Technische Universität Darmstadt Institut für Politikwissenschaft apl. Prof. Dr. Björn Egner & Max Kayser MA begner@pg.tu-darmstadt.de, kayser@pg.tu-darmstadt.de

## Local strategies to counter the rise of housing rents – Munich and Dresden in comparison

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## 1. Introduction

Compared to other European and OECD countries, the share of tenants among Germany's households is very high (McLeavy 1984: 90, 104; European Mortgage Federation 2010: 73, 2016: 107). Especially in urban areas, most Germans rent their homes, even if they plan to stay for decades. Low levels of real estate ownership among German citizens are driven by a debtaverse society as well as quite tough regulations and obligations for owning and renting out property. This can be seen as a benefit when it comes to reducing real estate prices because very few households are fiscally exposed to the value of their own property. On the other hand, those circumstances make the German population highly sensitive to changes in rents. Due to lifestyle changes, urbanization and further financialisation of the real estate market, rents are on the rise in most major cities all over Germany. Rising rents are having a significant impact on the country's resident population, affecting economically weak groups like students, single parents, people with below-average incomes, but also increasingly the middle class and residents in attractive cities in general (Lebuhn et al. 2017). The rent burden of low-income households in particular has increased dramatically. More and more households cannot afford the prices in the cities and need to move to cheaper, smaller apartments or get a second job on the side to pay for the rent.

Although the problem is again attracting much attention in the political sphere these days, there was little political action related to housing policy until the year 2015. In former times, housing policy was a textbook example of cooperation between the federal and the state level. Within the last two decades, it has lost two of its central policy instruments and has also been scaled down to the *Länder* level. Currently, housing policy is decided on the local level and thus, the face of the policy field has changed dramatically. Despite recent changes in housing policy (e.g. the rent price brake and the partial re-scaling of responsibilities back to the federal level), municipalities are facing huge challenges when it comes to housing provision and rents. The

most recent example is the debate about a complete rent cap in Berlin for half a decade and about the expropriation of large private housing companies in the city. Independent from the direction housing policy it taking, it seems evident that the local level will have a huge impact in implementing whichever policies will be adopted.

On the local level actors are dealing with the problem of rising rents in very different ways. Some German cities have a long history of high rents and implemented different policies to address the problem. Others never had high rents or a lack of apartments and now need to refocus their strategies in urban development. This article aims at analyzing those different discourses and historically grown practices and strategies on the local level. The research questions are twofold: How do cities cope with the problem of rising housing rents? How is the problem perceived in the cities, and what do cities actually do?

In order to answer those questions, the article will first give a brief overview over developments in housing policy for the last two decades, especially focusing on reforms concerning the policy instruments and general reforms affecting the field of housing policy (section 2). We will then switch to the local level and examine existing tools, strategies and develop a framework for analysing local discourses about housing policy (section 3). In the empirical part, we will focus on two cities as case studies (section 4), reconstructing their specific local discourses about housing policy, the instruments they are using and the experiences they have made (section 5). In the conclusion, we will sum up the comparative findings and give an outlook for further research.

# 2. Housing market or Housing markets? Developments on the federal and local level

For decades, the German housing policy rested on a stable system of well-established policy instruments, targeting different groups in the housing market. While federal and state

governments changed over time due to election turnover, the policy instruments connected to housing policy were mostly slightly modified, principally due to changes in the demographic composition of the society (e.g. as a reaction to increasing birth rates) or to cultural changes within the society (e.g. migration from rural areas to the cities). The German system long rested on four main pillars (cf. Egner 2014), aimed at different addresses for different purposes:

- Social housing programs (*Sozialer Wohnungsbau*), paid by the federal and state governments, directed at public or private housing companies, in order to build affordable housing for target audiences (people on social benefits or with a low income), for which the government provided public loans with low-interest rates and/or the possibility of tax deduction;
- housing benefits (*Wohngeld*), paid by the federal and state government, directed at lowincome households, taking into account the number of household members, the size of the apartment, household income and the rental price, but also the typical local rent level in order to enable underprivileged households to contribute to the demand side of the market;
- homeownership subsidy (*Eigenheimförderung*), paid from the combined VAT revenue, directed at households which were 'at the brink' of owning an own house or apartment in order to push them over the threshold to spread self-occupied housing;
- tenancy law (*Mietrecht*), decided upon by the federal parliament, which regulates the relationship between tenant and landlord including arrangements concerning increasing rents, additional charges, cost of repairs, etc.

Although some of the incremental changes were a mixture of externally driven pragmatic reforms and parties following electoral strategies (see Egner 2012), the policy field remained stable for a long time. Mayer (1998) distinguishes eight phases of German housing policy since World War II:

Figure 1: Phases of German Housing Policy

1945-49: securing minimal supply by coercive public management
1950-59: increase of housing supply by massive public investment
1960-70: turn to 'social market economy' regarding housing supply
1971-75: strengthening the protection of tenants
1976-79: focus on home ownership and modernization
1980-89: turn to 'market economy'
1990-97: housing policy 'in the shadow of the German reunification'

When the red-green coalition took over the federal government in 1998, it introduced significant reforms not only in labour market policy, where the 'Hartz' laws are still hotly debated but also in the field of housing policy. Basically, the government aimed for a realignment of housing policy as a whole, transforming housing policy into housing *market* policy (Heinelt/Egner 2006).

