

- Tummers, L. (2015). Understanding co-housing from a planning perspective: why and how? *Urban Research & Practice*, 8(1), 64-78.
- Webster, C. (2001). Gated Cities of Tomorrow. *Town Planning Review*, 72, 149-169.
- Wu, F. (2005). Rediscovering the 'Gate' Under Market Transition: From Work-unit Compounds to Commodity Housing Enclaves. *Housing Studies*, 20(2), 235-254.
- Zariç, S. (2012). Türkiye'de Kentsel Planlama ve TOKİ'nin Planlama Yetkilerindeki Genişlemenin Boyutları. *Akademik Bakış Dergisi* (28), 1-19.

ID 1739 | POLICIES FOR AFFORDABLE RENTALS IN GERMANY AND SWEDEN – HOW DO HOUSING POLICIES GET IMPLEMENTED IN PLANNING AND REALISED IN GROWING CITIES?

Isabelle Klein¹; Andreas Ortner²; Alexandra Weitkamp¹

¹Technische Universität Dresden, Chair of Land Management;

²Leibniz Institute of Ecological Urban and Regional Development (IOER), Dresden

isabelle.klein@tu-dresden.de

1 HOUSING POLICIES FOR AFFORDABLE RENTALS

Cities with a growing population are faced with the challenge to offer sufficient and adequate living space to all income groups. Those with medium to high incomes and a certain financial flexibility have of course bigger prospects to choose from a wider range of available housing offers within the cities. In contrast, for inhabitants with low to medium incomes, it's getting increasingly complicated to have access to affordable rentals, since the increasing demand for housing, e.g. because of the raise of single households, leads to rising prices and to a shortage of low-cost rental apartments. Further, increasing income differences and a large influx of refugees put extra pressure on the sector.

That trend is well known to decision makers in housing policy in almost all European countries. In order to develop appropriate housing conditions for all inhabitants and to ensure equal living space conditions, housing policies are formulated on federal and state level. For instance, suppliers as well as demanders of rental apartments get support by financial subsidies like housing benefits or tax amortisations. Furthermore, the cities are requested to implement housing policies into their urban residential planning documents.

1.1 SITUATION IN GERMANY

Germany is a "county of tenants". Nearly half of the German population lives in a rented apartment. In the cities, the value is still significantly higher, reaching 79% in Munich and 78% in Heidelberg in 2011 (Bertelsmann Stiftung 2012). Only Switzerland, compared to other European countries, has a lower home ownership rate than Germany. As a result, in Germany, funding programs that provide financial support to tenants are extremely important and have a long tradition, such as the Social Housing Promotion. Already in 1950, the first housing construction law came into effect and was replaced in 1956 by the second housing construction law, which was valid with amendments until the year 2001. The Housing Promotion Act was adopted on 13.09.2001 and entered into force on 01.01.2002. In the course of the reform of the federalism, the promotion of housing became the competence of the federal states. In 2007, some federal states, such as Bavaria (BayWoFG) and Baden-Wuerttemberg (LwoFG) have issued their own housing promotion legislation. As compensation for the federal financial assistance, which was overthrown by the federalism reform, the federal states receive up to 2019 annual financial support of currently 518, 2 million euros from the state on the basis of Art. 143 c GG (BMUB 2017a). promotion of housing became the competence of the federal states. In 2007, some federal states, such as Bavaria (BayWoFG) and Baden-Wuerttemberg (LwoFG) have issued their own housing promotion legislation. As compensation for the federal financial assistance, which was overthrown by the federalism reform, the federal states receive up

to 2019 annual financial support of currently 518, 2 million euros from the state on the basis of Art. 143 c GG (BMUB 2017a).

However, the legal provisions differ both from those of the state as well as from one another, particularly with regard to the income limits for Social Housing Promotion (see table 1) (WoFG 2001; BayWoFG; L-Bank 2017).

