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Fifty shades of state: Quantifying housing market regulations in Germany

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1530

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Fifty Shades of State: Quantifying Housing Market Regulations in Germany

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Fifty shades of state:
Quantifying housing market regulations in Germany

Konstantin A. Kholodilin*

November 30, 2015

Abstract

The paper aims at measuring the rental housing market regulations in Germany between 1913 and 2015. Four classes of housing policy are considered: Rent controls, tenant protection, rationing of housing, and fostering of social housing. Based on a thorough analysis of federal and regional legislation, for each class, an index is constructed, increasing in degree of regulation. An average of the class-specific indices makes up a composite index. The index reflects dramatic increases in regulations during and immediately after the World Wars. Likewise, the 2010s are characterized by a surge in virtually all classes of regulations in Germany related to the growing housing scarcity in large cities due to intra- and international migration that leads to a geographical mismatch between housing supply and demand.

Keywords: Housing policy; rental housing; Germany; regulation index.

JEL classification: K23; N9; R30.

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La multitude des lois est, dans un état, ce qu'est le grand nombre de médecins, signe de maladie et de faiblesse.

Voltaire

1 Introduction

The economic and social role of the housing market is difficult to overestimate. Housing satisfies one of the basic needs—a need for shelter. It is the most important component of households' consumption expenditure and wealth. For example, in Germany, according to German Federal Statistical Office (Destatis), the housing expenditure—rental payments, housing repair, and heating—make up one-third of the total expenses of private households, whereas the housing wealth (6.3 trillion euros at the end of 2012) accounts for more than a half of wealth of private households (about 12.3 trillion euros), see [SVR \(2013\)](#).

For more than a century the governments have been actively intervening in the functioning of the rental housing market. In many industrialized countries, the state still applies a wide battery of policy tools—including tenant protection, rationing of housing, rent controls, and provision of social housing—in order to manipulate housing markets. The general purpose is to provide affordable rental dwellings to tenants, especially those with low incomes. The regulations affect supply of, demand for, and price for housing. However, often the regulations can have unintended consequences. For example, the objective of rent controls is to keep the existing rental dwellings affordable. At the same time, restricting rents can make rental housing unprofitable and lead investors to concentrate more on the owner dwellings, thus, decreasing supply of rental units. It can also cause a deterioration of the quality of rental dwellings, because landlords may try to raise their profitability by reducing maintenance costs. This would result in a decrease of demand for rental housing, since it would be stigmatized by the society and considered as a housing for poor.

Thus, a change in any of these regulations is a highly political issue that is closely scrutinized by the wide layers of population, especially in countries or municipalities with large share of tenants. Therefore, it would be important to provide an evidence supported answer to the question of whether and to which extent these policies allow attaining desired outcomes and lead to unintended ones.

However, before this can be done, the housing market regulations need to be quantified. Therefore, the aim of this paper is to construct an index measuring the degree of the state intervention in the German rental housing market. This is a paramount task, given an extreme variety and complexity of the legislation. Nevertheless, even a crude measure of regulations can prove useful in the econometric analysis of the housing markets.

The remainder of the paper is structured as follows. Next section overviews the existing literature on regulation indices, with a special focus on policies concerning real estate markets. Section 3 outlines the regulation index methodology used in this study. Section 4 describes in a more detail the construction of the indices for the four regulation classes considered in this study (tenant protection, rationing of housing, rent controls, and social housing) and of a composite index. The evolution of each regulation class between 1913 and 2015 is examined. A special attention is paid to the developments of the last three years, since they point to a tightening of the rental housing market controls in Germany. Finally, section 5 concludes.

2 Literature review

The literature on measuring formal regulations has quite a long history. It uses several approaches.

Survey approach The historically first approach is based on surveys. Already Noam (1983) constructed an index of building codes strictness for more than 1100 American localities, being a sum of the restriction costs of 14 major code provisions for builders. Similar approach is applied by Gyourko et al. (2008) who conducted a nationwide survey of local land use regulations in 2649 US municipalities. Andrews et al. (2011) too constructed a rental market regulations index using survey data. It is comprised of five indicators (control of rent levels, control of rent increases, ease of tenant eviction, tenure security, and deposit requirements) and based on replies to the OECD Housing Questionnaire, which were collected in 2009. The index covers private rental market and social housing in 23 countries. It varies between 0 and 6, increasing in degree of control. It can be used to carry out cross-country comparisons, but has no time dimension. The disadvantage of the survey indices is that they provide just a snapshot, but no time series.

Regulation counting approach Another approach is represented by the counting measures of regulation, as exemplified by Nicoletti et al. (2000) and Alesina et al. (2005). These are weighted sums of binary indicators, taking a value of 1, when corresponding type of regulation exists, and 0, otherwise.

Numeric target approach [El-Shagi et al. \(2014\)](#) suggest an approach to measuring intensity of regulation concerning the energy efficiency of housing. In their case, the regulation is measured by a single numeric variable, namely the upper bound of energy consumption of new housing. This approach has, thus, a very limited application field but can be used as a complement to the regulation computing approach.

Legislative/judicial activity approach [Foster and Summers \(2005\)](#) and [Foster and Summers \(2008\)](#) constructed an index of land use regulations for the 50 US states that is based on of the level of activity over 10 years in legislative and judicial branches.

