A POLÍTICA DE HABITAÇÃO ALEMÁ DESDE A SEGUNDA GUERRA MUNDIAL E O ESTADO ATUAL DO MERCADO IMOBILIÁRIO NA ALEMANHA

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Resumo

Desde a fundação da República Federal da Alemanha em 1949, os políticos têm tentado aliviar as crises com uma política de habitação social e usar vários instrumentos para garantir que a população possa atender adequadamente às suas necessidades habitacionais e reduzir as disparidades socioeconômicas e regionais. Alguns desses instrumentos visam a criação de moradia acessíveis (habitação social) ou o controle de preços de aluguel (controle de aluguel). Outros servem para promover a casa própria e, portanto, mais para grupos de renda média (subsídio à casa própria). Este texto tenta fornecer um breve resumo dos instrumentos de política habitacional mais importantes introduzidos na República Federal da Alemanha visando seus contextos políticos e seus impactos. A apresentação começa com a situação após a Segunda Guerra Mundial e termina com as medidas que estão sendo tomadas para reagir à situação do mercado imobiliário no início do século XXI.

Palavras chaves: Alemanha, política de habitação, habitação social, subsídio de proprietário, controle de aluguel

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GERMAN HOUSING POLICY SINCE WORLD WAR II AND THE CURRENT STATE OF THE HOUSING MARKET IN GERMANY

Abstract

Since it began with the founding of the Federal Republic of Germany in 1949, politicians have tried to alleviate crises with a social housing policy and to use various instruments to ensure that the population can adequately meet their housing needs and reduce socio-economic and regional disparities. Some of these instruments are aimed at creating affordable living space (social housing) or controlling rental prices (rent brake). Others serve to promote home ownership (housing allowance) and thus serve more for middle-income groups. This text attempts to provide a brief outline of the most important housing policy instruments introduced in the Federal Republic of Germany in their political context and their impact. The presentation begins with the situation after the Second World War and ends with the measures that are currently being taken to react to the situation on the housing market at the beginning of the 21st century.
DEUTSCHE WOHNUNGSPOLITIK SEIT DEM ZWEITEN WELTKRIEG UND DER AKTUELLE STAND DES WOHNUNGSMARKTES IN DEUTSCHLAND

Zusammenfassung


Schlüsselwörter: Deutschland, Wohnungspolitik, sozialer Wohnungsbau, Eigenheimzulage, Mietpreisbremse

PROLOG

On the night of 27-28 July 1943, British and American air forces destroyed a total of 277,330 homes in Hamburg as part of the so-called Operation Gomorrah (HILLGRUBER; HÜMMELCHEN, 1989 p. 177). 34,000 people were estimated to have lost their lives (DER SPIEGEL, 2013). Hamburg was not an isolated case: in the territory of the later Federal Republic of Germany, 18.5% of all dwellings were completely destroyed during the Second World War compared to the stock in 1939; in the major German cities it was even almost half of all dwellings (HEINEBERG, 2006, p. 230).

THE BEGINNING OF HOUSING POLICY IN THE FEDERAL REPUBLIC OF GERMANY

This high loss of housing was compounded by a large influx of refugees and displaced persons, mainly from the former German eastern territories, who fled to (West) Germany to escape the Red Army advancing from the east. In the northernmost federal state, Schleswig-
Holstein, this increased the resident population from about 1.4 million in 1935 to 2.6 million in 1950 (SCHLESWIG-HOLSTEIN, 1974, p. 10).

By the time the Federal Republic of Germany was founded, in 1949, the supply of housing had improved only marginally: 14.6 million households faced only 9.4 million dwellings, including all makeshift accommodation. The occupancy density was 5 persons per dwelling, with an average of 15 square metres available to each resident (KIEHLE, 2021). The most urgent task of urban planning after the war was therefore first of all the provision of housing and here above all the construction or reconstruction of rented housing in the cities.