- Tenancy law was reformed in favour of tenants, e.g. it introduced asymmetrical cancellation periods (shorter for tenants than for landlords regarding longer contracts) and the *qualifizierte Mietspiegel* (official local rent index).
- Housing benefits were raised the first time since 1990 in order to enable low-income households to contribute to the demand side of the housing market (e.g. to access the supply for decent housing).
- Subsidies for social housing programs continued to shrink; the institutional frame of the programs was renamed from *Wohnungsbaugesetz* (housing building law) to *Wohnraumförderungsgesetz* (housing space promotion law). The focus of the new programs within that frame was not building new housing as in the past, but to preserve and modernize existing housing units.

• The coalition tried to abolish the homeownership subsidy. Although it failed to repeal the law due to the resistance of the conservative-liberal majority in the *Bundesrat*, the grand coalition finally terminated the subsidy, with effect from January 1<sup>st</sup>, 2006.

The result of these changes can be described as a fundamental shift in German housing policy. Additionally, between 1995 and 2005, investment in new housing units had been reduced sharply, and beginning in the 2000s, existing instruments were designed for fostering modernization and towards the process of marketisation (Kofner 1997; Kofner 1999). Additionally, the intensity of rent regulation was reduced in the early 2000ies but has slightly intensified since the introduction of new regulations in 2013 (see Kholodilin 2016).

In 2006, housing policy was affected by a macro-level decision in German politics: The reform of the federal system (*Föderalismusreform*). Since 2007, social housing is not a joint task of the federal government and the *Länder* anymore but is completely devolved to the *Länder* level (with subsidies due to be phased out by 2019). This constitutional reform is in line with the main common argument of the reforms described before: Concerning Germany as a whole, there is no shortage of housing; existing capacity should meet demand if numbers are aggregated for the national level. Therefore, the housing construction need not be addressed by national policies. In order to amend Mayer's table of phases, one could coin the phase since 1998 as 'marketization and regionalisation' against the background of the developments described.

Together with the reform of the federal system, restrictions on debt that could be held by the Länder (the so-called 'debt brake') were enshrined in both the *Grundgesetz* and the states' constitutions. The combination of those two changes results in Länder governments which are reluctant to invest more public money in housing. In fact, publicly funded new housing has even further decreased (see BT-Drs. 18/11403). Since the issue of housing has become more important over the last years, there may be a kind of roll-back in housing policies. One indicator

is the introduction of the basic law article 104d, which enables the federal government to spend money for social housing again. But is remains to be seen if housing is experiencing a recentralization of the policy field within the next years or if decentralization may continue.

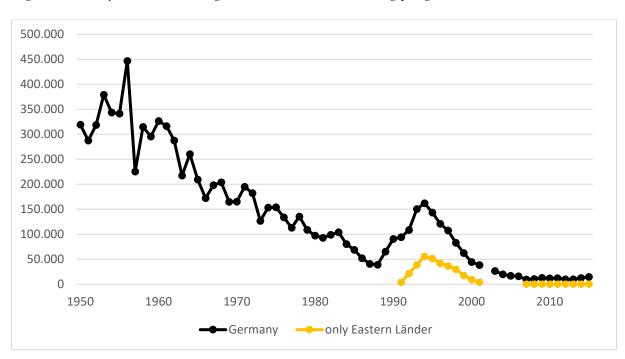


Figure 2: Newly erected housing units within social housing programs

While the federal government is not responsible for social housing any more and the *Länder* governments' fiscal discretion is narrowing, housing markets in the cities show different developments. While there are some cities where the rents actually became slightly cheaper over the last ten years, the vast majority of cities have become increasingly expensive to live in (Egner/Grabietz 2018). As Germany is a 'renters' nation' and as rents represent a reasonable part of private household spending, rental prices play an important role in local society.

Interestingly, social science research on housing is strongly focused on the effects of rising rents. The consequences of high prices on the inner dynamics of a city are mainly discussed in connection with the phenomenon of 'gentrification' (Atkinson 2000; Holm 2006). While most

Source: Federal Office of Statistics.

literature deals with the real estate market (e.g. Butler and Lees 2006), only a few scholars empirically research determinants of rental prices across cities, thus the literature on the determinants is rather speculative in nature (for an overview see Egner/Grabietz 2018: 462). However, since the federal level will be largely absent from housing policy in the near future and the Länder level is responsible, but most of the Länder seem to be unwilling or unable to mobilize significant financial support for new housing, the focus is now firmly on the cities. Therefore, we have to examine which tools cities have to exert influence on the local housing market and if housing policy is an important topic in local politics.