Mixed approach [Cuerpo et al. \(2014\)](#) develop their rental market regulation index using 7 subindicators: Rental level control; rental increases control; procedural formalism; deposit requirements for tenants; justified reasons for tenant eviction; eviction notification requirements; and average duration of a representative contract. Their analysis covers 27 member states of the European Union and is based on country-specific legal acts and reports of different specialized organizations. The index is computed using principal components analysis. Similarly to the survey approach, it produces a cross-section but not a panel-data indicator.

Page counting approach [Dawson and Seater \(2013\)](#) take a different approach in that they compute their index of the federal regulation in the USA as the number of pages in the Code of Federal Regulations. They hope that their measure at least partially captures the complexity of regulation. [Dawson and Seater \(2013\)](#) claim also that their measure is more precise and covers a much longer period than the alternative measures. However, a more complex regulation does not necessarily mean that it is more stringent or more liberal. A more detailed law can imply more exceptions that reduce its sphere of application and, thus, the state intervention into economy.

3 Methodology

3.1 Policy classes and elementary regulations

Our approach is similar to that of [Nicoletti et al. \(2000\)](#) in that we decompose the regulation body into individual policy classes. The battery of the tools applied within the framework of the housing market policy is very extensive and complex. Here, we concentrate on four major classes of regulations:

1. *Protection of tenants from eviction*: Regulations restricting the possibilities to evict tenants by the landlords.
2. *Rationing of housing*: Regulations aimed at preservation and redistribution of the scarce housing.
3. *Rent controls*: Regulations imposing upper bounds on rents or their growth rates.
4. *Social housing*: Fostering measures and restrictions concerning construction and exploitation social housing.

Due to the limitation of space several other important regulations are not considered here, namely: Tax treatment of the income of landlords/homeowners and residential property; subsidies to homeowners; and transition regulations, whose purpose was to guarantee a smooth transformation of East German housing market in the early 1990s. Their quantification is the topic of a future research.

The idea behind the regulation index is to examine over a long period of time all the federal laws and ordinances related to housing policy and to extract all individual rules belonging to the afore mentioned regulation classes. The composite regulation index is obtained by aggregating the individual, or elementary, rules. This can be done using the following algorithm:

1. For each class of regulation a set of relevant elementary regulations has to be identified. An elementary regulation is such a rule that can take either binary values (1, if it exists, or 0, otherwise) or numeric values (e.g., tax rate or amount of assigned monetary means).
2. For each elementary regulation j of class i an index is created:
 - either a dummy variable:

$$I_{ijt} = \begin{cases} 1 & \text{if regulation } j \text{ is in force in period } t \\ 0 & \text{otherwise} \end{cases} \quad (1)$$

where j is an elementary regulation and t is the time index.

- or a numeric variable: $N_{ijt} \in \mathbb{R}$. Further, the variable is transformed into an index as follows:

$$I_{ijt} = \frac{N_{ijt}}{\max(N_{ijt})} \quad (2)$$

3. The elementary regulation indices are aggregated for each class of regulation i by averaging them:

$$\text{HRI}_{it} = \frac{w_{it}}{J} \sum_{j=1}^J I_{ijt} \quad (3)$$

where w_{it} is an index of application sphere of regulations of class i in period t . It varies between 0 and 1, where 0 corresponds to none dwellings subject to regulations, while 1 means that all dwellings are under regulation. Thus, it goes down when more dwellings are excepted from regulations: E.g., newly built or large ones.

4. Based on individual indices, a composite regulation index can be constructed as a simple average:

$$\text{HRI}_t = \sum_{i=1}^I \text{HRI}_{it} \quad (4)$$

Strictly speaking, the last step is not necessary. In the econometric analysis, both composite and individual regulation indices can be applied.

3.2 Sphere of application of regulations

The sphere of application of housing market regulations has been varying: It was extended when housing market became tight and was gradually relaxed when economic and political situation changed.

First, from the very beginning, the tenant protection and rent controls were limited to the so-called old housing, that is, dwellings built before July 1st, 1918, see Tables 1 through 3. Similarly, since 1950-1951, a process of relaxing housing market regulations was initiated again. In particular, the new dwellings built after 20.06.1948 without state aid were exempted from tenant protection, housing rationing, and rent controls, see Tables 1-3. Therefore, new construction naturally led to a narrowing of the application sphere of these regulations. Thus, the latter can be approximated by the share of the newly built housing. Given that the

data on housing stock are gathered through censuses and microcensuses that take place irregularly, the missing observations are imputed using a linear interpolation.

Therefore, between 1922 and 1937 for tenant protection and between 1922-1936 for rent controls, the sphere of application of can be computed as:

$$w_t = \alpha_{AB}^{1918} \alpha_{\text{other}} \quad (5)$$

where α_{AB}^{1918} is the share of housing built before 01.07.1918; and α_{other} is a share of housing *not freed* from regulations due to other exceptions (e.g., exemptions for large, expensive, or vacant dwellings). The latter are difficult to quantify precisely, for the corresponding statistical data are not available.

