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Can corporate & institutional landlords be responsible? Discursive reframing and the financialization of public and affordable housing

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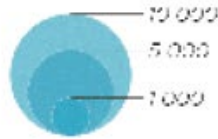
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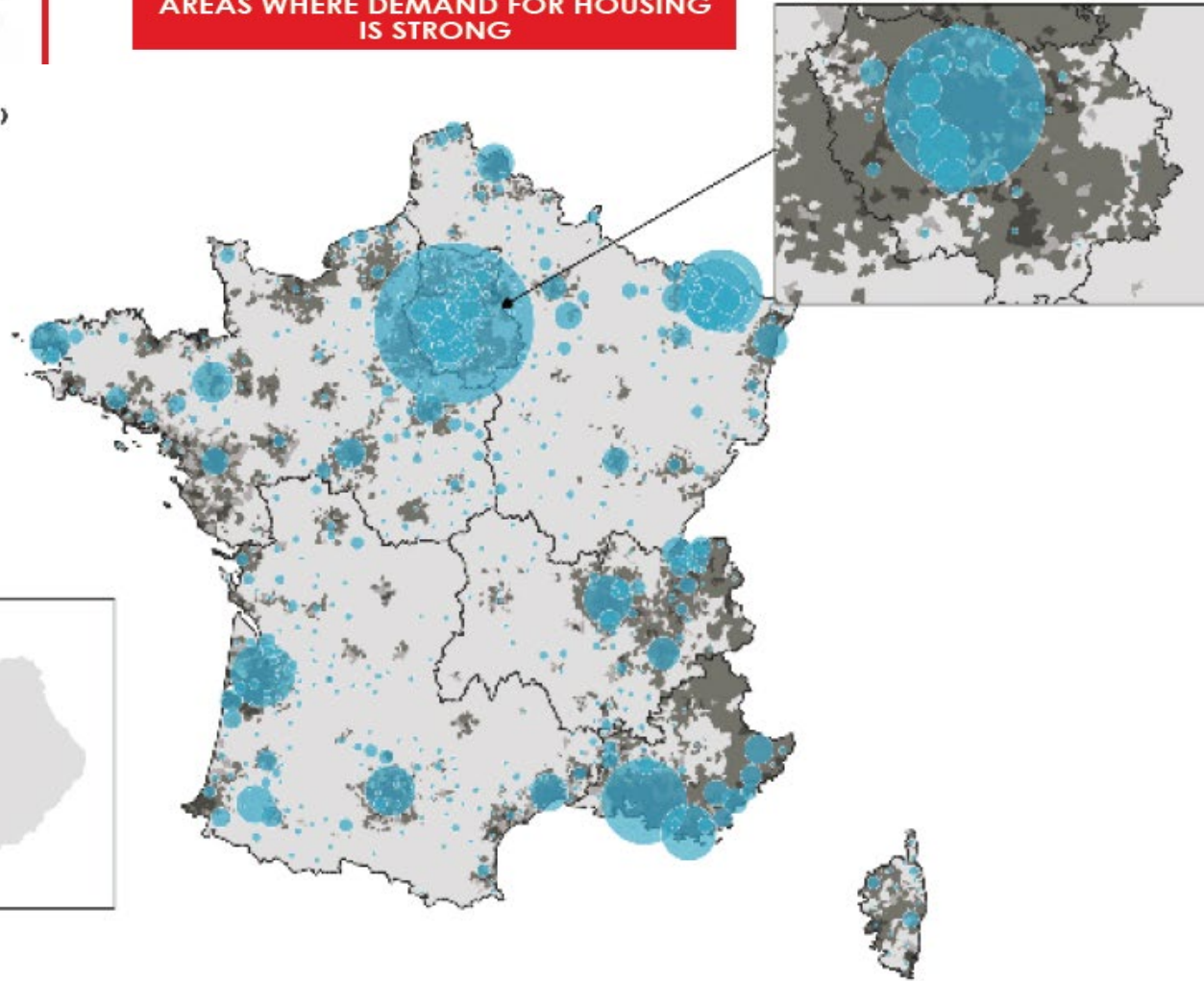
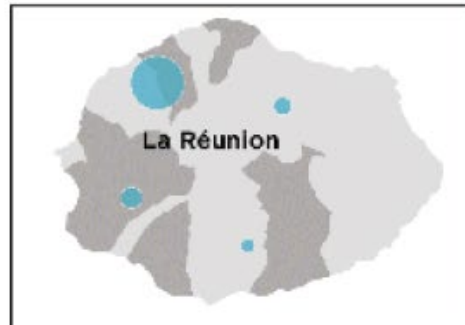
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Public establishment for intercommunal cooperation (EPCI) assets :

Nb dwellings:



Promessing market



Can corporate & institutional landlords be responsible?