# 3. Local tools, strategies and discourses: A framework for analysis

Cities hold a variety of tools to exert influence on 'their' housing market. As Egner et al. (2018) point out, cities may use their core responsibilities such as urban planning and development, but also financial and information instruments to influence their housing market. In terms of their planning competencies, they may impose obligations to newly built housing projects (e.g. a certain share of low-rent housing), restrict the conversion of rented housing to self-occupied housing or restrict the use of housing units for other purposes (e.g. for holiday accommodation). Cities may also invest their own money, either by owning and/or subsidizing a local housing or by subsidizing investors. The cities may also exert influence on the market by information instruments like a local rent index and by creating and publishing local housing concepts (e.g. a 'masterplan'). Additionally, cities may also cooperate with neighboring cities in order to balance migration to the city and its surroundings.

Independent from the theoretical possibilities on housing governance, for our research, it is not so much of interest what cities could do, but what the actually do and why they are doing it. We are not interested so much in 'good practice', but how the local society is perceiving the housing problem, how the local discourse is shaped, what is identified as 'the problem' in the respective cities and which conclusions are drawn in local politics.

For that purpose, we will examine local discourses about housing policy in two cities. We refer to an existing framework for analysis, relying on communicative mechanisms for coordination between local actors which are representing notions about generalized causal relations (cf. Mayntz 2002: 25). The theoretical background of this framework is based on a post-positivist perspective on policy analysis, which main argument in this regard is '[...] that different local policy choices are a result of place-related meaning-generating processes which lead to a specific context- and actor-related combination and ordering of different knowledge forms [...]' (Heinelt/Lamping 2015: 283). Those processes are observable through communicative mechanisms, which enable actors to unlock choices, but also to develop a normative perspective for given problems which may be guidelines for future behaviour. It is crucial to understand that the mechanisms are not the same as actual behaviour, but generally, abstract notions about causal relationships in the real world, based on communication between actors. They may materialize as policies (or measures) later, but do not always show up in the real world. We have derived some prototypical mechanisms from the research of Heinelt and Lamping (2014: 34ff) which are depicted in the following table. Although the framework was originally developed for analyzing local climate politics, it is useful for other policies as well.

Mechanism	General causal relationship (within communication)	Practices and strategies in the real world
observing others and realign accordingly	justification of own behaviour by referencing bebaviour of others	<ul> <li>comparing with other cities, imitating other cities' activities</li> <li>comparison and competition with other cities</li> </ul>
discursive development of triadic communication	enabling of communication based on (good) reason	<ul> <li>enabling points of reference by referring to</li> <li>other cities' activities</li> <li>something which is well established ('known facts')</li> <li>tradition ('we always did it like this')</li> <li>acknowledged experts ('external authorities')</li> <li>research institutions and their study results</li> <li>outcome of debates with societal actors (participation)</li> <li>experts within the city administration</li> </ul>
'framing'	perception and assessment of 'reality' according to an ex- ante definition of or agreement about the meaning of a certain issue	<ul> <li>framing of behaviour</li> <li>continuous (self)motivation and solidification of policy activities and decisions about the focus of policies</li> </ul>
immunization	protection of choices made regarding questioning or modification using alternative perspectives	<ul> <li>giving references to</li> <li>existing liabilities (self-induced ties)</li> <li>decisions of upper levels regarding housing</li> <li>being a role model for others</li> </ul>
'issue relabeling'	<ul> <li>presentation of policies with reference to other policy sectors</li> <li>reassessing the policy sector</li> </ul>	<ul> <li>Stressing</li> <li>the contribution of measures within the housing sector for the solution of problems in another sector</li> <li>the contribution of other policy sectors for the solution of problems in housing policy</li> </ul>

Table 1: Mechanisms, interaction and materialization in contexts

Source: Own composition based on Heinelt/Lamping 2014, 2015.

In order to identify different mechanisms and we analyzed the local discourses regarding housing policies of both cities. For that purpose, we have collected and analyzed 550 written documents, covering more than a decade of local politics in two cities –Munich and Dresden. More specifically we will compare not only housing policy in general but how those two cities attempt to reduce the rent burden of their inhabitants. The selection of the cases is inspired by the idea of "crucial cases" baes on Hague et al. (1998: 277). The aim is to pick different cases in terms of context in order to provide insights to the connection between case context and

outcome. Both cities are indeed very different since Munich has had a program to reduce rents daring back to 1989 and is constantly struggling to control the rents by using regulative instruments and public investment extensively. By contrast, Dresden was filled with cheap apartments after German reunification, was expecting a decline in population and thus did not care about housing but now has seen a very sharp rise in rents over the last decade. Thus, both cities are prosperous nowadays, but with different policy backgrounds, as we will show in the analysis.

The article will use qualitative research methods in order to unfold the local discourses concerning the problem of rising rents and compare the political actions taken to support the tenants (especially low and middle income). This should not only give us a better understanding of local policy implementation in the housing sector but also will show what might be useful instruments and best practices for other cities to reduce the rent burden.

The document corpus consists of 408 documents for Munich and 142 documents for Dresden. It mainly relies on official documents of the city such as council proceedings, policy statements of the mayors or other officials of the city, local party manifestos, expert studies etc., all related to housing or to the housing market, respectively. In addition, we used articles from local newspapers if required. We identified the documents by doing online searches for the terms 'housing' and 'housing policy' and additional terms as well as crawling the official web sites of the cities, parties and local associations from civil society.

