



Changing policy responses to shrinkage: The case of dealing with housing vacancies in Eastern Germany



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ABSTRACT

This paper takes a look at the implementation of policies under shrinkage conditions using the example of one of the largest federally supported urban policies in Germany. The Urban Restructuring Programme was initiated in the year 2001 as a response to the problem of extraordinarily high vacancies in the eastern part of the country. While earlier publications on the subject suggested that this policy was predominantly oriented towards demolition of vacant units, in this paper it is argued that this view should be revised. It is demonstrated that both the problem of housing vacancies and policy responses were substantially differentiated regionally. Further, it is highlighted how the policy has gradually changed over time, as its focus shifted from demolitions towards a new approach which seeks to adapt the mechanisms of urban regeneration to the conditions of shrinkage. Finally, the question is asked to what extent the new approach will turn out to be successful in the light of current demographic trends in Eastern Germany.

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1. Introduction

The processes of urban shrinkage have been among the most widely addressed topics in the literature of urban studies over the last several years (see for example [Beauregard, 2009](#); [Haase, Bernt, Großmann, Mykhnenko, & Rink, 2013](#); [Oswalt, 2006](#); [Turok & Mykhnenko, 2007](#)). These processes, posing an extraordinary challenge, have brought into question the traditional repertoire of urban policymaking, which was developed under the conditions of urban growth. Therefore, there is a need for evidence related to new approaches that seek to address the issue of shrinkage ([Bernt et al., 2014](#); [Großmann, Bontje, Haase, & Mykhnenko, 2013](#); [Hollander, Pallagst, Schwarz, & Popper, 2009](#)). Within this context, this paper aims to provide a better understanding of the ways in which policy responses to shrinkage emerge, evolve and adapt to changing conditions. The Urban Restructuring Programme (Stadtumbau Ost), which is one of the main policy responses to shrinkage in Eastern Germany, is used as an example.

One of the manifestations of shrinkage processes in Eastern Germany was a rapid and unexpected rise of housing vacancies. Contrary to the original prognoses, which predicted a rather slow increase of housing supply, Eastern Germany was characterised by a vacancy rate of about 14% of the total housing stock just one decade after reunification. This became a subject of major public concern ([Glock & Häußermann, 2004](#)). Housing vacancies in Eastern Germany are typically an urban problem, as they tend to be

concentrated in cities ([Banse & Effenberger, 2002](#); [Deilmann, Effenberger, & Banse, 2009](#)), and particularly in two types of city districts: pre-war inner city districts, and prefabricated housing estates from the post-socialist period ([Fig. 1](#)).

In 2001, the federal government reacted to the problem with the introduction of a new policy called the Urban Restructuring Programme for Eastern Germany. While Germany is characterized by a quite extensive system of federally supported urban policies, within this framework the Urban Restructuring Programme was the first policy to explicitly address the issue of shrinkage.¹ As a general rule, federal urban policies involve three levels of government: the federation (*Bund*), the federal states (*Bundesländer*), and the municipalities. The Urban Restructuring Programme had a financial framework of €2.5 billion in public subsidies during the period of 2002–2009, of which about €1 billion were federal government funds, and it received additional funds in the extended period from 2010 to 2016.

The methodological approach employed in this paper is based on a critical review of several qualitative and quantitative data sources.

¹ Since the first area-based urban policy was initiated by the government of the Federal Republic of Germany in 1970, both the number of policies and the amount of subsidies have continuously increased. As of 2014, seven policies have been implemented at the federal level, including (apart from the Urban Restructuring Programme) policies like the 'Social City' (*Soziale Stadt*), the 'Preservation of Urban Heritage' (*Städtebaulicher Denkmalschutz*) and other. Federal subsidies of more than €600 million were granted, in addition to shares of the federal states (*Länder*) and municipalities. Several area-based policies have also been implemented at the level of the federal states. Data source: <http://staedtebauforderung.info>.

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Fig. 1. City districts with the highest share of vacancies: inner cities (left) and prefabricated housing estates (right). Photo by the author.

Sources include existing literature on the subject, policy reports, legal acts and financial data published on the official website <http://staedtebauforderung.info>. To clarify, the term 'Eastern Germany' is used in this paper to refer to the five new federal states of Germany plus the eastern part of Berlin, which formed the former German Democratic Republic (GDR) prior to German reunification. The western part of Berlin was not eligible for support under the framework of the Urban Restructuring Programme for Eastern Germany.