Discursive reframing and the financialization of public and affordable housing

Gertjan Wijburg, Richard Waldron and Thibault Le Corre

Public backlash against corporate landlords

Switch from short-term speculation to long-term investment
Champion narratives to *'solve the housing crisis'*

Marketing to soften public image
Develop new hybrid, commodified tenure forms

Contribution:

- I. Financialization in under-researched housing sector
- II. State's role in financialization of third sector
- III. Scrutinize narratives of enhancing affordable supply



Corporate landlords' reputation for boosting debt-leveraged profit

- Minimizing maintenance while extracting rapacious rent
- Gentrification
- Off shoring profits

Confront narratives of 'social responsibility'

- Collaborate with public authorities
- Directly fund AHBs & lower costs

Financialization strategy that is facilitated by State & local govt.

- I. Provide temporarily subsidized housing, liberalized later
- II. Negotiation of locational or construction factors to optimize returns
- III. Safe haven or tax shelter for over-accumulated capital

New production not correct inflated prices of existing stock

Concession to low-income/ refugee housing - *'Giving back to get ahead'*



We are
Part of the
Solution.

VONOVIA

INTRODUCTION – LITERATURE – AMPERE – BARTRA – VONOVIA - CONCLUSION

Ampere Gestion – subsidiary of French Public Bank CDC
Le Logement Locatif Intermediaire (LLI)

Since 2014 - €13bn invest 40,000 (50% LLI)

Positioned leader in ‘*socially responsible investment*’ – ESG designations

LLI main response to rental crisis

- Affordability 85% of local rent values
- Income threshold less strict than social housing & eligibility selective
- Paris: 6th & 8th income decile or 17% of estimated effective demand
- Units can be sold from 11th year, little recourse for tenants

Spatially selective toward gentrifying areas with land opportunities

Ampere seeks 5% annualized return; requires significant price inflation to be viable



SOCIALLY
RESPONSIBLE
INVESTMENT POLICY

AMPERE Gestion



2015 – Bartra “*socially responsible investment vehicle*”

Missing out on “*huge bank of institutional capital*” invests in social housing

Enhanced Leasing Scheme

20 units+ at 95% market rent over 25 years – Fiscal supports

Blackhall Place – 23 units (€8m) & leased €1,900

Each units (€691 k) costs 3 times social unit (€210 k)