After setting up the corpus, we conducted a qualitative analysis in order to understand the structure, processes, discourses and local practices of local housing policy in the two cities selected. The focus was set on identifying the mentioned communicative mechanisms as well as more extensive narratives or 'storylines' (cf. Hajer 1993) in order to shed light to the construction of problems regarding housing in the respective cities (cf. Blatter et al. 2007: 95-101; Barbehön et al. 2015: 13). In this regard we not only tried to grasp which mechanisms

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occurred in the corpora, but looked at each discourse in order to find dominant local narratives structuring housing policies in Munich and Dresden.

We did so by choosing a three-step approach analyzing the documents with the MAXQDA software. For a first analysis we used an explorative method to auto-code keywords of different categories like 'Wohnungsnot' (German for housing shortage) or 'Mietpreise' (German for rent prices) with different quasi-synonyms resulting in a dictionary with 65 words. In the next step we used the identified passages to weed out useless or misleading documents, which did not cover housing policies of the municipality. After that we proceeded by analyzing and coding the documents according to the communicative mechanisms or different storylines relating to the local housing discourse.

To ensure comparability, the structure of both case studies in this article is as follows: For each of the two cities, we will first describe the local context regarding the local economy and population. After that, we will turn to the housing policy of the respective city and describe basic facts about the local housing market. Subsequently, we will dive into the material to identify local discourses about housing policy and central arguments, actors and perspectives on the matter. We will also try to relate the perspectives to measures the city has taken regarding housing and the mechanisms the perspectives and measures can be related to.

We are aware that two cities do not tell the whole story about local housing policy in Germany. By assessing local discourses, the way they differ, and their impact on local politics, we would like to stress the importance of analysis of local discourses rather than building large comparative statistical models for market behaviour. In our view, politics is a product of communicative validation of facts of the real world (and subsequent action) which is deeply rooted in the common understanding of the participating actors regarding causal effects and the expectation of future developments. It has also to be noted, though, that local discourses are working as filters themselves since solutions which seem non-comprehensible for a city are not

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discussed, but neglected in the discourses. The consequence for our research is that we are able to show how local discourses indeed shape the strategies of a city regarding a certain policy by producing 'feasible' solutions which fit to the general self-perception of the city and its conditions. What we cannot explicitly show is why a city does *not* chose a certain strategy, if the option is neglected in the discourse. In this cases, we rather have to speculate about the exclusion of the topic from the local debates.

# 4. Case Studies: Munich and Dresden

## Munich

#### Context

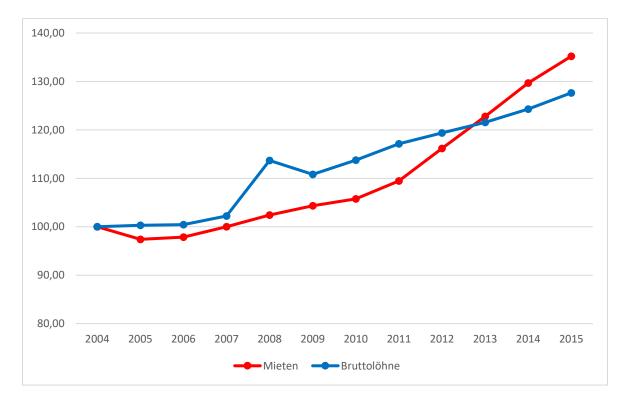
Munich is one of the largest cities in Germany with approximately 1.5 million inhabitants. Compared to other major German cities like Cologne or Berlin, Munich has seen a sharp growth in population after the Second World War. The capital city of Bavaria is relatively small in terms of area size (310 km<sup>2</sup>), which limits the available space for development and construction (Egner et al. 2018: 56). The city is perceived as an economic powerhouse and attractive for businesses and inhabitants as well. This on the one hand explains the steady migration to the city and on the other hand accounts for the strong economic profile including very highly-paid jobs, which push the average household income far above the German average (cf. AVGL 2016).

## Current developments in the housing market

Due to the small size of the city in terms of territory, constant growth in population and rising investments in the housing market, the average rent burden for inhabitants is constantly on the rise since the 1980s. Over the past decades, the gross wages were rising relatively stable along with the rents. But more recent developments show that the rents are now rising much faster

than the average salaries (see Fig. 3). Low-income households in particular are struggling with rising rent burdens despite the better wages in Munich even for low-skilled jobs. On average the salaries in Munich for low-skilled workers are about 17 per cent higher compared to the rest of Germany. But this doesn't come close to compensating for the rents, which are about 95 per cent higher than the federal average. (BBSR 2012: 52)

Figure 3: Indexes of rental prices and gross wages in Munich



Source: BBSR and AVGL.

