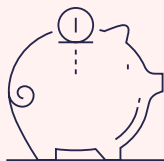
With the vast majority of its inhabitants living in rented accommodation and most property belonging to large companies, Berlin is in a unique situation. The city's position is weak and so its inhabitants are attempting to help themselves.

People living in rented accommodation



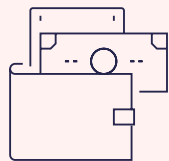
85 %

Apartment owners



15 %

Percentage of wages spent on housing



28,2 %

Number of inhabitants	3 769 000
Number of housing units	1 900 000
Number of rental apartments	1 600 000
Rental apartments owned by the city	18,8 %
Rental apartments owned by cooperatives	11 %
Rental apartments in private ownership	60 %
Average price per m <sup>2</sup>	3 000 €
Average rent per m <sup>2</sup>	10,45 €
Rent price after the introduction of the cap	5-10 €
Percentage of inhabitants living in rented accommodation	84 %
Average income	1 900 €
Number of people experiencing homelessness	6000-10000

1) Depending on when the house was built.



"All the significant historical events of the previous century began in Germany. World War I, World War II, the division of the world into socialist and capitalist, then the fall of the wall. This is why Berlin is so attractive – you can see all this," says Viennese architect Martin-Reinz Cano, who took part in the reSITE festival in Prague a few years ago. "Just like Paris was the city of the 19th century, Berlin is a symbol of the 20th. It used to be the capital of the Nazis, now it's the capital of the hipsters. There are many contradictions. But as far as housing is concerned, lamentably, it was big business that took control after the fall of the wall," he sighs.

### A City of Clubs and Clubhouses

On the eighth of September 2019, at the *Wem gehört die Stadt?* protest in the Prenzlauer Berg district, Berlin doesn't look like a normal city. The protest is conceived as a massive street party – it is organised by clubs, from large ones like Tresor all the way to little venues like Johnny Knüppel – essentially a courtyard by the river with a few shacks that serve as small stages. The attendees include fans of the clubs, who stop by the variously located DJ spots and dance. Most inhabitants of the city are used to attending protests against the housing business. "Berlin needs clubs like Hafen, Potse, and Mauerpark, where people approach each other with mutual respect," we hear from a megaphone. "These places of community define our city. But rent prices everywhere are increasing beyond the acceptable and people and businesses are forced to move out. It's happening to clubs, cultural institutions, music schools, small shops, neighbourly initiatives, pubs – all of us."

The script is always the same, claim the participants of the protest. The building which houses a club, store, or apartments is bought by a new owner, usually a company that owns many other properties and is an active player on the financial markets. The new owner increases rent to a level the original tenants cannot afford. "Almost everyone I know is nervous," says Katrin, who is carrying one of the signs. "Every month, someone tells you their rent's gone up and they don't know how they'll pay for it. My solution is sharing my room with a roommate. The other rooms also have two tenants each. It's okay for now, but I'm twenty-seven and a student – I don't know what I'll do when I want kids and a family." She says other German cities are even worse. Katrin doesn't believe municipal housing politics can help. Instead, she follows the local initiative aiming to expropriate large apartment renting companies. "I don't think all the 'breaks' and 'caps' will help," she says, referring to the laws recently proposed by city hall. "And I don't think they'll make it through the courts, either."



*Annual street party called *Wem gehört die Stadt?**

*Photo: Die Linke, Pankow*

The protesters walk a considerable distance from the meeting point in Prenzlauer Berg. Occasionally, passers-by spontaneously join in. Closer to the end of the month, some of them will take part in Berlin's "action week" on the topic of housing, which will take place in all kinds of community and cultural centres, of which the city has immense numbers. Since the 1960s, a network of protest movements has been gathering strength in the western part of the city. Now, it is so dense that in every part of districts like Prenzlauer Berg or Kreuzberg, you'll find a clubhouse – or at least a café – where meetings are organised. But civic initiatives have never experienced a problem of the magnitude the city is facing now.