Capital appreciation – 313% over last 25 years

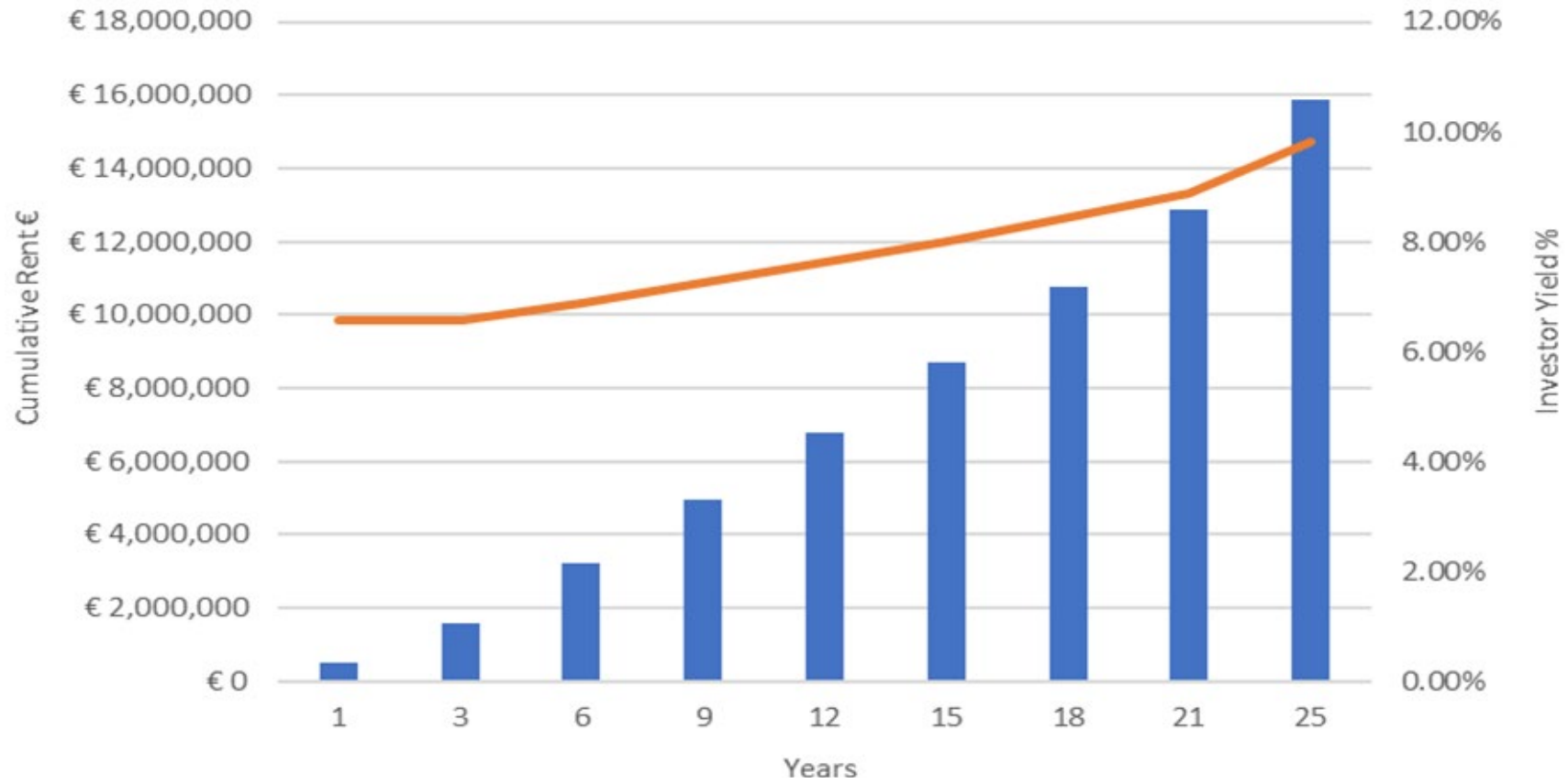
State removed risk & guaranteed remuneration

Underpins already high rental values & negates tenure mixing

State retreat further from mission of social housing construction



Estimated Cumulative Rent at Blackhall Place



INTRODUCTION – LITERATURE – AMPERE – BARTRA – VONOVIA – CONCLUSION

Germany - institutional landlords result of privatizations in 1990s & 2000s

Vonovia (500 k units) – exploiting rent gaps known as *Heuschrecke* (locust)

Rebrand to promote ‘fairly priced housing’

Agreements with cities to provide affordable housing & rent moderation

- Essen: PPP to revitalise post-industrial neighbourhoods
- Limit rent increases in Frankfurt to level of inflation for three years

Yet stock increased 137% (2015 -22) while rents jumped 48% (2012-22)

Mergers: Willing to “give back to get ahead”

- Agreed sell 14,750 apartments back to Berlin municipality
- But expanded Berlin portfolio by 105,000 units alone

Not affordable housing, but subsidised private rental housing



Socially responsible investment

- discursive reframing to soften public image
- create consensus for quasi-monopolistic, state subsidized but market-led “affordable” housing

Rents set at high comparative rates, tenure is not secure, and profit-model contradicts social mission of affordable housing

State plays facilitative role

- Direct financing, acquisitions, regulation and subsidies
- Guaranteed rents & long lease terms
- Highly expensive relative to traditional social housing

Two main observations

1. Increasing financialization of not just assets & buildings, but of welfare functions under hybrid forms of patrimonial capitalism
2. Reassessment of what is ‘affordable,’ ‘social’ or ‘public’ housing – Investors are blurring distinctions particularly with narratives of social responsibility

