

*Capital City: Gentrification and the Real Estate State*

Samuel Stein

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### **Whose Right to the City? Real Estate, Planning and Struggle**

Urban planning should matter to the left. Its professional practitioners shape daily life both present and future, facilitating, moderating and accommodating the many forces at work in towns and cities. Yet they are hardly ever seen. Samuel Stein's *Capital City: Gentrification and the Real Estate State* is a radical view into the heart of the processes these planners oversee, and one engaging enough to keep you reading right past the first dreaded mention of zoning.

Too often planning hides both the powers it has, and the many it does not, behind dry, technocratic language that reduces popular participation to a series of drawings on easels and choices around street trees. In so doing, it serves to obscure the inequalities of race and class that it has helped to inscribe into cities, making a manmade landscape of segregation and its resulting deadly injustices seem just a natural phenomenon. By dragging planning further out into the sunshine, Stein illuminates not just the devastating ways it can crack open our cities to the vampiric demands of capital, but also the limited yet still concrete possibilities for emancipatory change within its processes.

The backdrop to Stein's book is the monumental economic reordering that has occurred in cities across the Global North in recent decades: the rise of real estate as a financial commodity and its eclipse of the industries of the past. With land rather than labor now driving profit in many economies, all the rules are changing, even as an underlying violence persists.

Stein begins by illustrating this through a tale of two tragic conflagrations. First was the Triangle Shirtwaist Factory fire, which killed 146 workers in just one example of the murderous nature of capital in the early twentieth century. He then moves to the inferno that in 2017 took at least seventy-two lives in London's social housing tower of Grenfell. The Grenfell Action Group had warned the local authorities that it was a firetrap, but no action was taken to develop fire prevention measures. "In 1911," Stein writes "the arsonist was industrial capital...In 2017, it was real estate capital."

It is this ascendance of real estate as an economic force that has led to what Stein describes as the *real estate state*: "a political formation in which real estate capital has inordinate influence over the shape of our cities, parameters of our politics and the lives we lead." This is not to argue that the power of real estate dealers and brokers is new, nor that it is all encompassing. But, Stein argues, it is increasingly *outsized* as there are no longer manufacturers and industrialists whose profits are supported by low property values and particularly low rents in worker housing. With this balance of competing capitalist interests gone, there is very little pushing rents and property values down.

Against this global real estate investment industry – valued at \$217 trillion, or 60 percent of all the world's assets – stand tenants fighting displacement and slum housing conditions. Some 75 percent of the real estate industry's investments are in housing, and that concentrated power has resulted in rents skyrocketing beyond the capacity of poor and working households to keep up. The real estate industry's drive for profit continues, moreover, to divide space by race and to intensify already existing racial inequalities.

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Perhaps no city illustrates the rise of the real estate state as well as New York, and Stein devotes significant attention to that case. He shows how the centrality of real estate capital to the new urban economy helps to explain the similarities between such otherwise different mayors as Michael Bloomberg and Bill de Blasio. Both pushed for bigger and stronger police forces operating under the same broken windows theories wielded by William Bratton and Rudy Giuliani. And both ultimately supported the same planning paradigm of luxury housing development. The reason, Stein suggests, is structural: real estate capital 'lurks' behind every major fight in the city, and it is among the largest contributors to political campaigns.

But if Stein draws most of its direct examples from New York, he also shows how the rise of the real estate state has been a national phenomenon. President Trump, in Stein's mind, is not a politician working within the real estate state but the real estate state himself. There is a great chapter in here on the history behind the Trump family's rise to fortune from a series of brothels and white-only developments to luxury apartments and casinos. As for the man himself, Trump's trajectory can be measured in chapter titles alone.

Donald Trump Part 1: The Neoliberal Playboy

Donald Trump Part 2: The Deregulated Swindler

Donald Trump Part 3: President of the Real Estate State

But the story of the real estate state is much bigger than Trump.

Understanding how we got here requires reckoning with the underlying and ugly history of urban development in the U.S., both in terms of the power of the real estate state as well as the strength of the white fear and racism that brought Trump to power. White flight from inner cities is all too familiar a concept, but its deadly consequences in both cementing white identity as well as in the destruction of communities stripped of resources remain to be fully faced by our wider society.

