How to Create Affordable Housing? New Directions for Land Regulations and Housing Policy in Germany

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SUMMARY

This article focuses on German cities with high population growth and a seemingly new crisis of affordable housing. In these growing cities, for example in Berlin, Hamburg or Munich, policymakers make considerable efforts to develop socially equitable land use concepts, to bring down housing costs with subsidies for affordable housing and sometimes with rent control.

The first part of the article describes the current situation on the German housing market. Demographic change and employment growth has led to significant price increases for residential property especially in the metropolitan areas. Also rent growth is accelerating because of an insufficient rate of building completion. As a result, for the first time in years people demonstrated in many cities against rising rent prices and the lack of housing.

The second part of the article explores new legal land and housing policies at national, regional and local level to manage the detected challenges. In 2019 the German construction ministry presented the results of the so-called Building Land Commission (Baulandkommission), a comprehensive package of measures aimed at tackling housing shortages and rising house prices. Apart from this, the federal states implement social housing programs and introduce capping limits for existing rental contracts as well as a price ceiling for new contracts for cities with tight housing markets. In addition, different policy activities exist at municipal level, like socially equitable land use concepts which provide that for example 30 % of the approved residential construction permits are allocated to subsidized housing construction.

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