#### Local discourses

In respect to the ongoing rise of the local rent burden, the question on how to create and maintain affordable housing for the citizens of Munich is ever-present within the field of local housing policy. Although the comprehensive policy programs of the city tackle different aspects of the policy field (e. g. suitable housing for elderly, homelessness, overall satisfaction) the issue of affordable housing dominates not only the set of policy instruments the city uses (see p. 14f.) but also the discourse of local actors. Since the former Mayor of Munich, Christian Ude, prominently addressed the issue of affordable housing, there is little doubt about the significance of the issue within the political sphere.<sup>1</sup> While looking into the set of documents used for the qualitative analysis, it becomes clear that the majority of political actors agree that the city needs to act in order to address the issue of affordable housing and cannot rely upon the problem-solving capacity of the market on its own. Apart from that divisive actor positions are stronger in the area of non-government actors such as tenant or real estate associations. Both sides fulfill an antagonistic role between interest groups with directly opposed policy goals. For instance the local branch of the German real estate associations (Immobilienverband Deutschland Süd e. V.) argues that the shortages in housing in Munich are due to a hostile climate for investments, tough building regulations and a slow municipal administration (c .f. Egner et al 2018:60). Whereas the local tenant associations (Mieterverein München e. V.) or grassroots initiatives like the initiative for a fair land law (Münchner Aufruf für eine andere Bodenpolitik) claim that investors are part of the problem and not the solution (ibid.). Therefore the investments need to be regulated even more in order to cap the price inflation spiral on the housing market in Munich. Although some arguments of those actors are picked up occasionally, neither of the groups positions are dominating the local discourse and the perception of the problem of affordable housing by local authorities. Still the question remains how the local administration is trying to reduce the rent burden for its citizens. As we will see, those problem-solving strategies are strongly linked to different mechanisms of communication.

First of all Munich's long term work on the issue of affordable housing and housing policies, in general, materializes in the **discursive development of triadic communication**. This can be

<sup>&</sup>lt;sup>1</sup> Christain Ude even published a book in 1997 called: 'Wege aus der Wohnungsnot' (Ways to deal with the housing crisis).

observed within the local housing programs 'Wohnen in München' (Living in Munich), which serve as a reference point for expertise, monitoring and evaluation (Egner et al 2018: 60,113). Neither the periodic publication of the program nor its policy proposals are the subject of contestation. The consensus on this issue largely refers to the program as an established fact and as an example of best practice, as well as the expertise within the administration itself.

Nonetheless, the program and other documents shed light on the mechanism of **immunization** within the local discourse in Munich. Throughout the programs a both slightly positive yet fatalistic narration of the problem itself becomes visible. The reasons for the rising rents, in this narration, are rooted in the overall attractiveness of Munich as a city and the economic strength of the region, which attracts more and more citizens and ultimately causes the high demand for apartments and houses (Egner et al 2018: 59). In a way, this more market-driven narration of supply and demand is contradictory to the overall consensus in political intervention as seen before.

An even clearer divide can be observed by looking at the **frames** local actors use by addressing the problem of affordable housing. Some of the non-governmental actors, such as the local tenants association, propose a more rigid intervention on the housing market in order to prohibit more price driving investments into the local market which might cause costly modernization of houses or only apartments in the higher price range. The underlying cause of the high rent burden in Munich is therefore the profits of investors. By contrast, a more market-liberal position argues that even more investments are necessary to supply the growing demand in Munich. Therefore regulation and restrictions in the building sector need to be eased. This way construction and house prices become cheaper and ultimately reduce the tension on the housing market due to the greater supply of space (Egner et al 2018: 60f.). Those different frames on how to tackle the problem are only reflected on the political level to a minor degree. The main difference in the party position and narration of the problem of rising rents lies in the attempts by the CSU to deregulate certain parts of the building law and the proposal of the SPD to enhance tenant rights (see. CSU Munich 2014: 5ff. / SPD Munich 2014: 4ff.).

Other mechanisms such as **issue relabeling** or the **observation of others** are not being used in order to actively shape the local discourse. What becomes clear that three main mechanisms are observable in the housing discourse in Munich: the discursive development of triadic communication, immunization and framing. The next steps show how those mechanisms are linked to concrete policy instruments.

#### Main local instruments

To reduce the rent burden for the citizens of Munich, the municipality relies upon main of four pillars, which are all bundled in the program 'Living in Munich'. The instruments address different target groups and part of the field housing policy, which results in a broad range of single actions which try to influence the housing market. The instruments are separated in: 'Funding of Housing', 'Munich Housing Program', 'Social Land Use' (short: SoBoN)<sup>2</sup> and the 'Munich Rent Model'. The instruments differ between economic stimuli, such as cheap loans for municipal real estate firms (Funding of Housing), direct provision of housing (Munich Housing Program), restrictions in the building law (Social Land Use) and support for tenants through subsidized housing (Munich Rent Model) (BBSR 2012 and WiM VI 2017). In addition to those programs, the department for social policy in Munich developed own concepts like 'Housing for All' and 'Comprehensive Plan Munich III', which tries to reduce the social problems triggered by the current market situation in Munich. (WiM VI: 10f.)