### Capping and Expropriation

Wibke Werner is a representative of Berlin's tenant organisation Berliner Mieterverein (BMV), in whose lobby dozens of people wait every day. The organisation's lawyers help them litigate apartment owners. Werner, a lawyer in a white suit who often gives interview to the local dailies, explains that if the city had sufficient social housing (it currently has ninety-seven thousand subsidised apartments), half of today's inhabitants would be entitled to it. That's how low salaries are compared to rent prices. This autumn is a busy time for her organisation – the lawyers have repeated meetings with the senator for housing in which they try to negotiate the rent cap the city is planning to introduce for the following five years. "Of course, the price at which rent is capped is important. We are not the only ones to visit the senator – there are also representatives of apartment owners, who are pushing to place the cap as high as possible. We believe prices should be fixed at their 2011 value, where the average price was 6 euros per square metre, but they'd like the price to be twice as high. It's quite a struggle," she smiles.

Even if the rent cap is confirmed by the constitutional court in the future, Wibke believes that for true change to take place, the large-scale construction of city apartments is crucial. "We've heard the mantra about 'having to build' a thousand times. Yes, we have to build. But it is the city who should be building. We don't need more luxury flats built by private companies – these won't help us." The historically conservative renters' organisation surprisingly also supports the initiative to expropriate the largest apartment owners. "We believe that at this point, we have to do everything in our power. Regulate rent prices, build municipal apartments, buy apartments from large companies, and expropriate."



*Wibke Werner. Foto: Berliner Mieterverein*

## A New Model of Apartment Administration

Another Berlin inhabitant who shared his views on the situation with me is the American Thomas McGath, one of the spokespeople of the Expropriate Deutsche Wohnen & Co initiative (Deutsche Wohnen & Co Enteignen). Their aim to hold a referendum on the expropriation of companies who own over three thousand apartments has caused a media sensation. "If it weren't for this initiative, we definitely wouldn't be introducing a rent cap," said mayor Michael Müller (SPD) to the media – his party is not a fan of either potential solution. "He wanted to make it clear that the city wouldn't otherwise get involved in such madness," says McGath ironically. "It worked – like a blade to the throat." Members of the initiative welcome the cap, but they don't believe in it much. "It will last five years. We'll gain time, but what then? Expropriation is the only step that could restore balance to the housing market," continues McGath. "The city would get two hundred and forty thousand apartments back, apartments where people could pay reasonable rent, allowing the city to force a general decrease in prices."

The Expropriate Deutsche Wohnen & Co initiative, named after the largest apartment proprietor in Berlin, has already successfully collected signatures. It is waiting impatiently for the Berlin Senate to confirm the referendum, which is being studied with regards to its constitutionality. Only then will it be time for round two, which involves the collection of a hundred and seventy thousand signatures. If the referendum really does take place and the people decide for expropriation, the city would have to pay damages to the apartment owners, warn the skeptics. And the extent of the damages could well be too high.

Representatives of the initiative, however, are confident. "The city could take a loan for the sum it has to pay back to the companies, gradually paying it back with income from rent." The initiative has many reasons to be optimistic. In the first round, activists managed to secure over seventy thousand signatures in a few months simply by approaching people in public spaces – and they only needed twenty thousand. They have massive support across the city, not only from various civic movements, but also from the BMV renters' organisation, which works together with the senator for housing, and also the two remaining coalition parties currently ruling the city – the Greens and Die Linke (The Left).

However, they are dissatisfied with the position of the Senate, which has made no statement as of yet. "They are stalling on purpose. If they continue stalling, we'll have to sue them," says McGath. The initiative also wants the expropriated apartments to be administered not by existing municipal agencies, but by democratically elected representatives of the autonomous units which the individual buildings would become.



*June 2020 demonstration of the initiative Expropriate Deutsche Wohnen & Co.  
Photo Facebook page of Deutsche Wohnen & Co Enteignen.*

## **How To Sell Everything and Prepare a Catastrophe**

Over a coffee in the Prenzlauer Berg offices of the Berlin renters' organisation, I listen to the same story in various renditions, again and again. Before the fall of the Wall, both West and East Berlin were heavily subsidised. Both cities aimed to be the crown jewel of their regime. In the 1990s, however, unified Berlin fell into debt and began depopulating. Early in the new millennium, the city sold what it could in fear of bankruptcy – both apartments and land. It disposed of a large part of its social housing and the possibility of influencing the housing market. Around sixty percent of all apartments are now owned by companies. According to figures from the BMV, as of two years ago, Berliners paid 28,2% of their wages on rent on average. For a hundred and twelve thousands households, the figure is 45,9%, and for another three hundred and twenty five thousand households, 37%.