Level	Reference	Type of household	Maximum income limit (€)
Federal level	Net income	Single person household	12 000
		Two-person household	18 000
		Every additional person	4 100
		Every additional child	500
State Level			
Baden-Württemberg (e.g. Heidelberg)	Gross income	Single person household	47 600
		Two-person household	47 600
		Three-person household	56 600
		Four-person household	65 600
		Five-person household	74 600
		Every additional person	9 000
Bavaria (e.g. Munich)	Net income	Single person household	19 000
		Two-person household	29 000
		Every additional person	6 500
		Every additional child	1 000

Table 1 – Maximum income limits for the Social Housing Promotion

All persons living in Germany are entitled to housing subsidies if they comply with the legal requirements, such as the observance of the maximum income limits (WoGG). There are no entitlements to housing subsidies for recipients of transfer payments, such as unemployment benefit or income support under. The housing subsidy is calculated based on the household income, the number of household members to be considered and the monthly rent. By means of a reform, the housing subsidy increased since January 1, 2016. For the first time, housing subsidy have also become an alternative to basic insurance for low-income households (BMUB 2017b).

According to the Federal Statistical Office, the number of people receiving housing subsidies has declined in recent years. In 2005, a total of 810,864 households received the financial support, compared to only 460,080 households in 2015. In 2010, the number of supported households reached a peak of 1,061,487. Reasons for the fluctuations to be observed are, on the one hand, the reforms that have come into force over the years and, on the other, economic trends, such as the development of the unemployment rate (Destatis 2017a). In addition to the granting of a rental subsidy, many major German cities award residential certificates. With this certificate or permission a person/household is allowed to move into a publicly subsidized apartment at a fixed rental price. These two types of funding are granted to the tenant and are tied to the person and not to the apartment. It is a so called "subject promotion".

In addition to the promotion of the subject (the person itself stands in focus of subsidies), object promotion exists. The city acquires the right to rent the apartment to a legitimate person at a fixed rent and also determines who can move into this social apartment. For this purpose, the landlord receives a financial compensation by paying the difference to the usual comparison rent. However, the number of occupancy controlled flats is currently declining in Germany. In the past two decades, few new social apartments have been built or the occupancy renewed due to unattractive funding conditions for investors. Because of the negative population forecasts in the last years, the Social Housing Promotion was not focused by the politics. New construction activities especially in the lower price segment, was not considered necessary. The number of newly built social apartments was 24,550 in 2015. According to the report of the Committee on Urban Development, Building and Housing of the Federal Government and the federal states, the number of all new built apartments increased by 10,000 in 2016 compared to 2015. In addition to the new building, a large number of modernization measures were supported by the Social Housing Promotion.

Due to the currently low interest rate level, social housing promotion is currently still very unattractive for investors. However, there are other ways to convince investors to build or rehabilitate occupational dwellings. In urban development contracts, for example, a share of subsidized housing on the total housing stock or the assumption of social infrastructure costs can be agreed. Some German large cities, including Munich (SoBoN), have developed so-called building land models, which contain specifications

and quotas which are binding for every investor in the case of a building lease (Drixler et al., 2014). In addition to income, expenditure plays a decisive role in the establishment of funding programs.

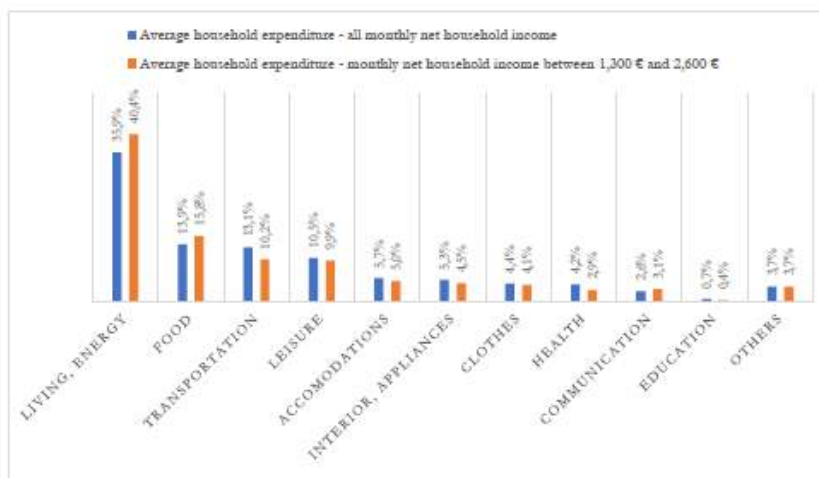


Figure 1 – Average household expenditure in Germany 2015 (Destatis 2017b)

