

The Status

of Social Housing

in Berlin.

Ingo Malter

STADT UND LAND Wohnbauten-Gesellschaft mbH

Berlin.

What's so special

about Berlin?

What's so special about Berlin?

Second largest metropolis in the EU

- 3.6 million inhabitants (greater metropolitan area: 4,5 million)

Diversity, openness and tolerance

- place to be for all generations, nationalities, social classes

Way of life

- attractive but not pompous
- young and full of ideas
- (but broke for the time being)

Berlin's housing market enables what makes Berlin so special – but for how much longer?

Housing markets

in German metropolitan areas:

general developments

Housing markets: general developments

- **population:** increase (driven by immigration from foreign countries)
- **number of households:** increase (tendency to one-person households)
- **building costs:** increase (rising land prices and construction costs)
- **vacancy rates:** close to full occupancy
- **construction activities:** increasing, but mostly driven by property owners

- **rents:** +1,4 to +4,9% (2015-2016, new contracts)
- **property prices:** +10 to +12% in most greater metropolitan areas

The housing market

in Berlin.

Berlin housing market – size and structure

1.900.000 total units

- thereof 1.600.000 rental units and
- 300.000 private owner-occupied units

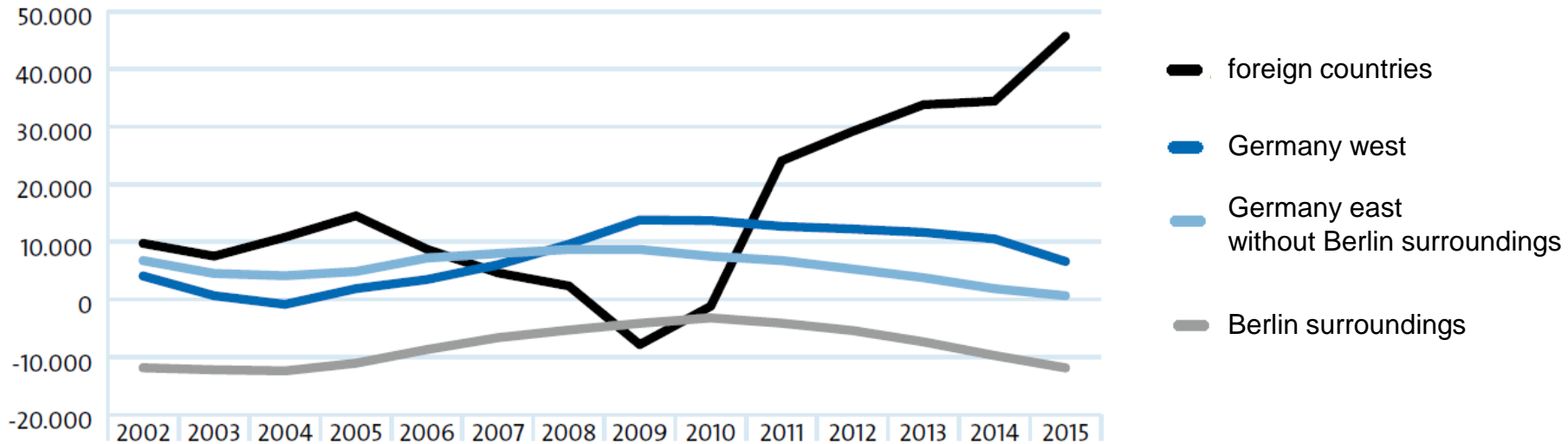
1.600.000 rental units

- thereof 600.000 considered to be social housing units (affordable rents)

600.000 social housing units

- thereof 300.000 owned by public housing companies,
- 200.000 owned by housing cooperations and
- 100.000 in private ownership (individuals, companies, listed corporations)