Beginning in 1970s, cities across the country increasingly faced issues of decaying infrastructure and high unemployment due to deindustrialization. This reduced tax bases while increasing support needs. As federal funding fell precipitously, the scramble to find alternative resources began. Cities primarily saw the solution to be increasing land values, which could prop up municipal revenues. Real estate appreciation thus became the highest good – it was what would attract outside business investment and invite higher-income (white) residents from their suburban strongholds. With limited resources of their own, municipal governments used tax breaks and complicated land assembly and tax-increment financing schemes to entice businesses, who themselves played cities off against each other for their own benefit.

Many urban officials may initially have pursued this strategy with the genuine goal of using the tax revenue generated by such redevelopment to improve the lives of existing residents. But the whole process was predicated on reconfiguring planning processes in ways that marginalized local residents and subordinated the public good to the demands of outside capital. As Stein puts it:

What was public becomes private; what was common becomes enclosed; what was cheap becomes expensive; what was shared becomes traded. Through the real estate state, the city becomes gentrified. Through gentrification, the city becomes neoliberal.

Gentrification and neoliberalism, that is, are part and parcel of a deeper economic shift driven in large part by real estate development.

Yet if the real estate state is new, this battle between the public good and private gain returns us to a much older question in urban planning – just what is it for? How much can planners of conscience achieve in this new conjunction of money and politics where increasing property values trumps every other consideration for land use?

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These issues point to a basic tension between two competing tendencies that Stein describes: pragmatic utopianism on the one hand and a crude commitment to capital on the other. Both are present not just within planning departments but often within individual planners themselves. These tendencies, moreover, map on to two fundamental contradictions of planning the capitalist city, first outlined by Richard Foglesong in his 1986 book of that title. The first contradiction sits within real estate capital itself, as developers need certain planning regulations and interventions to maximize their profits, yet at the same time wish to minimize planning controls that could undercut this maximization. The second is that while planners as public servants need to preserve a certain amount of transparency and even democracy in planning processes, these cannot impinge too directly on the ability of developers to profit.

Ultimately, it is the broader political context that determines which tendency is uppermost, and just how much of their vision planners can achieve. It is not surprising that the 1960s brought planning ever closer to a heavily resourced and radical (though often problematically implemented) vision of bottom up community-driven development, that the 1970s brought the withdrawal of resources from cities, and that the rise of neoliberalism brought new investment to support the private sector in cracking open cities to corporate extraction. The role of a progressive planner looks very different in each of those moments. The leverage that grassroots movements can wield in their specific fights also looks different. Understanding the political moment is key for those small but important wins.

Still, the big wins require something else.

And that is because capitalism, particularly our current variety, makes the best of planning impossible. Indeed, the choice is no longer between pragmatic utopianism and surrender to capital. It is even more stark: gentrification or complete disinvestment. There is no question in such a binary what politicians and planners must choose. Despite the ongoing struggle over the soul of planning, despite the insistence of a utopian community-driven strand using planning expertise to develop better spaces and better cities, the fundamental question Stein

poses is just what can be accomplished where rising property value is the highest good and where this value is increasingly tied into global circuits of capital?

By exploring the limits of what planning can accomplish under such circumstances, *Capital City* contributes to the larger strategic conversation we need. Such strategy has long been in the making among the many grassroots groups and communities within the US fighting against gentrification, displacement, and environmental racism and federating into larger groups like the Right to the City Alliance, the Movement for Black Lives and the Environmental Justice Movement. It is no surprise that such organizing is most developed within communities of color, as they have been the principal victims of planning from its very beginnings. Some of the strongest quotes in the book come from precisely these activists involved in the day-to-day struggles for their very right to continue living in their gentrifying neighborhoods. They have issued the radical demand that planning exist for people not for profit while at the same time fighting for smaller concrete reforms that build support for such a transformative vision.

As Stein highlights, these local struggles must be directed towards steadily *unmaking* the real estate state. We must above all challenge the logic of land as a commodity. Housing cannot be understood as an investment but as a place for life, and not just our own lives but those of future generations. As Stein says, these solutions can only emerge out of a movement from below. They cannot and will not be top down initiatives.

There are many ways to get there. Some involve repossessing land for a common good -- seizing that which sits empty and abandoned, apartments developed purely as investment vehicles, or slum housing milked for profit by absentee owners. Others involve further developing new structures for holding land in common while allowing dweller control, whether through municipal ownership, land trusts, or cooperative housing. As we move into an increasingly uncertain future this is perhaps the most vital work required from the left -- this transformation of long-held racialized and capitalist planning logics towards a rethinking of the relationship between government and development, people and place, life and land.