Between 1950 and 1960, the sphere of application can be defined as follows:

$$w_t = \alpha_{AB}^{1948} \alpha_{\text{other}} \quad (6)$$

where α_{AB}^{1948} is the share of housing built before June 20th, 1948.

The importance of introducing the old-housing correction can be illustrated by the following figures: In 1936, when the first liberalization wave was over, the share of old housing was below 79%, while in 1965, it was just 56% of the total housing stock. Thus, very quickly the regulated sector shrank simply due to the new construction. Even if further deregulation measures were not taken, the house market restrictions would dwindle.

Second, in 1960, the process continued, see Table 1. Its progress was linked to an indicator of housing market tightness:¹

$$\text{TI}_t = 100 \times \frac{N_t^{HH} - 0.5N_t^{HH_1}}{N_t^{HU}} \quad (7)$$

where N_t^{HH} is the number of households; $N_t^{HH_1}$ is the number of one-person households; and N_t^{HU} is the number of dwellings. The numerator represents the effective number of households (*Wohnparteien*). Only a half of singles is taken into account, because they are supposed to be more likely sharing dwellings with

¹For more details on its computation see [So. \(1959\)](#).

somebody else. If it was less than 3%, the regulations (housing rationing, tenant protection, and rent controls) could be abandoned. It was the government of each federal state of West Germany that based on the indicator selected districts (*Kreise*) to be freed from regulations.

We approximate this process by the corresponding district-specific indicators (*rechnerisches Wohnungsdefizit in den Kreisen*) that were published in the statistical yearbooks between 1961 and 1965. The tightness indicator displayed a very large regional variation. For example, in 1958, it varied between 0% (rural district Pirmasens in Rhineland-Palatinate and 8 rural districts in Baden-Württemberg) and 42.9% (city of Marburg in Hesse). Lower Saxony was the federal states with largest housing shortage, while Baden-Württemberg had the least tight markets.

Thus, the sphere of application of tenant protection from eviction after 1960 can be expressed as:

$$w_t = \alpha_{AB}^{1948} \frac{\sum_{k=1}^K \omega_k \mathbb{I}(\text{TI}_{tk})}{\sum_{k=1}^K \omega_k} \quad (8)$$

where ω_k is the share of district k in the national housing stock, according to the census of buildings conducted in 1961,² and $\mathbb{I}(\text{TI}_{tk})$ is an indicator variable defined as

$$\mathbb{I}(\text{TI}_{tk}) = \begin{cases} 1 & \text{if } \text{TI}_{tk} \geq 3 \\ 0 & \text{otherwise} \end{cases} \quad (9)$$

Thus, w_t represents an approximate share of the part of housing stock, which is still subject to regulations.

4 Housing regulations

A systematic analysis of German housing regulations can be found in [Führer \(1995\)](#), [Kerner \(1996\)](#), [Kofner \(1997\)](#), [Kofner \(1999\)](#), and [Kofner \(2004\)](#). However, none of these authors attempts to quantify the regulations. To fill this gap, in this section, the indices for four regulation classes (tenant protection, rationing of housing, rent controls, and social housing) are developed and combined to a composite market of housing market regulations. In addition, since these studies were done, new important regulations were put in force, which are accounted

²See [Destatis \(1964\)](#), pp. 6-25.

for in this paper.

Below the regulation classes are presented in their historical order.

4.1 Protection from eviction

In Germany, like in many other countries,³ the tenant protection was the very first form of housing market regulations to be introduced, leaving aside the issue of the state control over the quality of housing and construction rules that originated well before World War I. As early as 1914, a few days after the outbreak of war, a moratorium on litigation against war participants was imposed. The German federal regulations concerning the protection of tenants from eviction are presented in Table 1. The three main categories of this policy are:

- *Automatic prolongation of rental contracts* concluded for some definite period after their expiry.
- *Reasons to evict tenants*. Based on international comparisons, the following eviction reasons allowed by law are identified:
 - tenant does not pay rent;
 - tenant is unduly utilizing or misusing his dwelling in such a way as to endanger the dwelling or the whole building;
 - tenant modifies dwelling without landlord’s permission/damages building;
 - tenant sublets his dwelling without landlord’s permission;
 - tenant substantially violated his contractual obligations;
 - tenant uses dwelling differently than agreed in the contract (converts dwelling to business premises);
 - tenant transfers his dwelling to somebody else;
 - tenant’s business carried out in his dwelling is immoral or dangerous for the house;
 - dwelling remains unoccupied more than 6 months during the year;
 - tenant occupies two or more dwellings in the same settlement;
 - tenant has at his disposal a similar dwelling;

³For a detailed and very systematic account on housing market regulations in 1914-1924 in 17 countries see [International Labour Office \(1924\)](#).

- tenant charges excessive rent to subtenant;
 - in case of extinction of usufruct;
 - tenant causes serious problems for either the landlord or other tenants;
 - tenant declines to recognize an officially permitted rent increase;
 - majority of tenants requests that the tenant be expelled from the house;
 - landlord needs the dwelling for himself or his relatives;
 - landlord plans to demolish the house in order to build a new one;
 - landlord of temporary housing decides to rebuild it;
 - landlord decides to build a new house even if the old one is not wreck;
 - renting prevents landlord from justified economic use of the land plot;
 - land plot is expropriated by the state;
 - house is declared wreck;
- *Transfer of rental dwelling to tenant's relatives:*
 - after tenant's death;
 - during the lifetime of the tenant.