Figure 1 shows the average household expenditure of a German household. The largest share, 35.9%, is spent on housing, energy and maintenance. Looking at the same graph for households with an average net income of 1,300 to 2,600 euros per month, the figure is 40.4% (Destatis 2017b). The lower the budget income, the higher the expenditure on housing. In contrast, the available living space decreases the lower the income is. In 2014, a low-income household lived on around 48 sqm, while a household with a medium-income had around 64 sqm, and a high-income household had a living space of around 89 sqm (BMAS 2017).

Due to the increase in refugee numbers, the situation in the large cities has become even more acute. The number of asylum applications filed in Germany has multiplied in the years 2014 to 2016. In 2013 a total of 127,023 applications for asylum were submitted, in 2014 202,834, in 2015 476,649 and in 2016 even 745,545 (BAMF 2016). All these additional people need living space. Because of the regulation, that everyone in Germany and also in Europe can decide where he or she wants to live, it is not possible to lead the development.

1.2 SWEDEN IN COMPARISON TO GERMANY

In Sweden, the quota of ownerships is with 70.6% higher than in Germany (51.9%, Statista.com 2017). The population is only a bit more than one tenth of Germany (9.8 Mio. people, Eurostat 2017), with a population density of 24.06 inhabitants per sqkm. Nearly half of the population lives in urban areas, while not less than one tenth lives in rural areas (see figure 2).

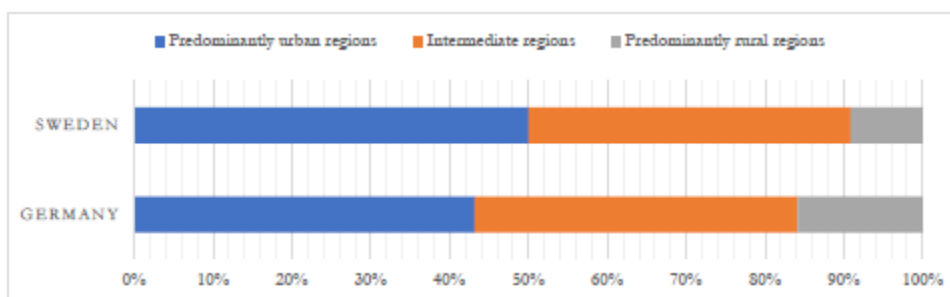


Figure 2 – Proportion of regional structure in Sweden and Germany 2015 (Statista.com 2017)

In Sweden, the quota of housing cost overburden rate is in cities 9.5% and towns and suburbs 6.5% and thus smaller than in Germany with 19.1% and 14.5% in cities and towns and suburbs, respectively.

Otherwise, the overcrowding rate is higher in Sweden than Germany: in cities, it lies at 18.7% and in towns and suburbs at 10.5% (Germany: 5.6% in both regions).

Housing prices have risen over 50% in Sweden from 2010 to 2016 (Germany less than 30% in the same period; Eurostat 2017). Summarizing it can be stated, that both countries are affected by a pressure at housing market in the cities and also in towns and suburbs.

Households with incomes above the maximum limits defined by the federal government or the federal states and thus are not entitled to a financial support or a residence permit have difficulties to find appropriate and affordable housing in many growing German and also Swedish cities. Due to the changed conditions, legal requirements at the federal and state level are no longer sufficient. The municipalities have the possibility to substantiate the specifications more precisely, to adapt them to their local conditions and to concretize them. The German promotional landscape has a long tradition and is much more differentiated than in Sweden. Particularly with regard to legal regulations at state level. One reason for this is the Federalism Reform, implemented in Germany in 2006, which enabled the federal states to have their own competencies in legislation. In contrast, in Sweden, all legal decisions are taken at the level of the federal government and thus do not permit specialization in regional peculiarities. affordable housing in many growing German and also Swedish cities. Due to the changed conditions, legal requirements at the federal and state level are no longer sufficient. The municipalities have the possibility to substantiate the specifications more precisely, to adapt them to their local conditions and to concretize them. The German promotional landscape has a long tradition and is much more differentiated than in Sweden. Particularly with regard to legal regulations at state level. One reason for this is the Federalism Reform, implemented in Germany in 2006, which enabled the federal states to have their own competencies in legislation. In contrast, in Sweden, all legal decisions are taken at the level of the federal government and thus do not permit specialization in regional peculiarities.