The proposed target groups in the programs differ in terms of social, demographic, employment and economic status. Therefore some parts of the programs are more likely to fit specific socio-

<sup>&</sup>lt;sup>2</sup> The Social Land Use Act (Literally: ,Soziale Bodennutzung<sup>4</sup>) is referring to a mandatory quota for social housing, other low income households and social infrastructure, which investors and real estate developers need to fulfill. (see Munich 2019: SoBoN)

demographic groups, like young employees in training, elderly or families, and other parts a mainly addressed by household income. For instance is the current Munich Rent Model designed to support families with a gross household income up to 94.300 EUR per year (WiM VI 2017: 29). As a result, more than half of Munich's households are entitled to some sort of subsidy (WiM 2017: 7). This raises questions regarding the funding of the comprehensive program. During the early years of the program, the funding was mostly split into equal terms between the city and federal/state government. Whereas the financial burden of the municipality now exceeds government spending in the most recent programs. As depicted in table 2, the overall budget of the program grew constantly over the past decades, which might indicate an increasing demand and/or higher cost for providing cheap government subsidized or social housing.

Name	Timeframe	Overall budget*
Wohnen in München I	1989 – 1994	n. a.
Wohnen in München II	1994 - 2001	120 Mio. DM in total
Wohnen in München III	2001 - 2006	315 Mio. Euro (City) and
		310 Mio Euro (Federal / State)
Wohnen in München IV	2006 - 2011	350 Mio. Euro (City) and
		285 Mio. (Federal / State)
Wohnen in München V	2011 - 2016	475 Mio. Euro (City) and
		255 Mio. Euro (Federal / State)
Wohnen in München VI	2016 - 2021	Growing total budget. The city of
		Munich is planning with approximately
		288 Mio. Euro in funds from federal /
		state sources.

Table 2: Policy programs 'Living in Munich'

Source: Own composition following Handlungsprogramm WiM VI: 128f. and Handlungsprogram WiM V Anlage.

Despite the broad range of instruments, the city of Munich has little direct access to apartments and houses, which are actual property of the municipality or bound through a long term agreement for the city to rent out. Those apartments for low-income households (social housing) are constantly declining. In 2015, a total of 22,801 inhabitants requested an apartment under the social housing scheme in Munich, but the city could only provide about 3,000 apartments. (WiM VI 2017: 21) Which is less than half of the apartments provided 30 years ago (WiM I: 16). Between 2000 and 2009 alone, the number of apartments provided for social housing fell by 30 per cent. Compared to other major German cities Munich has the lowest rate of social housing apartments (BBSR 2012: 58). Due to the expiring contracts between the municipality and real estate firms to offer apartments for social housing, the decline will most likely continue (WiM VI 2017: 21 Abb. 7).

This increasingly narrow possibility to act and steer the housing market might explain why the mechanism of immunization is prominently used within the strategic plans of the local administration and other documents within the research corpus. What becomes clear in regard to the instruments used in Munich, is that a growing commitment by the local administration on this issue (by increasing the budget) and the development of very specific instruments for a wide range of target groups within the local society, can lead to a more argumentative mode of communication within the policy discourse. This is also expressed by the relatively minor influence of the identified frames on the policy instruments.

## Dresden

#### Context

The city of Dresden is one of the most important economic centres in East Germany and the capital city of Saxony. With about 548,000 inhabitants and an area size of 328 km<sup>2</sup>, Dresden is one of the largest cities in Germany. The surrounding region of Dresden is very rural, which results in a steady influx to the city over the last years. Despite being one of the thriving cities in East Germany, the household income in Dresden is below the federal average. In addition to that, the percentage of households relying on state aid (SGB II) is relatively high (10 per cent in 2011) but has been declining during the past years (Egner et al 2018: 80).

## Current developments in the housing market

As shown in figure 4, the rents in Dresden are rising at about the same level as the gross wages paid in the city until 2013. In the last couple of years, the average rents disengage from the wages.

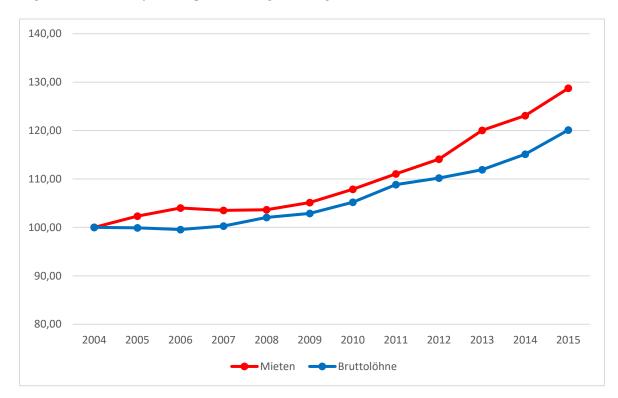


Figure 4: Indexes of rental prices and gross wages in Dresden

Compared to other German cities, the rent burden in Dresden was rather low. Until recently Dresden was in a very comfortable position concerning rents and availability of apartments. The main reason for the very low rent burden was the high amount of unused real estate after the German reunification in 1990. This led to a high availability of housing, which gave tenants a large pool of free apartments to choose from. This had a positive effect on the prices, whereas many landlords had to be supported in order to demolish parts of their property.

Source: BBSR and AVGL.