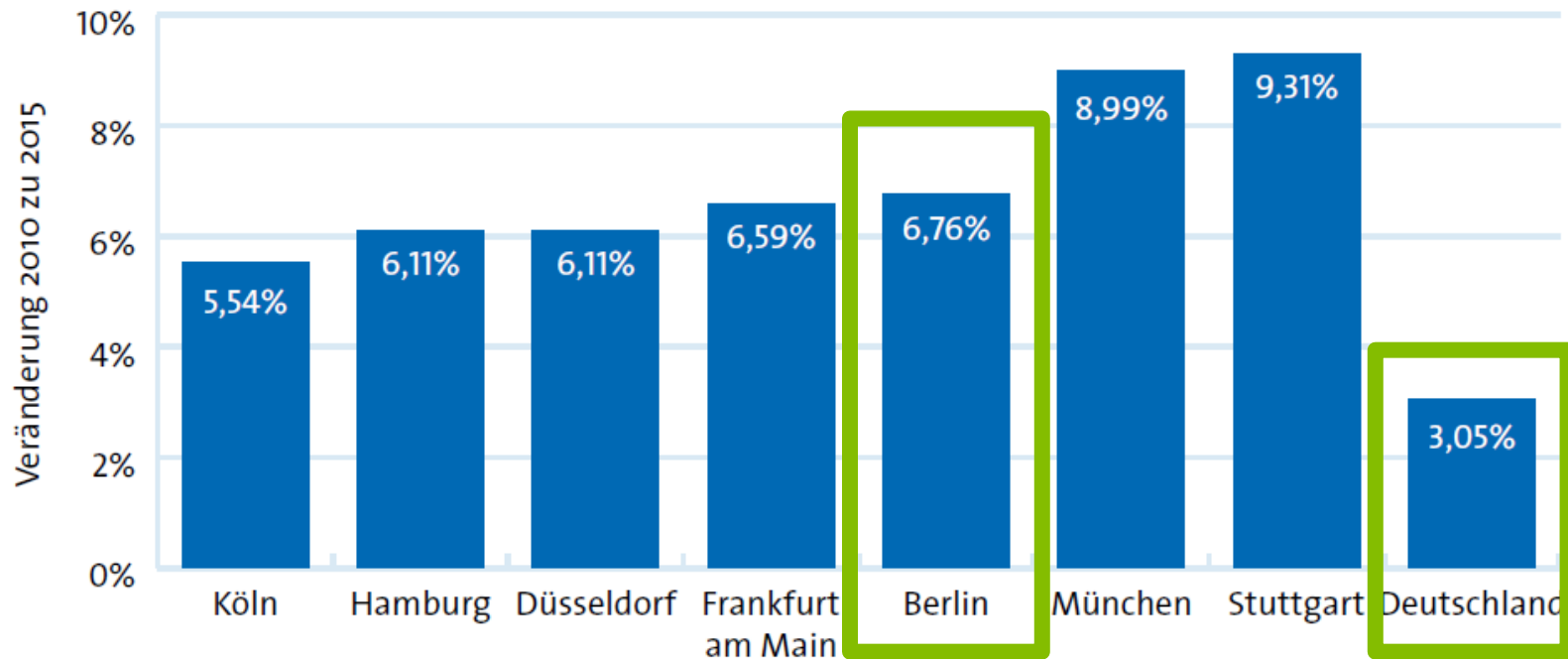
Migration



- increasing immigration from foreign countries
- decreasing domestic migration
- slight suburbanization tendencies

source: Frühjahrsgutachten des Rates der Immobilienweisen 2017, Destatis, empirica