Some additional clarifying remarks need to be made with regard to data on housing vacancies. In Germany, there are two categories of vacancy data: one category for institutional landlords, and the other for the total housing stock. Institutional landlords include mainly municipal and privately owned housing companies, as well as housing cooperatives (*Wohnungsgenossenschaften*). Taken together, they own about 5.7 million housing units in Germany.² Most of these institutions are represented in 'The Federal Association of German Housing and Real Estate Enterprise Registered Associations' (*GdW Bundesverband deutscher Wohnungs- und Immobilienunternehmen e. V.*), later abbreviated as 'GdW'. The association has been publishing data on vacancies on a yearly basis since 1994. Statistical information on vacancy rates in the German total housing stock is available from the official website of the Federal Statistical Office (*Statistisches Bundesamt*). It consists of the recent census data from 2011 and of microcensus data (including around 1% of households) from the years 1998, 2002, 2006 and 2010. Vacancy data for the total housing stock were gathered from the website of the Federal Statistical Office.

The paper starts with an overview of the housing vacancy situation in Eastern Germany, and then presents the origins of the Urban Restructuring Programme. Subsequent sections characterise the initial phase of the implementation and explain why in that phase the policy did not lead to the expected results. The final sections present the main features of the new approach to the policy and discuss its future prospects.

2. The origins of housing vacancies

The roots of post-socialist developments in Eastern Germany can be found in the socialist period itself. While the German Democratic Republic (GDR) followed a similar path as the other socialist states in some aspects, it could be distinguished from them by a few peculiarities.

² This number includes: 2.2 million units in housing cooperatives, 2.5 million units in municipal companies and 1 million units in privately owned companies or companies owned by religious organisations. Data source: <http://web.gdw.de/der-gdw/unternehmenssparten> (accessed 21.05.2015)

According to [Wießner \(1999\)](#), the GDR was characterised by a particularly restrictive level of state control that sought to oversee many areas of social and economic activity. Such ideologically (rather than economically) motivated actions strongly affected housing conditions, leading to a situation in which the state strictly regulated the activities of private landlords, but was not able to deal with the housing shortage through public housing ([Marcuse & Schuman, 1992](#)).

As a consequence of insufficient maintenance, between 300,000 and 500,000 dwellings were uninhabitable in the last years of the GDR because of their poor technical conditions (*IRS – Leibnitz-Institut für Regionentwicklung und Strukturplanung, 2004: 6, 22*). The existing housing stock, which consisted of more than 80% pre-war dwellings as of 1970 ([Schultz, 1998: 41](#)), was greatly underinvested in contrast to newer dwellings that were constructed using industrialised (prefabricated) technology. While no reliable data on demolitions from that period exist, it has been pointed out that about 500,000 dwellings 'disappeared' from the statistics between 1970 and 1981; these dwellings were most likely demolished due to dilapidation (*ibid.*). A similar trend also occurred in the 1980s, and shortly before the end of the socialist period it was estimated that about 40% of multi-storey buildings erected prior to 1945 had serious technical deficits, and 11% were uninhabitable ([Wießner, 1999: 44](#)).

While a large share of the old housing stock fell into dilapidation, substantial funds were invested in new construction. In 1973, an enormous programme of prefabricated housing construction was initiated with the purpose of adding 2.8 to 3 million new dwellings to the existing stock of about 6.2 million dwellings by the year 1990 (*ibid.: 40*). Despite the official propaganda which was promising to put an end to the housing shortage in the foreseeable future, this programme did not come anywhere even close to supplying every household with adequate housing. In the city of Leipzig alone, about 48,000 persons (almost 10% of the city's population) were registered as dwelling-seeking at the end of 1980s ([Jürgens, 1996: 40](#)).

In the first few years after reunification, the federal government of Germany initiated pro-growth policies for the new federal states. These policies included tax benefits for the modernisation and construction of new housing ([Lang & Tenz, 2003; Wießner, 1999](#)). Although these policies were intended to support economic recovery, it is generally agreed that they had a side effect of stimulating (excessively) high levels of new residential construction, mostly in suburban areas (*Kommission – Kommission Wohnungswirtschaftlicher Strukturwandel in den neuen Bundesländern, 2000; Nuissl & Rink, 2005; Schmidt, 2011*). As a result, the number of permitted housing units in the new federal states rose from less than 6,000 units in 1991 to more than 180,000 units just seven years later – a spectacular increase which could hardly be compared with any other post-socialist country (source: [Federal Statistical Office, 2013](#), see [Fig. 2](#)). In that year, every third new dwelling in Germany

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