The index of the tenant protection policy is displayed in Figure 1. It shows three long waves of protection from eviction: 1) 1914-1933; 2) 1936-1965; 3) 1970 — present. In the first two cases, the increase in the intervention degree was dictated by catastrophic housing conditions caused by world wars. In the early 1970s, it was the coalition of social democrats and liberals that reintroduced regulations concerning the tenant eviction.⁴ Apparently, this re-intensification of regulations made tenant protection an inevitable component of German social market economy.

⁴It was the first post-war coalition government that included social democrats. The coalition remained in power from 1969 through 1983.

4.2 Rationing of housing

The policies of housing rationing played in Germany an important role throughout most of the 20th century. This can be explained by the unprecedented scale of housing stock destructions and refugee inflow that Germany experienced in the course of two World Wars. The policies can be grouped into the following six categories:

- *Registration of housing* implying the obligation of landlords to inform the local authorities about vacant dwellings in their houses.
- *Preservation of housing* meaning the prohibition to demolish housing; convert dwellings to non-housing uses (e.g., as offices or holiday apartments); merge several dwellings into one.
- *Creation of housing* implies, unlike the new housing construction, the expansion of the existing housing through its reconstruction or reconversion from non-housing uses. Paradoxically, it can be fostered by freeing from some of the urbanistic planning and construction prescriptions. It can be carried out relatively quickly and does not require large investments.
- *Redistribution of housing* means a forceful assignment of tenants to the vacant or sometimes even underutilized housing. In the former case, the landlord is forced to accept tenant for vacant dwelling, while in the latter case, it is the principal tenant who must share his dwelling with subtenants assigned by the state to vacant rooms. The assignment of new tenants is often subject to certain ranking as a function of their needs (disabled, families with many children, refugees) or merits (military order bearers or participants of resistance to the Nazi regime).
- *Restrictions of freedom of movement*, which signifies hindering the immigration to and easing the outmigration from the areas with especially acute housing shortage.
- *Introduction of social conservation areas (soziale Erhaltungsgebiete)* implies a protection of a balanced social composition of population in particular urban areas. These policies are of a relatively recent origin. In Germany, they were introduced in 1976 and are popularly known as *Milieuschutz*.⁵

Table 2 lists German federal legal acts concerning the rationing of housing. Many of the laws trace general lines of regulation, while the details are to be determined at the level of federal states or even municipalities.

⁵Similar regulations exist in other countries, for example, in Canada (Toronto) and USA (District of Columbia and Seattle).

Given a large number of regions in Germany, we confine ourselves as a rule to considering the federal legislation. However, for a more recent period, the subnational regulations are also taken into account.

4.2.1 Prohibition of housing misuse

In particular, in 1971, the decision on prohibiting the misuse of housing (*Zweckentfremdungsverbot von Wohnraum*) was delegated to federal states. They obtained the right to issue secondary legislation acts (ordinances, or *Rechtsverordnungen*) to determine the regions —typically entire cities or rural districts— with insufficient provision of affordable housing and prohibit the misuse of housing. While in some federal states like Bavaria the state-level ordinances contained exact lists of the corresponding areas, other states like Baden-Württemberg and Hesse delegated the right to introduce the prohibition to the municipalities themselves. Since 2006, under the framework of the federalism reform, federal states, or *Bundesländer*, are entitled to enact their own laws (*Gesetz*) prohibiting the housing misuse.⁶ Between 1971 and 2015, the regulations at subnational level underwent several major up and downswings. Already in the early 1970s, many federal states of West Germany took advantage of these regulations. In the first half of the 1990s, after re-unification, East German federal states followed their example. However, by the beginning of the 2000s, in most states the regulations were given up at the background of excess housing supply. Nevertheless, since the late 2000s, when housing rents and prices started to rise again, the interdiction to use dwellings for non-housing purposes has been reintroduced in many federal states (e.g., Baden-Württemberg, Berlin, North Rhine-Westfalia). Therefore, for the period 1971-2015, an index of housing misuse prohibition is constructed based on the regulations adopted by individual federal states. For each state a regulation dummy variable is created. The national index is a weighted average of these dummies, where the weights are the respective shares of the federal states in German housing stock as of 2013. The resulting index is displayed in the upper panel of Figure 2. The weights vary a lot: between 1.2% of national housing stock for Saarland and 15.0% for Bavaria. The black vertical line shows the timing of the federal law that introduced the prohibition of housing misuse.

⁶For explanation of the difference between *Gesetz* and *Rechtsverordnung* in German law, see [Schmidt-Eichstaedt \(2005\)](#), p. 5-6.

4.2.2 Social conservation areas

The policy of conserving social composition of urban areas is motivated by the fear of gentrification. The policy makers are afraid that due to improvements in the quality standards of housing in certain neighborhoods their rents will rise. Hence, lower-income inhabitants will eventually be forced to move out from their usual environment (*Milieu*) and will be replaced by their higher-income counterparts. As a result, the social structure of those neighborhoods will undergo dramatic changes. In the long run, this is expected to lead to a segregation by income level and possibly by ethnicity, given that both are often correlated. Moreover, the intra-city migrations can lead to geographical shifts in demand for social infrastructure, thus, raising the monetary cost of the process.