#### Local discourses

Due to low rents there is little surprise that the main discourses in the field of housing policy were driven by other questions like the quality of life, the image of city itself, the provision of social-infrastructure (e. g. childcare, suitable homes for the elderly etc.) and the removal of empty real estate. Those issues were first presented in an integrated concept for city development, which the administration of Dresden published in 2003 (INSEK 2003). In the following years, the concept was constantly revised and used to assess the current situation on the housing market in Dresden. During the early 2000s, the housing market was perceived as very ease and tenant-friendly, due to the high supply of empty apartment. The absence of the issue of affordable housing and ultimately led to the remarkable disposal of municipal real estate company WOBA Dresden GmbH. The WOBA owned about 45,000 apartments in the city, which is why the disposal not only triggered a heated discussion among citizens but also instantly freed the city from its growing debt. The sell-off marks a significant turning point in the city's local discourse regarding housing issues but also is the beginning of a stark shift in the economic development of the market (see Egner et al. 2018: 84ff.). Due to fact that affordable housing was not an issue in Dresden for a long time, we cannot observe a similar polarization of the topic by actors before the disposal of the WOBA. Unlike in Munich, a more market-liberal position was dominant in Dresden, to the disadvantage of actors in favor of a stricter regulation of the housing market (e. g. local tenant association).

Starting with a broader perspective on the city's housing policy, one can find comparable elements regarding the **discursive development of triadic communication** within the local discourse. Similar to Munich the city has established a periodically published concept note covering local planning and housing issues, mapping out strategies to deal with those issues and evaluate measures from former concepts (cf. INSEK 2003, 2006, 2009). The integrated concept for planning and urban development can still be seen as a reference point for the policy

discourse, for which the concept provides expertise. Nonetheless, the INSEK did not include the issue of affordable housing. Unlike Munich the central issues of the INSEK were the overall image of Dresden and how to increase the appeal of the city towards young families moving in or new businesses. The overall ideas expressed by the INSEK were to make Dresden an attractive connecting city between western and eastern Europe. Therefore housing policy was mainly discussed as a matter of 'quality of life' in the city. In this regard, the city observed others and compared relevant key indicators for the image of the city. The orientation was done mainly towards similar (east-german) cities, which resulted in Dresden positioning itself as a frontrunner compared to other cities like Halle or Frankfurt (Oder) (INSEK 2003: 5). The issue of affordable housing was first framed as a possible problem in 2005 when discussions regarding the upcoming disposal of the city-owned WOBA GmbH took place. From the qualitative analysis of the documents during that time, one can distinguish between two discourse coalitions supporting and opposing the privatization. The opposing actors, mainly represented by the local tenant association, framed municipal-owned property as a public good necessary to provide and argued that the city will lose direct influence on the housing market and that a foreign investor will only maximize profits with no regard to the tenants living in those apartments. In addition to that, they argued that the situation on the housing market might change in the future and in this case the administration might need to buyback costly 'Belegungsrechte' (the right of the municipal administration to choose the occupant for the housing unit) from private companies in order to provide social housing. The actors in support of the privatization, represented by the city administration (represented by the liberal lord mayor Ingolf Roßber), mainly downplayed the concerns expressed by the opposing groups and stated that even if the rents in Dresden would rise in the future, this would only happen due to an increased attractiveness of the city, which would be accompanied by an economic upturn and ultimately led to higher wages as well. In addition to that, the supporting actors tried to present the investing company (Fortress Investment Group) as a friendly actor whose self-interest is to keep a good relationship with the tenants. In another attempt, the administration argued that if the city did not sell its property, there would need to be cutbacks in other areas due to the city's tight budget. Nevertheless, the actors in support of privatization could not fully establish a dominant frame or storyline (Hajer 1993) to counter the concerns raised by the opposing actors. The ratification of the 'Dresdener Sozialcharta' (Charta for a social Dresden) can be seen as a first concession towards the opposing frame that the provision of housing can be seen as a public good, which the city needs to take care of.<sup>3</sup>

After 2009 the issue of affordable housing became a more prominent topic, as prices slowly begin to rise. While the housing report in 2014 (Dresden Housing Report 2014) still argues that the problem of affordable housing can be seen as a distribution problem, whereas economic strong households live in relatively cheap apartments and economically weaker households are struggling to find affordable homes. Overall, the situation is framed as not being very dramatic and it is stated that a relatively low amount of apartments in the social housing program is normal among the East German cities (Dresden Housing Report 2014: 36f.). But the most recent developments on the Dresden housing market tell otherwise and the issue is moving into the centre of the local housing policy discourse. This was expressed on a symposium to develop a new concept for housing in Dresden by the head of the social department, Kristin Kaufmann (The Left), and the head of the building department, Raoul Schmidt-Lamontain (Greens) (see Dresden Syposium 2017). This can be seen as a shift in the overall housing policy in Dresden and not as a simple **relabeling of issues**, which is a mechanism not used in Dresden. The same holds true for an excessive **immunization** in regards to the issue of affordable housing. It

<sup>&</sup>lt;sup>3</sup> For a detailed description of the discourse and the opposing coalition see Egner et al. 2018: 85)

becomes clear that the current tensions on the housing market are not only caused by external factors, nor the city is able to blame upper-level decisions for the recent increase in rents.

