

Is Affordable Housing Still Viable in Metropolitan Urban Development?

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Key words: Affordable housing; Cost management; Implementation of plans; Land readjustment; Valuation;

SUMMARY

Is affordable housing still viable in metropolitan urban development? The housing market in metropolitan regions all over the world is generally characterized by strong demand, insufficient supply and extraordinary price level (in absolute terms as in increase rates). There is a fast increase in the number of households which have to pay more than 50 % of the disposable income for housing. In Germany's main cities the markets (housing prices and rents) are at a hype since 2010, after a long period of very smooth market conditions. Most of the new housing projects of the last decade have been developed in view of the upper market segment. Additionally the number of social housing units with regulated rents gets less and less. The rising rents cause an increase of land prices and the spiral goes on. On the other hand in Germany the Federal Housing Promotion Act commits municipalities to care for sufficient building land and thus support affordable prices or rents of flats. But the municipalities do not have strong legal implementation tools at their disposal to implement housing policies. A typical (former) model consists of the intervention of public housing authorities into the market and subsidizing the difference between affordable and market prices (as tax reduction or direct subsidy). The result is a divided market, with many side effects and an expensive and inefficient solution. The paper deals with a new land and housing policy approach which is implemented now in some main German cities called comprehensive land models (Baulandmodelle). The comprehensive land models support different aims: Supply of affordable housing (e. g. fixed proportion of the total floor space), aims according to the quality of buildings (incl. climate protection requirements) and the covering of infrastructure costs related to the development. The models are based on a strategic municipal land policy approach which provides guidelines. For the implementation in particular urban development contracts are used, but also interim acquisition models and the classical land tenure through land reallocation is used. The models, presented in the paper, are implemented in Munich, the Munich model of socially equitable land use (SoBoN), and the Stuttgart development model (SIM) are presented in detail in its regulations. The existing land models in big cities take the approach of voluntary land tenure models based on urban contractual arrangements that guarantee the owner a minimum participation in the planning - related land value increase.