SUM MAR IES!

HOUSING COMPANIES AND THE (RE)PRODUCTION OF SOCIO-SPATIAL INEQUALITY IN GERMAN CITIES

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Housing companies and the (re)production of socio-spatial inequality in German cities

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According to the study the following results evolved:

- Housing markets play a decisive role in the integration of immigrants. However, shortages of low-rent housing in many cities are proving to be an open door for discrimination.

- Our research highlights a huge gap between corporate guidelines and their front-line execution crucially hindering migration-led organisational change. This includes the companies' corporate and allocation policies, staff training, and the involvement in local governance structures.

- While in contrast to other European countries, discrimination remains a taboo issue in Germany, the goal of achieving the right social mix in combination with the lack of guidelines for housing company staff in deciding who gets an apartment arbitrarily restrict migrants' access to housing in Germany.

Grounds of the research and societal relevance

Housing markets play a decisive role in the integration of immigrants. Looking specifically at Germany, shortages of low-rent housing in many cities are proving to be an open door for discrimination (ADS, 2020). This can have dramatic consequences in a country such as Germany, where almost 60% of the total housing stock are rental apartments (Statista Research Department, 2020).

One area still largely unresearched is how housing companies have reacted to the increasing diversity experienced in recent years, against a backdrop of growing socio-spatial polarisation. Our study thus looks at the **internal routines of housing companies**, assessing **how they influence migrants' access to housing, and, subsequently, the (re)production of socio-spatial inequality**.

Setting the context: The German housing market

The German housing market is characterised by a comparatively high share of rental apartments (58% of the total housing stock; Statista Research Department, 2020). Due to a severe shortage of flats, more than a quarter of all households in Germany's 77 major cities are undersupplied (Holm & Junker, 2019, p. 2). This situation predominantly affects low-income households, as construction of social housing has experienced a sharp decline in recent years. Consequently, many households qualifying for social housing are forced to look for housing on the private market, which has even exacerbated by the recent influx of refugees. Although these bottlenecks can create an environment fuelling discrimination, there is little focus on structural discrimination in the allocation of housing to migrants in Germany (Münch, 2009).

Methods and data

Focused on German cities with more than 100,000 inhabitants – with a special focus on Berlin, Düsseldorf and Hamburg – 76 interviews with housing market experts were conducted. Besides the housing companies, these experts include those working in umbrella organisations, as well as politicians, local government officials, academics, and civil society representatives. Within the housing companies, staff from different hierarchy levels were interviewed.

> ### The social mix principle and migrants' access to the rental housing market in Germany
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> With the aim to combat segregation, the planning policy principle of achieving the right social mix has gained prominence in various (European) countries (Münch, 2009). Germany is no exception in this respect, with the principle of a 'healthy' residential mix enshrined in various federal laws and strategic plans. Even the German General Equal Treatment Act, which provides the legal footing for equitable access to the housing market, contains a clause that protection against discrimination needs not be respected when a landlord is intent on creating and maintaining "stable social structures" (AGG §19/3) – which is often used as a loophole allowing the discriminatory allocation of housing.

Main findings

Huge gap between corporate guidelines and their front-line execution

Our study clearly shows that it is not just general housing shortages that restrict migrants' access to housing in Germany. Housing companies and their internal routines, corporate guidelines, day-to-day front-line practices, and the involvement of housing companies in local government governance structures play a key role in (re)producing socio-spatial inequality. Our research illustrates that very little has yet been done to actively promote diversity in the German housing sector. **The barriers denying migrants access to the rental housing market are mainly attributable to two factors: the organisational culture in the form of official diversity guidelines, and the staff's day-to-day activities.** Our interviews highlight a huge gap between the two, crucially hindering migration-led organisational change in the sense of facilitating access to housing for migrant households.

Little focus on staff diversity and intercultural awareness

This gap is most obvious in housing companies' HR policies and their customer communication. Little focus is placed on staff diversity and intercultural awareness. With few exceptions, **all corporate hierarchy levels are staffed solely by native Germans** and only few housing companies specifically hire employees with a migration background to take account of the growing diversity of their customers. Despite several measures, poor knowledge of the German language remains a key handicap on the German housing market – even among large housing companies. In general, **there is very little awareness of any discriminatory structures on the housing market**. Any diversity-oriented commitment usually took the form of 'flagship projects': good for polishing a company's image, but of little actual use in the field. The same applies to the companies' increased involvement in local cooperation projects with civil society or local authorities. Mostly, these projects were not seen as binding strategies but as 'window-dressing' and therefore had only a minor impact on making migrants' access to housing more transparent and less discriminatory.

"Our intention was just to protect you from being rejected and discriminated by the other residents in the block"
– A housing company's explanation for rejecting a Turk applying for a flat in a predominantly native German neighbourhood.

'Social engineering' and achieving the 'right' social mix restrict migrants' access to housing

Drilling deeper, the discrepancy between corporate guidelines on the one hand and their front-line execution on the other is also visible in housing companies' allocation policies. The interviews with employees at different levels of corporate hierarchies showed that, **even when written corporate guidelines for non-discriminatory letting were available, their interpretation and execution were left very much to the discretion of front-line staff**. For many of them, the sole selection criterion was 'suitability'. Behind the stated goal of maintaining or creating 'stable and healthy neighbourhoods', we thus generally found the microeconomic goal of efficient letting. Targeted allocation management towards achieving this 'right' social mix is considered the best way to minimise conflicts, keep fluctuation (and the resultant knock-on costs) at a tolerable rate and to cut the need for socio-spatial measures. However, despite its key importance, none of the companies had any clear idea what exactly was meant by the 'right' social mix.

Little awareness of discriminatory structures on the housing market

There is a clear gap between the empirical evidence of discrimination and the self-perception and external image of housing companies. The interviewed housing companies did not see any contradiction between the social mix paradigm and equal opportunities in the selection of candidates. Moreover, while our research has identified the (lack of) decision-making transparency and the associated discretion accorded to front-line staff as another crucial barrier hindering migrant households' access to the housing market, it is just viewed as an important framework facilitating 'social engineering' by the housing companies.

In contrast to other European countries like England or the Netherlands, **discrimination remains a taboo issue in Germany, making it more difficult to enter into a meaningful dialogue on access barriers**. Much more awareness and engagement are required to critically address existing corporate policies and to develop and institutionally enshrine new allocation strategies and decision-making transparency. Our research shows that housing companies play a crucial role in structuring social and systemic modes of integration. To understand the production of socio-spatial inequality in cities, we thus need to pay more attention to the role of organisations and their internal routines.
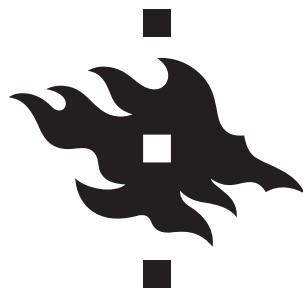
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