These policies are of a relatively recent origin. In Germany, they were introduced in 1976 and are popularly known as *Milieuschutz*. Their general purpose is to prevent social transformation through conservation of the housing stock. They are also assumed to address the issue of a shortage of cheap rental dwellings by preventing their transition to upper-end market segments. The purpose can be achieved using a variety of regulations.

The first group of these regulations overlaps with that of prohibiting the misuse of housing. In particular, both of them interdict demolition (*Abriss*, or *Rückbau*, since 1976) and use of dwellings to non-housing purposes (*Nutzungsänderung*, since 1986).

The second group of regulations concentrates on reconstruction of housing (*Änderung der baulichen Anlagen*, since 1976). The notion of reconstruction implies both merger of dwellings and modernization. Initially, any modernization could be subject to prohibition in social conservation areas. Since 1998, only modernization above some average contemporary housing standards requires permission. Whereas modernizations that upgrade housing to the average level can be tolerated, those exceeding this level are treated as threatening the social composition of the neighborhood. There is no a general nationally valid list of such modernizations. Therefore, the local average standard can be used as a benchmark, where local can mean both federal state and the neighborhood. Alternatively, minimum housing construction standards (*bauordnungsrechtlichen Mindestanforderung*) can be used as a threshold (see [Geßner 2008](#), p. 30). In fact, each local authority compiles its own list. Examples of such modernizations include adding an elevator, construction of a second balcony or

terrace, installation of a floor heating or chimney.⁷

The third group of regulations intends to prevent the conversion of rental dwellings into the owner occupied ones and of rental houses into condominiums (*Gründung von Sondereigentum*, since 1998). This group was the latest to be imposed.

Unlike prohibitions of housing misuse, the regulation on social conservation areas covers relatively small neighborhoods rather than entire cities.

The index of regulations with respect to social conservation areas is constructed in a similar way to that of misuse prohibitions. However, since the former regulations are decided upon at the city level, the index is based on the city-specific ordinances. Namely, a sample of 25 cities with population exceeding 250,000 is chosen. They possess almost 50% of the total housing stock of Germany. The corresponding official body in each city was contacted to request information about social conservation areas. If any is available, a binary variable is created for the respective city, taking the value of 1 from the period on, when the regulation came in force. The nationwide index is computed based on the city-specific binary variables as a weighted average. The weights correspond to the share of the respective city in the total housing stock of 25 cities as of 2013. The index is depicted in the lower panel of Figure 2. To the best of our knowledge, only one city —Hannover— removed until now the social conservation regulations.

4.2.3 Evolution of housing rationing

The index of housing rationing regulations is largely based on the federal legal acts. Each of the six groups has an equal weight. For each group a dummy variable is constructed. The overall index of housing rationing is the sum of the corresponding dummy variables and is scaled so to vary between 0 (no state intervention) and 10 (maximum state intervention). The index is shown in Figure 3. In addition, the figure displays both World Wars (shaded areas), to which the introduction or reactivation of housing rationing is strongly linked.

The first housing rationing act was issued already during World War I on September 23, 1918. It was a cornerstone for the state intervention into the property rights of landlords. It contained the first four elements of housing rationing, namely: Registration, preservation, creation, and redistribution of housing. In 1920, the

⁷For some examples of such modernizations in Berlin see “Die Beurteilung von Anträgen auf Rückbau, Änderung oder Nutzungsänderung baulicher Anlagen in den Erhaltungsgebieten des Bezirks Pankow gemäß §172 Absatz 1 Satz 1 Nummer 2 des Baugesetzbuchs” Bekanntmachung vom 20. Dezember 2012.

possibility of restricting the freedom of movement was provided for, too.

Until 1934, the rationing of housing was gradually abolished. Thus, it took 16 years to dismantle the corresponding regulations. Nevertheless, the period without state intervention was very short. The outbreak of World War II led to reintroduction of the rationing of housing, as seen in Figure 3.

The housing shortage after World War II was huge. Due to the regulations imposed before war the market forces were switched off. Hence, the government was obliged to keep a firm grip on the existing housing stock. It is only in 1960, that a federal law was promulgated aiming at a complete abolishment of housing rationing by the mid-1960s. In fact, it happened only in 1967. Thus, the second rationing cycle lasted for 28 years.

Already in 1971, the state renewed its intervention in the housing market. Its magnitude is well below that during and immediately after World Wars. Since 2010, the intensity of housing rationing has been again increasing. The growth of migration, especially of the persons claiming the refugee status that dramatically accelerated in 2015, will accentuate this process. It already triggered legislative efforts at the federal state level (Bremen and Hamburg).⁸ The objective is to further restrain property rights, so that the state can easier allocate refugees and socially weak German citizens to the becoming scarce housing.