"The inhabitants of our house include senior citizens, couples with two small children, and immigrants. They're used to living here in peace even though the apartments aren't huge. But recently, we've had a daily dose of stress," explains Sarah Brenner, a tenant of an inconspicuous apartment block in Neukölln – the only thing that strikes you is a banner hung off a balcony bearing the inscription "Unsere Block bleibt" ("Our Block Stays"). We used to pay six euros per square metre, but this block was recently bought by another owner, who increased the rent to fifteen. That's too much – for the seniors' pension, but also for me with my income as a landscape architect. Should we get corporate jobs in order to afford rent? That's insane."

## Viewing a Flat With a Thousand People

The entire problem has a hidden dimension that has to do with the financialisation of housing, an important topic for sociologist Saskia Sassen, former UN correspondent for adequate housing Leilani Farha, as well as the opening text of our series. Sassen and Farha both speak of the same problem as the activists in Berlin. The companies that own the apartments are not primarily interested in rental income. If they were to lose their tenants – which is unlikely in a city overflowing with people – and the apartments were left empty, the properties would continue making them money on the financial markets, where investing in housing is now similarly secure to investing in gold.

Berliners are now literally the hostages of apartment owners. The city is so overcrowded that many of them are happy to have found any rental accommodation at all. The situation is depicted perfectly by a situation reported by the media last November: 1749 interested parties attended an apartment viewing in Schöneberg. "The flat is on the third floor, it's floor area is 54m<sup>2</sup>, and it costs 550 euros a month," described Local, an expat website. "In order to allow everyone to view the apartment in peace, the real estate agent allowed viewers in in groups of thirty and communicated with them using a megaphone."

## Finally, Capping

The law about capped rental prices was pushed through by the city and it came into effect in February 2020, shortly before the outbreak of the coronavirus pandemic. Back then, I got off the tube at Kottbusser Tor, a large crossroads in the middle of Kreuzberg where many elements of the city come together. Stands with fresh juice, large immigrant-run corner stores, stands selling baklava and kebab, tourists, trash, and the "designer" signs of new cafés. Just across the street in the Südblock Café, where you can peruse the flyers to find out when the next protest or meeting of one of the local organisations will take place, Alexander Jahns – advisor to the senator for housing, Katrin Lompscher (both from Die Linke) – explains how Berlin's "Mietendeckel" (rent-cap), which came into effect a few days ago, is going to work.



*Kottbusser Tor in Kreuzberg. Photo by Zuzana Hamm.*

"We would have proposed the law regardless of the expropriation initiative," says Jahns, contradicting the mayor's claim. "I think these two tools are quite different. While expropriation is a regulation of the agents on the market, capping does not regulate people – only prices. And it has a huge impact – it regulates the whole city, as it concerns everyone. It is the most important local law regarding housing we've ever had," describes the Berlin native enthusiastically.

Since February 2020, the cap means an apartment owner can charge you a maximum of 9,8 euros if you live in a building constructed after 2003 with central heating and a bath. In some older buildings and apartments awaiting renovation, the figure is even lower, and in houses built between 1919 and 1949, it is only five euros. However, an indisputable momentary disadvantage is that it remains to be seen whether the law will be confirmed by the constitutional court, which is still undecided on whether rent capping is in accordance with German law. Berliners might be waiting for this decision for an entire year, so since February, they have been unsure whether to pay according to the cap or to continue sending their landlords the same amount. "We're advising people to put money aside," says Jahns.



*Occupied Drugstore Club. Photo: Facebook profile of SJZ Drugstore*

### Three biggest apartment owners in Berlin

Deutsche Wohnen	-----	115 612
Vonovia	-----	41 943
ADO	-----	22 238

### Number of apartments

Built by the city in 2019	-----	4 537
Built by the city in 2020	-----	10 000
Planned to be built by the city	-----	60 000

## The Berlin of the Future

We immediately arrive at the topic emphasised by everyone I spoke to in Berlin. "Of course, the city needs more of its own apartments – ensuring their construction is the main plan of the senator for housing," responds Jahns. "Over the next twenty to thirty years, some sixteen new districts should be built – one of them will begin construction as soon as Tegel Airport is closed down. Part of the airport will be transformed into a new urban district," says the advisor, adding that his party and the Greens insist that all the new districts are built with regard to climate change.