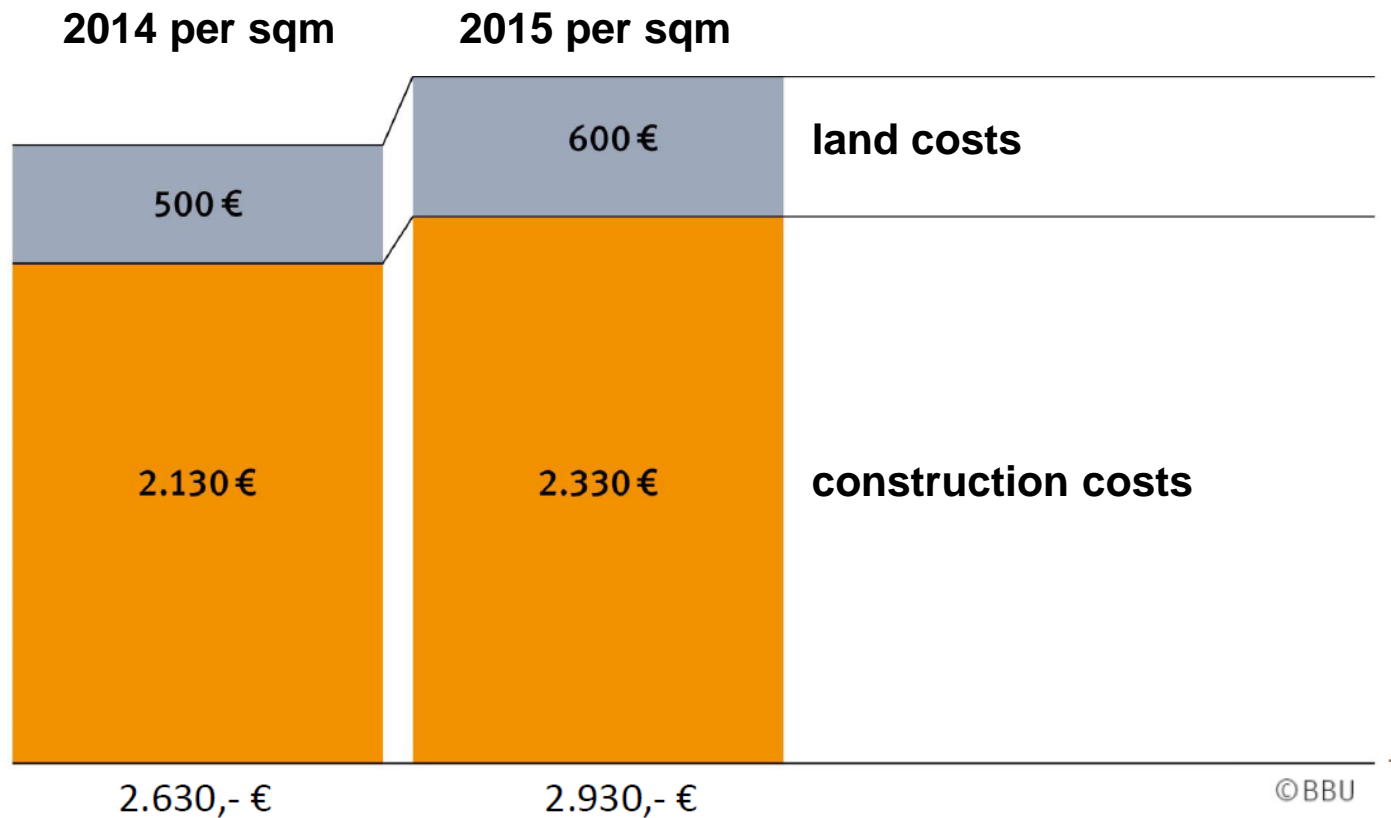
One-person households 2005-2015



- increase above average (singles, alone living older persons)
- main housing demand driver