2 IMPLEMENTATION AND REALISATION OF AFFORDABLE HOUSING

At the moment there is also a gap in the supply of households between "poor" and "rich" in Germany and in Sweden. At this point, there is a need for action in the municipalities. A number of German and Swedish cities have already launched municipal promotion programs and have successfully applied them. Including, for example, the cities of Munich and Heidelberg in Germany, as well as the cities of Gothenburg and Stockholm in Sweden, the further course will be considered more closely. All cities have a high pressure in housing market in common. Munich is the city with highest rental and purchase prices in Germany. Heidelberg in contrast to Munich is significantly smaller, but has similar big problems providing affordable housing. The Swedish cities Stockholm and Gothenburg are chosen because of their problems within providing affordable housing, as well. Stockholm is the biggest cities and capital of Sweden, Gothenburg as second biggest city started a first pilot project for affordable housing.

2.1 THE CITIES OF MUNICH AND HEIDELBERG (GERMANY)

In the state capital of Munich, a building land decision has been taken into place in 1994, the so-called Socially Responsible Land Use (SoBoN). By means of this decision, developers and investors share the costs and burdens of municipal land-use planning and are obliged to establish a defined amount of occupancy-related housing. In addition, the city of Munich supports, with the so-called "Munich model", middle-income households as well as families with children, so that they can finance a rented apartment within the city limits. The income limits of the Bavarian Housing Promotion Act are the basis for the approval. Another communal housing construction program is the housing policy program "Wohnen in München" (Living in Munich), which is currently being updated for the sixth time and is valid until 2021. One of the focal points is, for example, raising the income limit to increase the number of eligible households to 50–60% of all households (Stadt München 2017a). A current project, which contributes to the urban development goals, pursued by the state capital Munich, is the new urban district "Prinz-Eugen-Park". On the site of the former Prince Eugene barracks, in the east of the city of Munich, a new residential quarter is going to be built on a 30-hectare site. In 2014, the planning of around 1,800 new apartments, of which 50% are publicly subsidized apartments, started. Construction began in 2017. The first inhabitants

are able to move in by 2018. In addition to the municipal housing associations GWG and Gewofag, cooperatives as well as free developers are involved in the realization (Stadt München 2017b).

The city of Heidelberg promotes, apart from the residential property and rented housing for transfer beneficiaries, rented housing for "threshold houses". This subsidy is explicitly aimed at households whose income is higher than the limits for obtaining a residence permit. The funding amounts to a maximum of two euros per square meter of living space per month. For the "Bahnstadt", a district newly built on old unused railway surfaces, a special program was approved. The main focus of the support is on young families. Rental allowances, as well as loans are granted for the formation of property. The promotion is, like the social housing promotion, also income-dependent. In addition to the "Bahnstadt", new residential districts are currently being built on formerly military surfaces, so-called conversion areas. One concept envisages providing at least 70% of the housing stock to different users and income groups at low cost. 30% of these dwellings are to be used as condominium for threshold households (Stadt Heidelberg 2017).

2.2 THE CITIES OF STOCKHOLM AND GOTHENBURG (SWEDEN)

Reaction on the pressure on housing market and rising rental and purchase price was the formulation of building new stocks. Since 2014, Sweden has the goal of constructing 250,000 new flats by 2020. Stockholm's construction aim was set to 8,000 units per year, and Gothenburg's to 3,000–5,000 units per year. That meant a doubling of construction from present levels. The goals are not accompanied with a clearly defined plan, how to achieve the aims, only rental apartments, low-cost units in particular, should be prioritized. In Gothenburg, some projects will be promoted by reduced land prices. Also, the municipal housing companies have been taught to expand construction projects in order to supply 20–30% of the planned new units (Granath Hansson 2017)

As well Stockholm as Gothenburg own nearly 70–80% of the buildable land (Caesar 2015) and thus dominate the land market. Direct allocation is the main land allocation method: The cities can choose the developer they want and negotiate the conditions with them (Caesar 2015). A lack of transparency and clear price-setting methods are assumed of limiting and distorting competition in housing development, e.g. as they might shut out small and/or new players who lack contacts and insight into the process. This process is accompanied by the fact, that the price of land is estimated by internal valuations made by city employees, so the land market is very dependent on city land policy (Granath Hansson 2017).