Accordingly, the first housing law of 1950 initially promoted the construction of social housing. By 1956 in the Federal Republic of Germany (FRG) and the German Democratic Republic (GDR), two million social housing units were to be created. This goal was largely achieved, at least in West Germany (FRG). The second housing promotion law of the Federal Republic of Germany then already focused more on the promotion of owner-occupied homes, which was also due to the political worldview of the conservative party (CDU) in power at the time. New residential areas were built on the outskirts of the cities in accordance with the Athens Charter, and the separation of the functions of living, working and providing was considered standard (HEINEBERG, 2006, p.230). This development also ushered in the later strong suburbanisation in West Germany. In the 1960s and 1970s, numerous large housing estates with up to 80,000 expected new residents (such as the new Perlach district of Munich) were built in the outskirts of larger cities in West Germany (HEINEBERG, 2006, p.230).

Initially seen as positive examples of modern and comfortable living, the large housing estates quickly developed into social hotspots or even so-called "socially deprived" or "fear causing" areas. Still nowadays they concentrate a socioeconomical weak population, between them many migrants what, among other things, made them a goal for the application of integrative urban district concepts (BBSR, [n.d.], p. 55).

DEVELOPMENTS SINCE REUNIFICATION IN 1990

After German reunification in 1990, the housing stock of the GDR had to be integrated into the now all-German stock. Due to the fundamental differences in the legal system and the housing industry, as well as the serious deficiencies in the housing stock of the GDR,
comprehensive and costly transitional arrangements had to be made (DONNER, 2000). Kholodilin (2020) shows that the average household in the GDR had to spend about 4% of its household income on housing in 1990, compared to about 22% in the FRG. This was due to the complete rent control by the socialist state, as incomes in the GDR were even lower than in West Germany. The average living space per capita in 1990 was around 30m² in the GDR and 45m² in the FRG. After 28 years, in 2018, all values have converged, the expenditure on housing measured against household income is 25.5% in the East (former GDR) and 27.5% in the West (former FRG) and the living space per capita is 44.2m² in the East and 48.5m² in the West.

But this was not the only change in the housing sector in the new Eastern German federal states. Simplified, four changes can be observed in many larger cities: The old city quarters near the centre, which had been neglected for a long time, were redeveloped and became high-quality living space. The socialist prefabricated concrete slab districts lost their higher-income population and turned into problem neighbourhoods for socio-economically weaker sections of the population. Due to the departure of large parts of the former residents and the lack of demand for living space in the prefabricated buildings, individual blocks of houses were demolished in many places. This led to the phenomena of „shrinking cities“ whereas most of the German cities are growing. The higher-income strata of the population, on the other hand, moved either into the newly redeveloped neighbourhoods of Wilhelminian style apartments close to downtown (a process known as gentrification) or into single-family houses in suburban areas. The structures in East and West Germany slowly converged in this aspect as well.

DEVELOPMENTS SINCE THE TURN OF THE MILLENNIUM

For a long time, there was a trend in Germany for young families to move to suburban areas as they looked for affordable housing with a garden in a quiet and green environment. Around the turn of the millennium, however, another trend became noticeable: young high-income households with or without children (DINKS2) discovered urban living in spacious

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2 Stands for: “Double Income No Kids”
flats in old buildings close to the city centre and stayed in the city after finishing their education. With this development, the demand for attractive housing close to the city centre in trendy urban neighbourhoods grew, reinforcing the gentrification tendencies, which were also promoted by political incentives (HOLM, 2006). The reason for this could be a neoliberal approach or just the desire to preserve the old houses.

With the exception of a few regions, population growth is currently (2011 to 2015) concentrated in large and medium-sized cities throughout Germany. However, reurbanisation does not mean an automatic end to suburbanisation, but both processes are taking place in parallel (MILBERT, 2017, p. 17). The experiences during the Corona pandemic and the associated work in the home office, as well as the need for a larger space, could reinforce suburbanisation again. In any case, the study by Dolls and Mehles (2021) suggests a connection between an increase of plans to move from larger to smaller cities or municipalities and the pandemic.