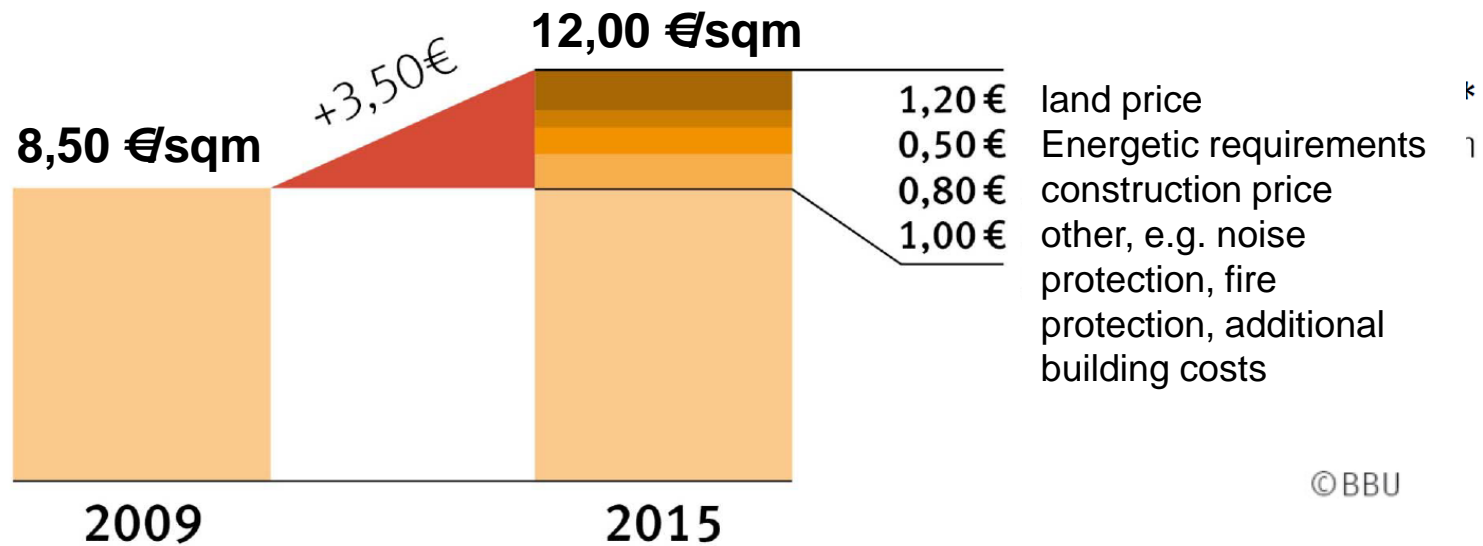
source: Frühjahrsgutachten des Rates der Immobilienweisen 2017, Mikrozensus

Building costs



- total building cost increase 2014-2015: +12%

Refinancing rents



©BBU

- new housing projects minimum refinancing rent has increased from 8,50 to 12,00 €/sqm (exkl. heating and other additional costs)

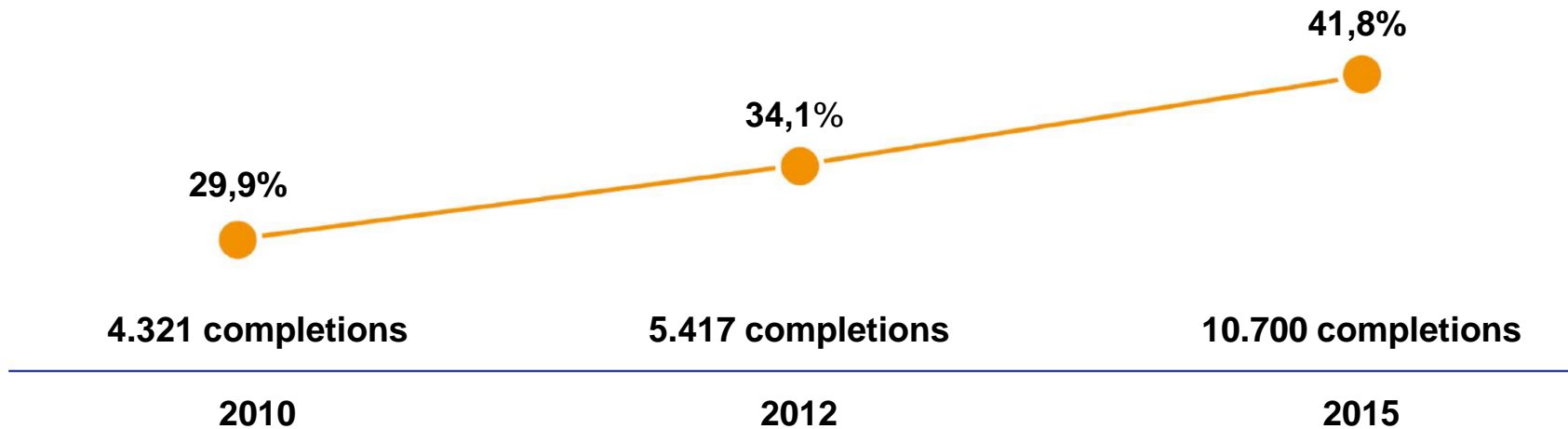
Housing vacancy rates



- housing corporates Berlin/Brandenburg: 1,7% (lowest in 20 years)
- housing market Berlin in total: 1,2%
- very low fluctuation reserve, close to full occupancy