4.3 Rent controls

Rent controls were the third class of regulations to be introduced. They came after World War I, when tenants' protection and housing rationing were already in place. German federal regulations with respect to rent controls are summarized in Table 3. These are quantified along the following lines:

- *Rent setting*: Rules regarding the setting of rents for new rental contracts (either for the first time, after the dwelling was terminated, or after previous contract finished by some reason).
- *Rent updating*: Rules concerning the updating of rent during existing rental contracts.
- *Sphere of application*: Segments of the market that are free from regulations (for example, large, expensive, newly constructed dwellings, or housing in certain regions).

⁸In Hamburg, on October 2nd, 2015, a law on accommodation of refugees (*Gesetz zur Flüchtlingsunterbringung in Einrichtungen*) was promulgated, which permits the state to confiscate the private property in order to accommodate refugees. In Bremen, similar law (*Gesetz zur vorübergehenden Unterbringung von Flüchtlingen und Asylbegehrenden*) was adopted on October 20th, 2015, which unlike its Hamburg counterpart explicitly excludes small property (area <300 m²) from seizure. Thus, according to our estimates based on the data from [Statistisches Landesamt Bremen \(2014\)](#), 25-30% of buildings and 60% of dwellings potentially fall under this regulation.

- *Expiry date*: Date, at which regulations are planned to be abolished. In many cases, shortly before this date, they are prolonged.

For rent setting and updating binary variables are constructed. The index of rent controls is computed using equation (3), with sphere of application as a time-varying weight, w_{it} .

4.3.1 Capping limit and rental brake

For two recent regulations —capping limit (*Kappungsgrenze*) and rental brake (*Mietpreisbremse*)— instead of simple nationwide binary variables, weighted averages of region-specific dummy variables are used. The latter are defined for the lowest administrative level, that is, municipalities (*Gemeinden*).

The capping limit was first introduced in 1982, see Table 3. It represents a cap on updating the rent within an existing contract. Initially, it was allowed to raise rent at most by 30% within 3 years, which corresponds to 9.1% annually. In 1993, the limit was lowered to 20% within 3 years (6.3% in a year). Finally, in 2013, the federal states were empowered to determine areas, where a sufficient supply of rental dwellings under reasonable conditions is particularly endangered (*wenn die ausreichende Versorgung der Bevölkerung mit Mietwohnungen zu angemessenen Bedingungen in einer Gemeinde oder einem Teil einer Gemeinde besonders gefährdet ist*) and where the capping limit could be further lowered to 15% rent increase within 3 years (4.8% annually). Thus, it generated a possibility for region-specific capping limits. Since then, 11 out of 16 German federal states took advantage of this option and identified municipalities, where it is applicable.

Rental brake was introduced in 2015 (Table 3). Like capping limit it is a region-specific regulation: Federal states may identify areas with a tight housing market (*angespannter Wohnungsmarkt*), where rental brake shall be implemented. Typically, the areas are municipalities. Unlike capping limit, it constrains the rent setting for new contracts. Two exceptions from this rule are the newly built dwellings (housing terminated after the October 1st, 2014) for all contracts to follow and substantially modernized dwellings for the first contract after modernization. For all other dwellings, the newly negotiated rent cannot exceed by more than 10% the typical local rent. Since coming in force of the corresponding federal law, nine federal states made use of it (as of November 2015).

For both capping limit and rental brake municipality-specific binary variables are created. They are aggre-

gated to the national level by multiplying them by the shares of the respective municipalities in the national housing stock as of 2011. In 2011, the most recent census of housing stock was conducted, which makes it very appropriate as a basis for the weighting scheme. The resulting nationwide indices are plotted in Figure 4. The vertical axis reflects the share of national housing stock subject to respective regulations. Two years after their introduction, capping limits cover more than one-fourth (28.5%) of the housing in 338 municipalities with 22.5 million inhabitants. Rental brake already in the first six months of its existence, was extended to 25.6% of dwellings in 277 municipalities with 20 million persons. At least one of these regulations is valid in 381 municipalities with 30% of national housing stock, while both of them are in force in 234 municipalities with 24% of German dwellings. The areas subject to these regulations are significantly larger than the national average (66,625-72,184 inhabitants vs. 7,159) and have a substantially lower homeownership rate than Germany as a whole (29% vs. 43%).

4.3.2 Evolution of rent controls

The index of rent controls is displayed in Figure 5. They were very strong between 1922 and 1933 as well as between 1936 and 1950. At that period, the rents for the so-called old housing (*Altbau*) were frozen at some peace time level. This meant that they could not be raised neither during the rental contract nor after its expiry. The definition of old housing was changing with a passage of time: Initially, it encompassed the dwellings built before the July 1st, 1918; then, it was extended to cover the housing constructed before the June 20th, 1948. Almost all rent updates were executed by the state that from time to time ordered countrywide rent increases or even decreases as it was the case in 1931.

Starting from the early 1950s, the coalition governments composed of Christian democrats⁹ and liberals were aiming at a complete removal of rent controls. First, they pulled back by an intensive housing construction, for dwellings built without state aid were free of rent controls. It should be mentioned, however, that at that time the social housing accounted for a large part of the newly built housing stock. The rents in the social dwellings were subject to a particular type of controls. Second, since 1960, rent controls could be abandoned in municipalities where the housing market was normalized. As an indicator for normalization a ratio between effective households and housing stock was used, see equation (7). As soon as in certain area the excess

⁹Christian democrats remained in the government without interruptions between 1949 and 1969.

demand went below 3%, the rents for all dwellings in that area were no longer subject to any limitations. Nevertheless, very soon a notion of “reasonable rent increases” was introduced imposing upper limits on raising rents. Moreover, in large settlements, such as West-Berlin, Hamburg, and Munich, the removal of rent controls had been postponed many times. Finally, in Berlin, they were scheduled to be canceled in 1989! Needless to mention that the rents for the whole housing stock in East Germany remained frozen until the mid-1990s.