Despite the parallel influx and outflow in the cities, the demand for housing in Germany is spatially concentrated. This unequal distribution of demand also makes it difficult to comply with the supreme objective of German spatial planning: the creation of equal living conditions throughout the entire federal territory (ROG §1 para. 2 no. 6). This goal is also enshrined in the German Constitution (Art. 72). Nowadays, this involves more than just a minimum level of basic services in all regions:

For the population, municipalities and businesses, this is about comparable starting opportunities and development possibilities, access and accessibility to public and private facilities and infrastructures of general interest as well as comparable access to funding opportunities at the EU, federal and state levels and thus comparable opportunities to shape demographic, social, economic and technological structural change. Equivalence also means comparable quality of life, comparable training and qualification opportunities for employees and comparable (technological) innovation opportunities for companies, as well as a comparable local supply offer (TRÖGER-WIESS, 2022).

Factors such as settlement density/demographic change, unemployment rate/job supply and location factors/location relations cannot be changed so easily. One instrument that should at least mitigate the increase in spatial disparities in Germany is the Federal States (German: Länder) fiscal equalisation scheme (Länderfinanzausgleich). The instrument of
fiscal equalisation between the Federal States is intended to adequately compensate for the differences in the financial strength of the Länder resulting from differences in tax revenues, so that all Länder are enabled to fulfil their tasks. Nevertheless, it is difficult to break a vicious circle in structurally weak regions consisting of the loss of high-income households through migration, lower tax revenues, poorer infrastructure and less attractiveness for high-income households.

The result is that in some areas property prices (and rents) are too high for most households and in some regions of Germany property has lost much of its value. In an article based on his own experience while investigating the current property market in Berlin, Mark Schieritz describes how he found a 140m² flat located in the proximity of a railway line for more than half a million euros and, at the same time, an offer for a single-family house with 181m² of well-equipped land, located a few minutes from the North Sea, for 165,000€ (SCHIERITZ, 2015). This example shows that the location of real estate, in contrast to other transportable goods, is of decisive importance when people are bound to a certain place, e.g. due to professional constraints. This explains the differences in price even in such a small and homogenous country as Germany.

This disparities are also confirmed by the figures that the real estate company von Poll has compiled and published for German cities and districts. While in Munich one has to pay around 10,000€ for one square meter of residential property, in Thuringia, in the Kyffhäuserkreis, it is only just under 1000€. The price difference is also reflected in the rents: While the average rent in Munich is 19.50€ per m², in the Kyffhäuserkreis it is just 5.60€/m² (VON POLL, 2023). This development does not seem to have reached its end yet either: According to calculations by the Institute of the German Economy, the demand for housing will increase by 6.4 percent in Berlin and by 13.5 percent in Munich by 2030. In Cuxhaven, on the other hand, the demand will fall by 3.8 per cent, and in the south of Brandenburg, in the Elbe-Elster district, by as much as 20.2 per cent (VON POLL, 2023).

Along with property prices the level of rent is also important for German housing policy because, in a global comparison, many people in Germany do not own their own homes but live in rented accommodation. In Germany, for example, only about 45 percent of households own their flat or house. In comparison with the member states of the Organisation for Economic Co-operation and Development (OECD), Germany ranks second to last; only in
Switzerland is the home ownership rate lower (KAAS et al, 2020). Housing policy is both the cause, in that it can provide incentives for home ownership or not, and the consequence, in that it must react to the consequences of the low home ownership rate. Kaas et al. (2020) show that a large part of the low home ownership rate in Germany compared to other countries can be explained by a relatively high land transfer tax, the lack of tax deductions for mortgage interest for owner-occupiers and social housing.

**HOUSING POLICY INSTRUMENTS**

As explained above, more than half of all households in Germany live in rented property. This includes, but is not limited to, many low-income households. Since property prices are rising in the cities and there is little space available for new construction, there is also a huge demand for single-family houses in suburban areas. Consequently, housing policy instruments must take into account two large groups among others: Young families who want to acquire home ownership and the large group of tenants who often belong to a particularly vulnerable group. Housing policy can further be divided into two different types: It can directly support people for example by paying (part of) the rent or indirectly, by supporting housing construction to lower the pressure on the market. There are examples of both in Germany.

