Berlin’s Radical Housing Activists Aren’t Afraid of Expropriations

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Germany’s hippest city is debating whether to seize 200,000 homes from landlords and turn them into social housing.

In early March, Germany’s largest tabloid, *Bild*, proclaimed: “A specter is haunting Germany, the specter of expropriation.”

The exaggeration-prone paper was not entirely wrong: In recent months, few topics have been as fiercely debated in Germany as the question of property seizures. The catalyst? A Berlin-based initiative aiming to seize 200,000 homes from the city’s biggest landlords and turn them into social housing.

If everything goes according to plan, Berlin will hold a referendum next year that could potentially force the government into carrying out these historic expropriations. The “expropriate Deutsche Wohnen and Co” proposal specifically names the city’s largest private-property owner, Deutsche Wohnen, but it has all major landlords in its sights as well.

And while activists see an unprecedented chance of winning their city back from the clutches of finance capital, conservative and liberal commentators, politicians, and investors warn against the return of German Democratic Republic–style state socialism. The ratings agency Moody’s has already threatened to downgrade Berlin’s credit status should the expropriation proposal become policy.

Pundits have reacted with shock that the question is even on the table; Frank Plasberg, host of one of the most popular German political TV shows, interrupted a discussion on the issue during a mid-March program to observe: “We have been talking, and I wouldn’t have thought that this is possible at all, for 11 minutes now about the expropriation of a corporation in Germany.”

The host, it seemed, could not quite believe that a topic he’d chosen himself was being taken quite so seriously. And that’s the most remarkable thing about this initiative. In most other Western capitals, such a proposal would be considered as the naive idea of radical leftists. In Berlin, famous for its protest culture and shaped by its historical ruptures, the campaign has been popular.

In a survey carried out by the Berlin-based paper *Der Tagesspiegel* earlier this year, 55 percent of respondents stated their support for expropriations. Many feel it’s an appropriate response to the extreme gentrification the city has gone through, which has driven up rents by more than 100 percent in one decade and displaced families, cultural institutions, and small businesses. In other words, it’s an act of self-defense–and it has the potential to become a model of urban resistance for other cities as well.

Rouzbeh Taheri, the founder of Expropriate Deutsche Wohnen and Co, is 45 years old, tall; he often wears a flat cap and sports a skeptical expression. Depending on whom you ask, he is either one of

the most encouraging or one of the most annoying activists in this city. “Berlin has a long tradition of fighting for affordable housing“ he said in a Skype conversation. “And yet, only a few years ago, such a call for expropriations would have been impossible. We have seen a massive shift in the discourse.“

Taheri was 14 years old when he left Iran for Berlin to avoid military conscription. It was 1988, one year before the wall came down. In Germany, he studied political economy, founded an online mail-order business, and became an activist. If you ask him to describe the city’s changes over the last three decades, Taheri notes the positive developments first. “Berlin has become more diverse. The eastern and western part grew together. The city is more dynamic, crowded and international these days,” he says.

But these transformations—and Berlin’s newfound prominence on the global hipster circuit—came with downsides. For starters, no other German city has seen such a massive rise in the cost of rent. “Many locals fear losing their last safe haven: their own homes,“ Taheri says. “That has created anxieties, anger and a sense of humiliation.”

In the spring of 2018, Taheri created a platform to channel these feelings into action. He helped to connect several tenant groups to draft the proposal of the referendum. At the launch in an activist’s space in the neighborhood Prenzlauer Berg last year, Taheri announced: “You can’t start a campaign like this everywhere. But in Berlin, at this time and against this company, it is possible.”

It figures that Deutsche Wohnen is much less enthusiastic about this referendum. The company, now held by several finance companies and small shareholders, has 110,000 apartments in the city. Founded in 1998 by Deutsche Bank, the property giant swiftly earned a reputation for ripping off and mistreating renters. “It’s their strategy to neglect their houses until an expensive modernization is necessary. They consider Berlin as their prey,” Taheri said.

Indeed: Berlin has been a happy hunting ground for property owners. In 2017, the company made a profit of $2.04 billion. Deutsche Wohnen’s biggest shareholder, with over 10 percent, is BlackRock, the world’s largest asset manager.

“Deutsche Wohnen is a typical example of the financialization of housing management, in which the values on the books are more important than improvements in substance and tenant satisfaction,” says sociologist Andrej Holm, the author of several books about gentrification. Holm notes that countermeasures such as expropriations are long overdue. “The housing problem has become so acute for many Berliners, it is no longer necessary to study Marx to come to the conclusion that private business interests stand in the way of social housing provision.”

While Deutsche Wohnen is the expropriation initiative’s named target, it’s not the only company with skin in the game. The proposal aims at structural change far beyond fighting one company: As the initiative’s resolution states, “We need a large-scale communalization in the construction and provision of housing, because this is the only way to ensure a social supply of housing.”

In total, 10 companies with at least 3,000 units each would be affected. This coming April, the official referendum campaign will begin. Just to make a referendum possible, “Expropriate” must collect 170,000 signatures. Supposing such broad support could be garnered, a long legal battle would no doubt follow, and even if the initiative succeeds, the question of what the city will have to pay to implement the plan will be fiercely fought: Activists estimate that the city would not have to compensate the landlords more than €7-13 billion for 200,000 homes; the city’s own estimates are as high as €36 billion.