In 1971, a second generation of rent controls was introduced. The rents are no longer frozen at some past level, however, they are anchored to some typical local rent for dwellings of comparable type, size, equipment, quality, and location. When updating rents within old contracts and setting rents for new contracts, the landlords must keep eye on that typical local rent. Otherwise, they may be sued for asking a too high rent. As a result, a whole battery of measures was developed in order to gauge it.

By 2001, the situation at the housing market relaxed. Lower birth rates and outmigration from city center to periphery contributed to this development. However, in 2010, a new trend started. Big cities and university towns became more attractive. Thanks to an inflow of migrants from smaller German settlements and from abroad the population of these cities began to quickly expand. The result was a housing shortage, followed by a discontent of tenants that make up a non-negligible part of urban population in Germany. It culminated in 2013, when the federal authorities started to issue stricter regulations regarding housing rents. 2015 saw a rebirth of the almost forgotten notion of old housing: Now, it includes the dwellings terminated before the October 1st, 2014. Since the inflow of migrants, especially from the Near East, gets ever stronger, without any reduction in sight, the worsening of the housing market conditions will force the government to introduce more constraints.

4.4 Social housing policy

The social housing policy is dictated by the concern that not everybody can have access to an appropriate housing at reasonable rent. Therefore, the main purpose of this policy consists in providing the housing to socially weak persons. Typically, these are poor, but also families with many children, disabled, and refugees.

The relevant legal federal level acts concerning the social housing policy are listed in Table 4. The legislation is summarized by the following main categories:

1. *Subject*: Persons that benefit from the policy encouraging housing construction.
2. *Object*: Types of housing that are promoted by the social housing policy.
3. *Fostering*: Modalities of promotion policies.
4. *Restrictions*: Constraints imposed on the exploitation of social housing by the investors/landlords.
5. *Plan*: Quantitative housing construction plans, when applicable.
6. *Expenditure*: Amount of expenses on social housing assigned by the federal government.
7. *Guarantees*: Amount of credit guarantees assumed by the federal government.

Based on the changes in categories 3, 4, 6, and 7 individual regulation indices are constructed. For categories 3 and 4 binary variables are introduced (see section 4.4.1), while categories 6 and 7 result in numeric variables (see section 4.4.2).

4.4.1 Fostering modalities

Over the whole period under consideration, the following modalities of fostering have been applied:

- provision of state aid in form of housing construction loans with low or no interest and subsidies;
- provision of credit guarantees by the government;
- reduction of taxes (in particular, of land tax) and fees;
- provision of building land through sale at reasonable (reduced) price or lease (*Beschaffung von Bauland*)
—in certain cases the land is expropriated— and land development (*Baulanderschließung*);
- provision of premia for building society savers (*Wohnungsbauprämien*);
- reduction of accident insurance premia;
- reduction of payment in case of early repayment of state-provided loans;
- provision of housing allowances for tenants and home owners;
- provision of subsidies and loans for housing expenses (*Aufwendungen*).

- exemption from housing rationing;
- exemption from rent controls;
- exemption from certain prescriptions regarding construction and land use.

Thus, the fostering takes form of either direct help from the government (loans, subsidies, guarantees), or reduction of payments in favor of the state (taxes and fees), or exemption from certain rules imposed by the government (housing rationing, rent controls, land use rules).

Each modality is represented as a binary variable. The fostering index is computed as a sum of all these binary variables, see upper panel of Figure 6.

4.4.2 Real federal planned expenditure and guarantees

Starting in 1926 and ending in 2006, federal laws and ordinances were published that specified the amount of the federal budget that could be spent on fostering the housing construction: Either in form of guarantees (*Bürgschaften*) or in form of financing (*Finanzierung*). Each time the amount was denominated in the currency that was in circulation in that period: Reichsmark between 1926 and 1948, Deutsche Mark between 1949 and 2001, and Euro afterwards. In order to get a comparable index of real planned federal expenditure on housing construction, the nominal amounts are to be deflated by a corresponding construction cost. As such we use the so-called recovery value (including the sales tax) of the housing buildings constructed in 1913/1914 (*Wiederherstellungswerte für 1913/1914 erstellte Wohngebäude einschließlich Umsatzsteuer*). It reflects the changes in construction cost over time. The two big advantages of the deflator are that 1) it covers a long period of time between 1913 and 2014 with small interruptions in 1922-1923 (Hyperinflation) and 1948 (currency reform); and 2) it is expressed in the corresponding currency. The indices of real planned federal expenditure and guarantees are obtained by dividing the nominal indices by the deflator and shown in the lower panel of Figure 6. The index of real guarantees is available from 1926 to 1976, while that of real assigned means starts in 1953 and ends in 2005. The former attains its peak in 1940, while the latter in 1953. Afterwards, both rapidly decline.