**SOCIAL HOUSING CONSTRUCTION**

The most important instrument of housing policy, which has been used since 1956, is so-called social housing construction with rent and occupancy control. The socially acceptable rents paid here are, however, limited in time, usually to 25 to 45 years. During this time, the flats are rented to eligible low-income households at a fixed social rent. The state transfers the difference to the cost-covering rent for the developer (HORLITZ, 2014, 202). If a household in such a flat earns an income that is above the assessment threshold, it either has to move out or can stay, but then has to pay a higher rent called Fehlbelegerabgabe (i.e. wrong occupancy tax).

This long-standing state support has also played its part in the high proportion of tenancies, because for a long time the inhabitants of Germany could rely on being able to rent
a relatively cheap flat if they had financial difficulties. For a long time, the state in the form of municipalities was the main owner of social housing. However, this changed in the 1980s, a time when the housing problem was temporarily perceived as less urgent. Many municipalities sold their real estate to private investors. While the share of social housing in the 1980s was still about 20 per cent of all dwellings (HÄUSSELMANN; SIEBEI, 1996, p. 154), at the beginning of the new millennium it is only six per cent (CECODHAS apud HOLM, 2008, p. 102). In 1987 there were 3.9 million tied dwellings in the then Federal Republic. By 2002, the number had fallen to just under 2.5 million throughout Germany. In 2012 there were only 1.5 million (SETHMANN, 2013, p. 25), and in 2019 there were 1.14 million social housing units. In total, about 100,000 flats fall out of the social obligation every year (HORLITZ, 2014, p. 202), while only about 30,000 new ones are added.

However, as rents are rising faster than incomes in many places due to the shortage of supply, the housing market is under pressure. In Munich, it is difficult to find an affordable flat even for households with an average income. The government of the SPD (Social Democratic Party) and the Greens, which has been in office since October 2021, plans to build 400,000 flats per year, of which 100,000 are to be social housing (BUNDESREGIERUNG, 2022). However, after a good year, as of January 2023, only 20,000 social housing units have been built, which means that the target has been missed by a wide margin.

HOUSING SUBSIDY/ALLOWANCE FOR HOMEOWNERS

Given the low home ownership rate in Germany, it is of no surprise that the German state subsidises the purchase of residential property. This is done with the instruments of the housing subsidy/allowance for homeowners (German: Eigenheimzulage). The first, from 1952, was a housing subsidy for people with an income of up to €35,000 or €70,000 for couples. This subsidy was intended to enable people with a lower income to acquire residential property and to create social equalisation (HAUFE, 2023).

In 1996, the so-called homeowner's allowance was introduced for this purpose. Anyone earning up to an upper limit of €70,000, in the case of couples €140,000 plus €30,000 for each child, could receive an annual state subsidy of 5% of the construction costs of the dwelling, a maximum of €2,556 per year for new buildings, or 2.5% of the acquisition costs
of the dwelling, a maximum of €1,278 for old buildings, in both cases plus €767 for each child, for a period of up to ten years. The homeowner's allowance was abolished in 2005 (HAUFE, 2023).

For families who were granted a building permit between 01.01.2018 and 31.03.2021, the so-called Baukindergeld (housing allowance for households with children) was available until 31.03.2023. Families with at least one child and a taxable household income of up to €90,000 per year and €15,000 for each additional child were eligible for a subsidy of €1200 per child per year. The successor to the Baukindergeld are low-interest KfW3 loans - no further subsidies for new housing construction are currently planned (HAUFE, 2023).

For reasons of lack of sustainability, housing allowances were subject to criticism:

□ Economics: These subsidies set the wrong incentives and lead to an increase in prices in the construction industry, so that it is not so much the recipients who benefit as the construction industry. However, such a connection is difficult to prove.

□ Ecology: This subsidy favours the construction of new single-family houses and thus the sealing of land. The construction of new single-family houses is not sustainable due to their space requirements.

□ Social: The housing allowance support middle-income families. Since it is tax-financed, low-income earners support the purchase of real estate by higher-income earners through their tax payments.