#### Main local instruments

The shift in the housing market was followed by a modification of the local instruments in the housing policy field. Until 2009 there was no real need to take action in regards to low-income households or citizens entitled to a social housing program. Therefore the city administration mostly monitored the market situation and participated in certain districts in order to increase the satisfaction of inhabitants. The selling of the WOBA Dresden GmbH to a private investment company clearly marked a turning point in the local discourse regarding affordable housing. With the future development in mind, actors debated about long-term effects on the housing market and the protection of tenants, who lived in property formerly owned by the municipality. This led to the agreement outlined in the Dresden Social Charta, which can be seen as the first local effort to steer the housing market in terms of tenant rights and rents. Unfortunately, the agreement was limited to ten years with the option to buy-in for certain social housing agreements for another ten years. The buy-in option became necessary after it was clear that the supply of empty apartments was shrinking, ruinous or not in the price segment for lowincome households. Later, it turned out that the investment group which had been buying the WOBA was not eager to keep up to the agreed terms in the Dresden Social Charta (Süddeutsche Zeitung 2011).

The lack of affordable homes which could be used for social housing purposes eventually led to the re-establishment of a new municipal housing company 'Wohnen in Dresden GmbH & Co. KG' (WiD) in 2017 (Dresden 2017: V1441/16). The new WiD will build around 2,500 new apartments starting in 2019 and is in part financially supported by a housing program of the state of Saxony (Dresden 2018: V2695/18: 4). The re-establishment is a direct reaction to the emerging challenges regarding affordable housing within the city and can be understood as

an attempt to regain steering capacity on the local market. In a next step, the local administration published a new concept 'Wohnkonzept der Landeshauptstadt Dresden 2025' which solely deals with the issue of housing in Dresden and can be seen as an addition to the integrated planning concepts 'Zukunft Dresden 2025+' (Dresden V2695).<sup>4</sup> The concept proposes multiple measures to implement regarding the issue of affordable housing. Similar to Munich's 'Social Land Use' (SoBon) the city of Dresden is planning to establish a mandatory quota for social housing in every new build real estate project, which needs to be fulfilled by investors (Wohnkonzept der Landeshauptstadt Dresden 2018: 15, 21; Dresden 2017: V1913/17). Furthermore, the city plans to favor the best concepts over the best price when selling municipal properties to investors. This should not only support smaller groups of real estate developers and cooperatives but also maintain local influence on those properties, due to the use of heritable building rights in the awarding of contracts (Wohnkonzept der Landeshauptstadt Dresden 2018: 14f.). Aside from building laws, the concept states that the city will try to lobby on the state-level for more regulation to restrict rents (Wohnkonzept der Landeshauptstadt Dresden 2018: 22, 28) and to develop an additional concept only dealing with the issue of social housing (Wohnkonzept der Landeshauptstadt Dresden 2018: 19).

The reestablishment of the municipal housing company and the shift in the instruments used in the field of housing policy mark a clear turning point for the city of Dresden. Not only could the city successfully implement new concepts in its existing framework, but it is also extensively trying to use expertise and best practice from other cities as well as from academic sources (Wohnkonzept der Landeshauptstadt Dresden 2018: 33).

<sup>&</sup>lt;sup>4</sup> The former integrated concept (INSEK) was renamed in Dresden 2025 in 2016.

## 5. Comparative Conclusion

The case studies show that both cities continuingly use expertise in the form of policy concepts, monitoring and evaluation to influence the housing market as well as the overall development of the city itself. Although the two cases differ in terms of their rent price development and perception of the problem, similarities in the mechanisms structuring the discourse became very clear. Munich is an example of longstanding experience regarding the issue of affordable housing, and shows that comprehensive strategies can serve a reference point, which enable communication based on reasoning (triadic communication) rather than a highly polarized discourse. Nevertheless, the high level of professionalization in Munich on those issues might prohibit the expression of new or different ideas due to the very consistent framework in which the administration operates. What comes as a surprise is that Dresden, despite the very different situation and little experience with the issue of affordable housing, likewise managed to develop an extensive program to regain lost steering capacity and quickly introduce different kinds of instruments concerning affordable housing. The continuity of the former urban planning concepts might serve as a foundation from which an adaptation to the new challenge of rising rents was possible.

This can be a useful starting point for further research, which might compare the problemsolving capacity of city administrations who were able to establish a form of triadic communication with cities who lack such a mechanism. In addition to that, the question remains what the favorable conditions for triadic communication are? Continuity can hardly be the only defining factor for a more reasoned discourse about housing policies, nor is it sufficient.

Another insight drawn from the research is that possible measures on the local level are still very limited due to the regulation of upper-level bodies. This becomes very clear in regard to possible limitations on rents but also through funding for housing development or the access to state-owned property within the cites. In both cases, the coordination between the local, state and federal level worked well in some areas (e. g. funding) and poorly in others (e. g. regulation or state-owned property). The shift of in the policy fields towards more responsibilities for the municipalities concerning housing issues, as outlined in the first chapters, need to be accompanied with more capacity given to the local level. Without more financial leverage, ways to regulate the market and expertise within the administrations, German cities are left with few tools to deal with the challenge of fast-rising rents.

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