Neither Stockholm nor Gothenburg has a subsidy program. Beneath, non-profits are almost not existent in Sweden. Even the Swedish municipal housing companies are expected to act on market-like terms. In Gothenburg, a first social housing project has been initiated with the aim to create 25% low-rent and 25% mid-rent apartments in a new development project. No investment subsidies are provided to the mainly public developers, but incentives in the form of low land prices, high acceptable rents in the remaining 50% of units, and promises regarding construction volume have been made. The project can be seen as a pilot project (Granath Hansson 2017).

3 CONCLUSIONS

In Germany there are currently more instruments available to support and promote affordable housing than in Sweden. One reason for this is, without a doubt, the higher proportion of people living in Germany. The large number of established programs is evident at land level, and particularly at municipal level. Both object and subject support are operated, which is generally considered to be positive. Nevertheless, Germany has not yet reached an optimal status quo. In order to tackle and resolve the challenges of the "affordable housing" more quickly and in a more focused way, it is necessary to improve the awareness of the problem (in politics) and to increase the financial resources (by the federal government and the federal states). Not always desired developments and processes (on the housing market) can be smoothly controlled and regulated. Especially at the municipal level, efforts should be made to react to concrete negative developments.

On the German examples of the cities of Munich and Heidelberg, it is clear that, on the one hand, permanent instruments and programs could be established, but innovative approaches and concepts could also be highly legitimate and effective. Up to now, Sweden has only been able to draw on experience

gained from a pilot project in Gothenburg on the topic of "affordable housing" with a focus on low-income households. But here, too, new long-term insights will be gained, which can be the basis for pioneering political decisions.

For Sweden and Germany, it is noticeable that households that are most exposed to the problem of finding an affordable housing are not well-known and cannot easily be identified as an independent group of the population (in statistics). This results in a significant action (for politics and science). Only when the affected actors (households) can be clearly identified and characterized on the housing market, convincing and effective measures can be derived and applied profitably. In addition to the households, which depend largely on state aid from a financial perspective, households with low but also medium income are less and less in a position to access affordable housing. These so-called "threshold households" are described and defined differently in the literature, and can also vary widely from state to state or from municipality to municipality due to different rental price levels.

However, threshold households are indispensable for the functioning of a municipality and need to be more focused. Unfortunately, the characterization and the quantification of this group of persons represents a barrier, which has so far been difficult to overcome, since the necessary statistics on income are not, or only to a limited extent, available.

BIBLIOGRAPHIC REFERENCES

BAMF (Bundesamt für Migration und Flüchtlinge), 2016: Aktuelle Zahlen zu Asyl. Ausgabe: Dezember 2016. Tabelle. Diagramme, Erläuterungen. 12 S., veröffentlicht.

Bayerisches Wohnraumförderungsgesetz (BayWoFG), 2007: Bayerisches Wohnraumförderungsgesetz (BayWoFG) vom 10. April 2007 (GVBl. S. 260, BayRS 2330-2-I), das zuletzt durch § 1 Nr. 300 der Verordnung vom 22. Juli 2014 (GVBl. S. 286) geändert worden ist.

Bertelsmann Stiftung 2012: KECK-Atlas. Städteprofile. Aufgerufen am 22.05.2017: <http://www.keck-atlas.de/service/downloads.html>.

BMAS (Bundesministerium für Arbeit und Soziales), 2017: 5. Armuts- und Reichtumsbericht. G14 Wohnfläche.

BMUB, 2017a: Soziale Wohnraumförderung: Aufgerufen am 18.05.2017: <http://www.bmub.bund.de/themen/stadt-wohnen/wohnraumfoerderung/soziale-wohnraumfoerderung>.

BMUB, 2017b: Wohngeld 2016/2017. Ratschläge und Hinweise. 47 S., veröffentlicht.