HOUSING BENEFIT FOR RENTAL HOUSES

German households had to spend an average of 23.3 % of their disposable income on housing costs in 2021 (DESTATIS, 2022). This value does not seem high, especially since a share of housing costs of 30 % of household income is considered reasonable. But at the same time, 12.8 % of the population in tenant households were considered overburdened in 2021.

3KfW or Kreditanstalt für Wiederaufbau is a German promotional bank and one of the leading promotional banks in the world. It has no branches, has no customer deposits and refines its promotional business almost entirely through the international capital markets.
(DESTATIS, 2022). This means that they had to spend 40% or more of their household income on housing costs.

One approach to relieve the population of housing costs is to provide support through housing benefit for rental houses (German: Wohngeld). This housing benefit is granted to lower-income households to enable them to afford adequate housing. Eligibility or the amount of housing benefit depends on income, rent and the number of household members. At the end of 2019, around 504,400 households in Germany received housing benefit - 1.2 per cent of all private households. The average housing benefit entitlement at the end of 2019 for households in which all members were entitled to housing benefit was 153 euros per month. The Federal Government and the Länder together spent 953.6 million euros on housing benefit in 2019 (BPB, 2021).

If a household has no income or only a very low income, it receives the so-called citizen's allowance (German: Bürgergeld). In this case, the state pays housing and heating costs in full if they are within reasonable limits. The size of the flat and the cold rent considered reasonable depend on the size of the household and vary according to the rent level in German cities. In Berlin, for example, an area of 90m² and a cold rent of 713.70 euros is considered reasonable for a four-person household (ARBEITSLOSENSELBSTHILFE, 2023).

RENT CONTROL (MIETPREISBREMSE)

Due to the low level of construction activity and simultaneous population growth in many German cities, rents are rising. In Berlin, for example, rents for flats in end of 2022 averaged around €13.79 per square meter per month. At the same time last year, 10.59 euros per square meter had to be paid. Compared to the 4th quarter of 2017, rents even increased by almost 44 percent (Destatis 2023). In response to this development, there are protest movements in the country and demands to limit rents. The previous instruments of tenant protection mainly referred to existing rents, which can only be increased to a limited extent during the tenancy. Now, with the Mietpreisbremse (literally: rent brake), the state has created an instrument that also limits rents for new leases. However, the individual federal states are free to introduce the rent brake in particularly tight housing markets, so it does not apply in all German cities and initially only for a period of five years. This restraint is intended to prevent
the construction of rental flats from becoming unprofitable and investment in existing buildings from ceasing.

In general, the Mietpreisbremse means that with the introduction of the reform, the new contract rent of a flat affected by the Mietpreisbremse may only exceed the local comparative rent by 10%, whereby the local comparative level is usually determined by the local rent index (THOMSCHKE, 2019, p. 25). However, a landlord cannot be forced to rent out a flat more favourably than in the previous tenancy, even if the rent is more than 10% above the local comparative rent (German: Vormieterregelung). The original law has since been amended by the Rent Law Adjustment Act (Mietrechtsanpassungsgesetz) to the effect that landlords may only invoke the previous tenant regulation if they have previously disclosed the previous rent (THOMSCHKE, 2019, p. 35).

First evaluations after the introduction of the Mietpreisbremse in Berlin show a slight decrease in price increases in the first year, but they increase again at the old rate in the following years. One difficulty in implementation is that new tenants have to ask their landlords about the old tenancy agreement to make sure that their new rent may be too high and would have to be reduced. However, this step is shied away from by tenants who have been able to beat competitors in a competitive market and are happy to have found a flat. Another problem is that cheaper rents benefit everyone, not just those who need them. This means that a landlord who now has to offer his flat at a slightly lower price (due to the Mietpreisbremse) than he would have done without it will, in case of doubt, still opt for a well-earning childless household that could have paid a little more, but in whom he believes he has found the calmer and more reliable tenant.