*members of BBU (Berlin/Brandenburg housing corporates association)

Completed housing units and owner-occupation rates



- More completed housing units but...
- ... almost no pressure relief for the rental housing market.

Social housing

in Berlin.

Housing policy in Germany since 1945

Situation after World War II

- 9 million homeless and 12 million displaced people
- short-term demand of 5,5 million units
- 1950s: construction of 3,3 million government-funded and 2,7 million private-funded units ends housing shortage

Housing policy instruments

- reforms of the tenancy law
- government subsidies for property ownership
- housing subsidies for lower-income tenants
- construction of government-funded social housing

Social housing: Ignoring diversity issues results in segregation problems!

Social housing

Access to publicly funded social housing via „Wohnberechtigungsschein“ – income limits

- single-person household: < 16.800 € per year
- two-person household: < 25.200 € per year
- additional person: + 5.740 € per person and year
- additional child: + 700 € per child and year

40% of all Berlin households are said to be entitled to access publicly funded social housing.

Social housing

Size limits for publicly funded social housing

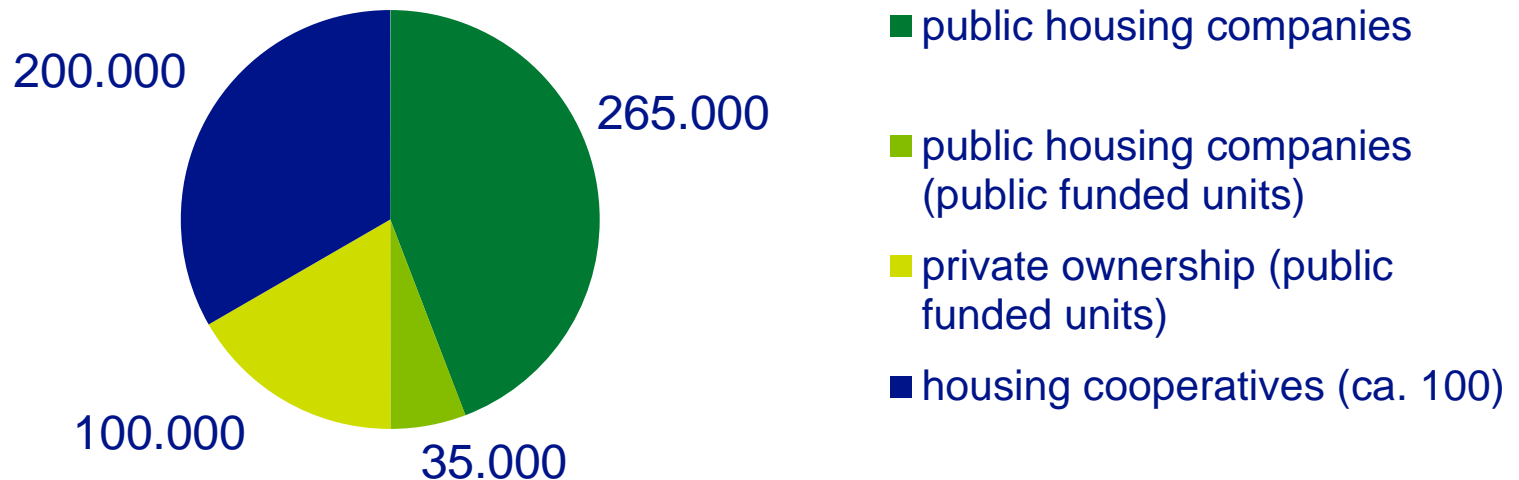
- 1 or 1,5-room apartment: 40 sqm
- 2-room apartment: 54 sqm
- 3-room apartment: 70 sqm
- 4-room apartment: 82 sqm
- +1 room: +11 sqm

Accessibility only for

- low-income/no-income households
- sick/handicapped people
- refugees

These restrictions must be considered in social housing projects.