Caesar, C. 2015. Municipal land allocations: integrating planning and selection of developers while transferring public land for housing in Sweden. *Journal of Housing and the Built Environment*, pp. 1-19.

Destatis (Statistisches Bundesamt), 2016: Wohngeldhaushalte 2015. Anteile von Wohngeldbeziehern in %. Aufgerufen am 18.05.2017: https://www.destatis.de/DE/ZahlenFakten/GesellschaftStaat/Soziales/_Grafik/Wohngeld_AnteileBezieher.png;jsessionid=0010E84051E6B190201B5BAFBD5C4560.ca e4?__blob=poster.

Destatis (Statistisches Bundesamt), 2017a: Wohngeld. Aufgerufen am 18.05.2017: <https://www.destatis.de/DE/ZahlenFakten/GesellschaftStaat/Soziales/SozialeLeistungen/Wohngeld/Tabellen/WohngeldZeitvergleich.html;jsessionid=0010E84051E6B190201B5BAFBD5C4560.cae4>.

Destatis (Statistisches Bundesamt), 2017b: Private Konsumausgaben (Lebenshaltungskosten) – Deutschland (2015). Aufgerufen am 22.05.2017: <https://www.destatis.de/DE/ZahlenFakten/GesellschaftStaat/EinkommenKonsumLebensbedingungen/Konsumausgaben/Tabellen/MonatlichenHaushaltsnettoeinkommen.html>.

Drixler, E.; Friesecke, F.; Kötter, T.; Weitkamp, A.; Weiß, D., 2014: Kommunale Bodenpolitik und Baulandmodelle – Strategien für bezahlbaren Wohnraum? Eine vergleichende Analyse in deutschen Städten. Arbeitskreis 5 »Landmanagement«. Schriftenreihe des DVW, Band 76 / 2014. 144 S., Augsburg: Wißner-Verlag.

Eurostat 2017: Eurostat Database. Aufgerufen am 01.06.2017: <http://ec.europa.eu/eurostat/de/data/database>.

Granath Hansson, A. (2017). City strategies for affordable housing: the approaches of Berlin, Hamburg, Stockholm, and Gothenburg. *International Journal of Housing Policy*, 1-20.

L-Bank, 2017: Einkommensgrenzen. Die Einkommensgrenzen in der Mietwohnraumförderung. Aufgerufen am 18.05.2017: <https://www.l-bank.de/lbank/inhalt/nav/foerderungen-und-finanzierungen/wohnraumfoerderung/fachliche-hintergrundinformationen/einkommensgrenzen.xml?ceid=100580>.

Stadt Heidelberg, 2017: Förderprogramme. Unterstützung für gutes Wohnen. Aufgerufen am 22.05.2017: <http://www.heidelberg.de/hd,Lde/HD/Leben/Foerderprogramme.html#wohnraum>.

Stadt München, 2017a: Wohnungsbau in München. Wohnungsbauförderung. Aufgerufen am 22.05.2017: <https://www.muenchen.de/rathaus/Stadtverwaltung/Referat-fuer-Stadtplanung-und-Bauordnung/Wohnungsbau.html>.

Stadt München, 2017b: Prinz-Eugen-Park. Das Projekt. Aufgerufen am 25.05.2017: <https://www.muenchen.de/rathaus/Stadtverwaltung/Referat-fuer-Stadtplanung-und-Bauordnung/Projekte/Prinz-Eugen-Kaserne.html>.

Statista.com, 2017: Statista – Das Statistik-Portal. Aufgerufen am 01.06.2017: <https://de.statista.com>.

Wohngeldgesetz (WoGG), 2008: Wohngeldgesetz vom 24. September 2008 (BGBl. I S. 1856), das durch Artikel 22 Absatz 4 des Gesetzes vom 11. November 2016 (BGBl. I S. 2500) geändert worden ist.

Wohnraumförderungsgesetz (WoFG), 2001: Gesetz über die soziale Wohnraumförderung (Wohnraumförderungsgesetz – WoFG). Vom 13. September 2001 (BGBl. I S. 2376). Zuletzt geändert durch Artikel 3 des Gesetzes am 2. Oktober 2015 (BGBl. I S. 1610).