Overall, it is still too early to conclusively assess the effects of the Mietpreisbremse. Thomschke (2019) comes to a cautiously critical conclusion in connection with the planned extension of the period of validity to more than five years:

The associated rent freeze could have devastating consequences for the housing market, as investments in the existing stock would become completely unattractive and there would be a danger that rental properties would increasingly be converted into private condominiums. The consequences would be even more drastic if the regulation were also extended to newly built or modernised flats. Above all, confidence in a consistent housing policy could suffer massively and the important steering and distribution function of rents would be increasingly undermined (THOMSCHKE, 2019, p. 35).
DISTANCE ALLOWANCE (ENTFERNUNGSPAUSCHALE)

An instrument that does not directly target the housing market is the distance allowance, better known as the "commuter allowance". The commuter allowance is based on the distance to the place of work and reduces income tax by a lump sum of 30 cents per kilometer travelled, regardless of the means of transport chosen. The distance allowance is criticised because it creates incentives that are not sustainable. On the one hand, there is no incentive to reduce road traffic, which leads to high CO₂-emissions. And secondly, and this is where housing plays a role, it encourages the decision of workers to move to suburban areas, thereby promoting urban sprawl and sealing of agricultural or semi-natural land (HESSE et al., 2016, p. 275). Another point of criticism is the resulting process of social segregation of the population in the course of suburbanisation.

CURRENT CHALLENGES: ENERGY/SUSTAINABILITY

Current challenges are causing housing prices to become more and more expensive. Demographic factors such as the increase in single households and students and the influx of migrants and refugees are making affordable small flats scarce. Many older people live in large flats or houses after their children have moved out, but cannot find smaller flats that are more affordable for them. New building regulations that are supposed to provide more sustainable housing, such as better insulation, make building more expensive. Heating, a necessity in the temperate latitudes of Central Europe, has long been expensive and if the energy comes from fossil fuels such as oil or natural gas, it is also unsustainable due to CO₂-emissions and complicates the goal of climate neutrality. Since the beginning of the Russian war of aggression on Ukraine in February 2022, gas prices have at times skyrocketed to astronomical heights. The dependence on Russian natural gas and the shortage due to the lack of supplies from Russia made gas for heating and households more expensive and caused resentment and fear among the population.

There are certainly some new ideas for making housing more sustainable, but they cannot reach the mass of the population: On the one hand, there is the Tiny House movement. Tiny houses are houses that are up to 38m² "big". They are often made of wood and some are mobile (ASCHE, 2021). They underline the trend towards a minimalist lifestyle and require
little space. However, so far there are also few building sites suitable for Tiny Houses and they are not an option for elderly, families or impaired people.

The initiatives "Wohnen gegen Hilfe" ("living against help") arrange living space for students with senior citizens who have rooms left over in their flats. The students do not pay rent but only their utilities, but commit themselves to help a certain number of hours in the household, which can include mowing the lawn, shopping, cleaning or the like. A similar symbiosis is to be achieved through so-called multi-generation houses. Apartment buildings are rented out in such a way that a mix of older and younger tenants move in. Before moving in, these have expressed their willingness to support each other, e.g. by the older residents looking after the children at times and the younger ones bringing the older ones shopping from the supermarket (LAUBE, 2021).

CONCLUSION

The topic of housing has been at the top of the political agenda since the founding of the Federal Republic of Germany. Whereas after the war the main focus was on the creation of housing, for some time now housing policy has had a social control function by ensuring the satisfaction of the basic need for housing and keeping social and spatial disparities low. A distinction can be made between instruments that directly finance new real estate (social housing construction), instruments that support people in securing their basic need for housing (rent control), instruments that are aimed more at the middle income strata (distance allowance, owner-occupied housing allowance) and those that are aimed more at the lower income strata, such as the housing allowance or the citizen's allowance and social housing construction. From the beginning, social peace in the country was to be maintained by enabling people to satisfy their need for adequate housing. However, over the decades, living conditions have also changed and new challenges such as climate change and the extinction of species make the negative consequences of instruments such as the distance allowance, which facilitates commuting and the home ownership subsidy, which accelerates sealing, become particularly evident. Current challenges such as climate change and the Russian war of aggression give rise to calls for new support measures, e.g. for renewable energies, thermal insulation and the replacement of oil and gas heating systems with heat pumps. All these
developments suggest that housing costs will continue to rise in the future and that government intervention will continue to be necessary for a wide part of the German population.

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