Social housing in Berlin



- 600.000 (40%) of 1.600.000 rental housing units belong to social housing
- housing cooperatives units can be considered part of social housing (affordable rents)
- private owners: individuals and private corporations (partly listed at the stock exchange)

Damping effects on rents

stock rental contracts

public housing
companies

5,65 €/sqm

Berlin average

5,84 €/sqm

new rental contracts

public housing
companies

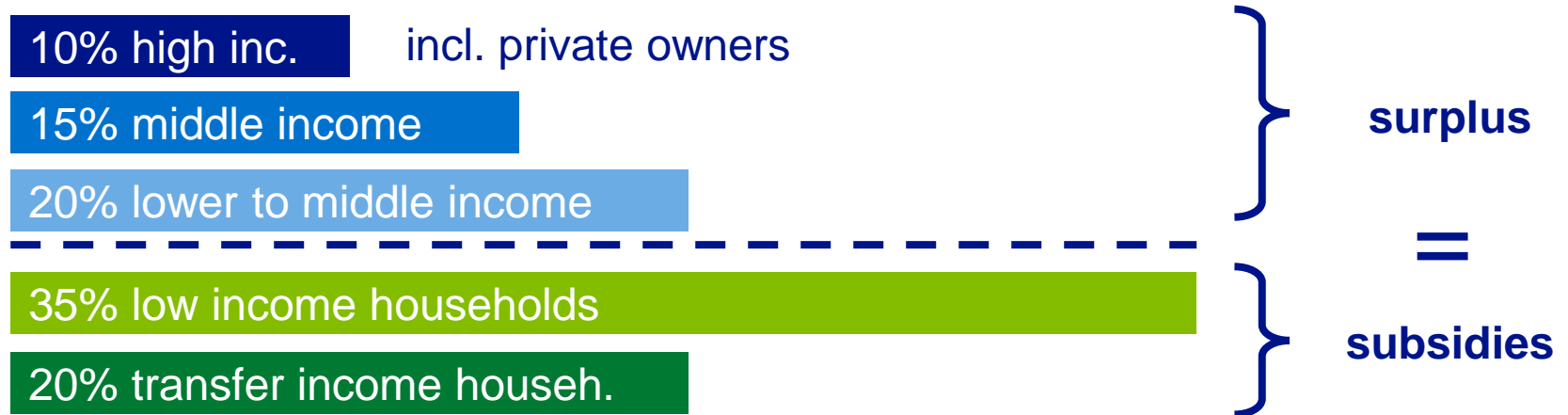
6,27 €/sqm

Berlin average

8,99 €/sqm

Public housing companies provide lower-income households with affordable housing.

Tenant structure: diversity matters socially and economically



- diversity enables redistribution from higher income households to lower income households
- ideal tenant structure on the apartment building level and the public housing company level
- allows tax neutral funding of housing for lower income households

**Perspectives and discussion points
of social housing
in Berlin.**

Social housing perspectives

Bundestag elections September 24th

- short term effects on the voter's decision vs. long term effects on the housing industry
- players and experts from the housing industry should be involved in the further development of housing policies
- silent but competent experts should be listened to rather than to loud activists

Restrictions on tenant structures

- may support low-income households in the short term but...
- ... they put at stake sound tenant structures, social and economic sustainability and tax neutrality of social housing projects
- bad segregation experiences from the past should not be made again

Social housing discussion points

Housing policy

- Berlin public housing companies run only 15-20% of the social housing stock
- Private sector should also be committed to take responsibility

Subsidy policy

- individual housing subsidies for tenants with frequent revisions of their incomes are more efficient than publicly funded housing objects and projects

Over-regulation and bureaucracy

- administrative procedures should be simplified and accelerated using digitalization and automation

What can we learn from other cities and countries?

Thank you

for your

attention.