In addition to ensuring sustainability, Jahns also considers it crucial to maintain what's known as the Berlin mix. The private companies, municipal agencies, and cooperatives that will build the new districts all have to set aside 30% of the apartments for social housing and offer 20% at affordable prices. The rest will be rented for market prices.

During the interviews, almost everyone also mentioned "the young rich". Although even before the coronavirus pandemic, Berlin was a tourist city with a world-famous club scene and a still apparent non-conformist aura that was left as a reminder of the previous century, it has also had time to become something visitors do not often notice – and which doesn't correspond well with its bohemian identity. In addition to a network of bars, clubs, galleries, and bistros, it is now also a hub for tech and other companies. In addition to artists, activists, and non-conformists, it is also the city of programmers, start-up entrepreneurs, and managers, whose purchase parity can transform entire city districts.

A mental opposition often comes up in conversation: on the one hand, the business centres in glass buildings by the river, on the other, the creative industry with its legions of aspiring artists, often employed in the service sector or in bars, pubs, and cafés. Everyone else is only discussed after these two groups. The Berlin of the future has begun forcing out the Berlin of the 20th century.

## Post-Corona

In September 2020, the situation in Berlin is even worse than in February when the Mietendeckel was introduced. The city's club scene has been left barely breathing by the pandemic, as have countless small businesses, despite the fact that the city's leadership managed to distribute generous support quite quickly. Tenants' wallets are also considerably lighter, although according to Alex Jahns, the city has not yet registered many requests for rent deferrals. "The ironic thing is that the group that came out unscathed are developers," he notes. "Of course, it's a good thing that those employed by the construction industry can safely keep their jobs, but this is bitterly typical. The sector that has made the most profit in previous decades continues making money."

Wibke Werner confirms that tenants are not ringing any alarm bells just yet, but the renters' organisation suspects there is trouble brewing. "Until June, there was an anti-corona regulation that banned landlords from throwing tenants out on the street. But people will only be running out of money now."

Though it is unclear whether the capping law will be confirmed by the constitutional court, the housing initiative has succeeded in legally forcing the Senate to confirm – more than a year later – that they can begin collecting signatures for the second round. If the initiative can gather a hundred and seventy thousand signatures, the referendum on expropriation will really take place in the autumn of 2021. The Berlin activist scene is therefore preparing itself for its most important year in a long time.

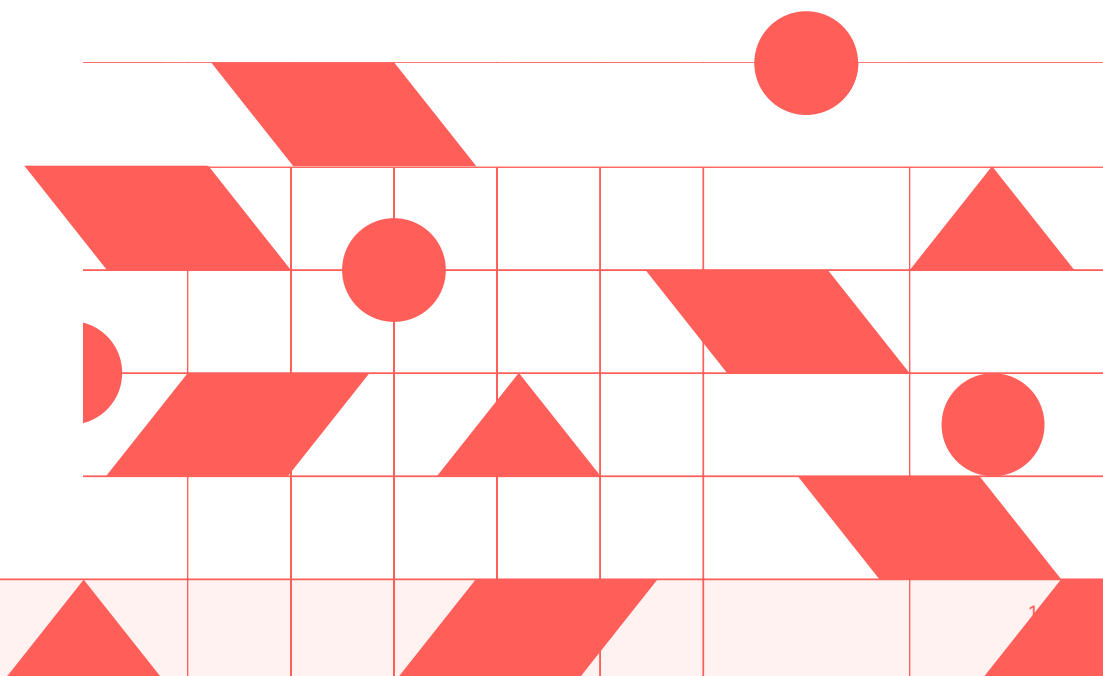
### **Buying a House Before the Swedish Millionaire Does**