Opponents of the initiative warn that mass expropriation of property would be tantamount to assailing the very foundations of the German state. Yet it was the German Constitution of 1949 that provides the very grounds for the referendum proposal. Article 15 of the Country's Basic Law states that "land, natural resources and means of production may, for the purpose of nationalization, be transferred to public ownership or other forms of public enterprise by a law that determines the nature and extent of compensation." The inclusion of Article 15 is owed itself the turbulent postwar moment of the constitution's writing, in which Germany's commitment to a capitalist system was yet unsure.

This would be the first use of Article 15 in 70 years—a fact that highlights the gravity of the housing crisis in Berlin.

To understand the current anti-gentrification movement—and why it might be unique to Berlin–one must look at the city's unique protest culture. "From the end of World War II until the turn of the millennium, Berlin was basically withdrawn from the laws of the free market," said geographer Ilse Helbrecht of Berlin's Humboldt University. "West Berlin was an island of subsidies, its economy hardly viable on its own. And East Berlin, capital of the GDR, was a socialist planned economy." The relative lack of competing power in both sides of the city allowed a leftist culture to grow, forming what Holm calls a "DYI identity," which can be understood as both an expression of creative possibility and a consequence of policy failures.

Things started to change drastically at the turn of the last century. In 2004, Easyjet's decision to make the Berlin-Schönefeld airport one of its major European hubs brought in a large wave of European tourists. The famous techno temple Berghain opened that same year, and was soon voted the "best nightclub in the world," bringing in more visitors from further away. Then, there was the World Cup in 2006, during which soccer fans from around the world were surprised by Germany's hospitality (and the atypically perfect weather that summer).

These phenomena, combined with the relatively low costs of living, established Berlin as not only a travel hot spot but also a desirable place for creative and tech workers to move—and drove up rents in the process.

The biggest contributor to Berlin's hyper-gentrification has been the city's own policies. Not long after the wall came down, the city senate started privatizing major parts of their public infrastructure. In 1997, Berlin sold half of its electricity utilities. Two years later, the same thing happened with its water. The biggest, and perhaps most ill-conceived real estate deal took place in 2004, when the city flogged off 65,000 units for the obscenely cheap price of €405 million and offloaded a sizable amount of municipal debt to private investors. All in all, each apartment was sold for only around €30,000. The majority of these very homes are now owned by Deutsche Wohnen. In total, Berlin sold 200,000 units between 1989 and 2004.

The swath of privatization was enabled in part by supposedly left-wing parties in the city's leadership. Since 1989, the Social Democrats have been present in every Senate, thrice building a coalition with the Left Party. "Both of these parties have to be blamed for the execution of a neoliberal agenda," said organizer Taheri. In 2003, then-Mayor Klaus Wowereit, famous for his cynical nonchalance, coined a slogan, which served as a poor excuse for political failure: "Berlin is poor but sexy." It goes without saying that this is an attitude that only non-poor people could ever find sexy.

In recent years, Berlin's government—now a coalition of Social Democrats, Left Party, and Greens—has slowly begun correcting the mistakes of the recent past. The city has bought back a number of apartments from private investors, and a five-year rent freeze is being considered. But

these tentative attempts at redemption were the hard-won results of fierce grassroots activism and protest pressure.

Berlin's left-wing communities—especially the tenant's rights movement—have become bigger, more radical, better organized and impossible for the government to ignore. Resistance efforts saw the city de-privatize its water supply in 2013. One year later, the majority of voters in Berlin decided to keep the Tempelhofer Feld, an airport turned into park, free from real-estate development. And then, last fall, protesters stopped Google's plans to build a startup campus in the neighborhood Kreuzberg. "Resistance against gentrification has grown so much stronger in the last 10 years. It has been proven that protest pays off," said Taheri.

In February, liberal-conservative broadsheet *Frankfurter Allgemeine Zeitung* went as far as to suggest on its front page that Berlin has become "a socialist city." "It's a positive sign that our enemies are scared," Nina Scholz, a Berlin-based freelance journalist and activist, explained. "Unfortunately, however, we are not dealing here with the return of socialism."

arts of the city's government have shown a willingness for socialistic policies, Scholz said, "but the coalition as a whole is still extremely investor-friendly, focuses on excessive tourism and the startup industry."

Scholz, who has helped to grow the "Expropriate" campaign, noted that one of the major challenges has been to unite activists and tenants. "Worlds were colliding between activists who used the word 'expropriation' and tenants who didn't want to have anything to do with it," she said. For many renters, the proposal sounded too radical first. After dozens of meetings, workshops and neighborhood canvassing, however, the movement is now bigger than ever. "It's very diverse, young people, old people, from the east, from the west. They all understand, that this referendum is their only chance," Scholz said.

The anti-gentrification movement has not only grown in Berlin. In February, New York protesters and local politicians thwarted Amazon's plans to build a new headquarters in the city. In 2015, Barcelona elected one of its most prominent housing activists, Ada Colau, to be the new mayor. "We have connections to organizers in many other cities," said Taheri.

There is, for example, the annual international festival "Urbanize," where anti-gentrification activists from around the world convene and strategize. The Rosa Luxemburg Foundation hosts several conferences per year that bring activists together. Some of the organizers who protested against the Google Campus in Berlin-Kreuzberg last year, linked-up with anti-Amazon protesters in New York.

"We can learn from each other. And I hope we will talk soon about the socialization of Facebook, Google, and Amazon and others. But for now, in Berlin, it's about housing companies," said Scholz.

Activists from all over the world will look to Berlin this summer, when the initiative starts collecting signatures. Germany's capital has already changed the discourse substantially. Holm is optimistic: "Ultimately, it will be due to the city's tenants that, at some point, the story will be told that in Berlin, they found a way to reverse the radical market orientation of 25 years of neoliberalism."

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