When I ask Sarah how their block is doing now, in the autumn of 2020, she says they are at a critical junction. "I still live in the same apartment, but our block is now owned by a mix of various investment companies, for instance the company owned by the Samwer brothers, who founded Rocket Internet and Zalando. I pay 587 euros monthly for a one-bedroom apartment without electricity and gas," she writes. "As they have announced that some houses will be sold to another company, we are furiously working to try and buy them first, with the aid of the city – the law states that the city district has pre-emptive rights. I haven't got any time of my own – in two months, we have to be able to say whether we have the necessary funds."

I later discover that the prospective buyer of her block is the Swedish company Heimstaden Bostad, which owns over forty thousand apartments in the Ostrava region of the Czech Republic that used to belong to OKD, a major coal mining company. Six months after the introduction of the cap and only a few days after the Senate confirmed the referendum, the company owned by Swedish millionaire Ivar Tollefsen confirmed the acquisition of almost forty thousand apartments.

Given the pre-emptive rights of the city districts, concerned tenants throughout the city, in collaboration with their districts, are trying the same approach as Sarah and her neighbours. This is bad news for Berliners six months after rents were capped. It suggests that large companies are not afraid of the cap, nor of the potential for expropriation.

Both large companies and the city's activist scene are fully active during the second wave of the pandemic. We will only be able to judge which way the balance tipped in a few years. But it will likely be these few years that will determine what the Berlin of the 21st century will be like and who will have most influence over it. Politicians, the street, or big business?







*Audio versions with a footage of 20-30 minutes were also created for the individual reports. You can listen to all programs for individual cities on the soundcloud of Alarm → (Czech audio)*

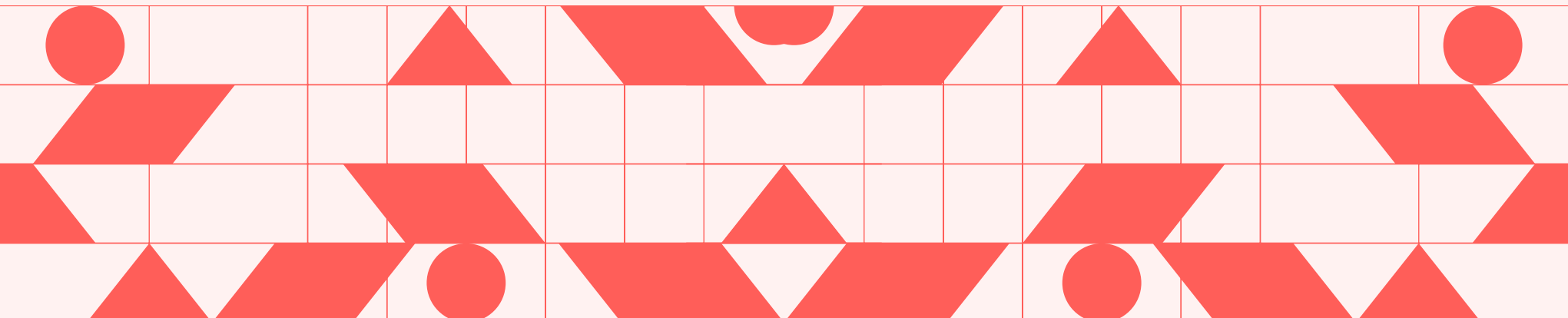


AUDIO

*The report series ended with an online debate on the topic to which they accepted the invitation: a member of the City Council. m. Prague for housing and Transparency A. Zábanský from the Czech Pirate Party, Deputy Mayor of Bratislava and architect L. Štasselová, sociologist E. Černá from the Faculty of Social Studies of the University of Ostrava, housing sociologist T. Hoření Samec z Institute of Sociology of the Academy of Sciences of the Czech Republic and architect E. Málková, moderated by A. Rychlíková → (Czech audio)*



VIDEO



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