4.4.3 Evolution of social housing policy

In the first half of 1920s, due to hyperinflation, high reparation payments, and, last but not least, due to other housing market regulations, housing construction was very weak in Germany, see Figure 7. Therefore, immediately after World War I, German government attempted to aid the creation of social housing, which at that time was known as small dwellings (*Kleinwohnungen*). Initially, the state aid took form of state loans and credit guarantees. Since 1933, tax reductions as stimulus were added. In 1950, the provision of land at reasonable prices by the local authorities and exemption from housing rationing were introduced. In 1956, the list of fostering measures was substantially extended to include, in addition to the above mentioned forms of the help, the following ones: Provision of premia for the savers of building societies; reduction of accident insurance premia; reduction of payment in case of early repayment of state-provided loans; and exemption from rent controls. By 1976, the exemption from rationing was no longer necessary, since this policy was reduced to a minimum. It was replaced by provision of state subsidies, covering in part the current expenditure of landlords, so that they would be able to keep low rents for social housing. In 2001, the social housing policy underwent a large reduction. Most of the fostering measures were canceled and only four were left, such as provision of: 1) cheap loans; 2) subsidies; 3) credit guarantees; and 4) cheap land. From that time on, social housing policy should concentrate on poor households and extend not only to new construction but also to the modernization of the existing housing stock. These changes in policy correlate quite strongly with actual social housing construction, as seen in Figure 7.

An important characteristic of degree of the social housing policy are the construction plans. At the federal level, they are available for the period between 1940 and 1962. The first plan was proclaimed in the 1940 decree. It provided for constructing 0.3 million dwellings in the first post-war year. The 1950 plan adopted the same goal: It was planned to build 1.8 million dwellings in 6 years, that is, 0.3 million dwellings a year. In 1953, the plan was upgraded to 2 million dwellings to be built between 1951 and 1956. In 1956, it was downgraded: Between 1957 and 1962, it was planned to construct 1.8 million dwelling. As Figure 7 shows, these targets were successfully met. Between 1950 and 1962, the actual social housing construction attained on average 323,000 dwellings annually.

The construction figures convey no information on the quality of social dwellings. In fact, between 1931 and

1985, the legally prescribed living standards in social housing (size and equipment) underwent major changes, as Table 5 shows. Stressed by the Great Depression and World War II, the authorities considered the social housing as dwellings for poor that should be cheap in construction and exploitation. Therefore, their size should be kept small and all “unnecessary” facilities (such as individual bathrooms within dwellings) avoided. After World War II, the social housing was seen as a solution for wide circles of population, not limited to poor only. Therefore, Germany adopted relatively high standards of social housing.

4.5 Composite index

The composite housing regulation index is computed as an average of individual regulation class indices: 1) rent controls, 2) tenant eviction protection, 3) housing rationing, and 4) social housing policy. It is shown in Figure 8 as a sum of its four components. It covers the period between 1913 and 2015.

It can be seen that over the past 100 years, Germany experienced five housing market regulation waves. The first wave started during World War I and ended in the mid-1930s. The second wave began with the outbreak of World War II and lasted till the mid-1950s. The third encompassed the period between the late 1950s and early 1970s. The fourth wave lasted between the mid-1970s and early 2000s. Since the early 2010s, Germany entered in upward phase of the fifth wave of regulations. An average duration of regulation waves is about 20 years. In the crisis times, the first stage, is characterized by a swift and strong increase in regulations, followed by their gradual removal. In the peaceful times, both regulation and deregulation are occurring at a slower pace.

Different types of regulations have various degrees of persistence. Thus, tenant protection, that initially was introduced as emergency measure, remained in power forever. By contrast, housing rationing and social housing construction are sometimes completely removed. The former is causing lots of inconveniences both to landlords and tenants and, therefore, is more difficult to justify. The latter requires large state investment and, hence, is abandoned as soon as the situation at the housing market improves or the government gets into financial troubles. Rent controls occupy an intermediate position: Unlike tenant protection—that is now considered as one of basic elements of social market economic in Germany—they are regarded as a distorting intervention in the economy. Therefore, during the periods of no excess demand for housing, they can be reduced. However, as

soon as the situation gets worse, they are reintroduced. Figure 9 compares the housing vacancy rate¹⁰ to the four regulation indices. The higher the vacancy rate the more relaxed the housing market. As a rule of thumb a 3% threshold is used. The vacancy rate below 3% is thought to indicate a tight housing market. The threshold is shown in the graph as a continuous gray line. It can be seen that the market tightening in 1933-1939 led to an intensification of all regulation classes, while its relaxation after 1950 was accompanied by a removal of all regulations, except tenant protection. The national vacancy rate is not perfect, because it hides the mismatch in the housing market: The areas with excess supply (typically, countryside and small towns) may coexist with the areas with extreme excess demand (large cities) and the latter drive the housing policy. For example, according to the 2011 census, the lowest vacancy rate (1.6%) was in Hamburg, while the highest (14%) in Dessau-Roßlau, federal state Saxony-Anhalt.

An alternative indicator of housing market tensions is the real rent. Figure 10 displays the year-on-year growth rates of monthly rent adjusted for consumer price inflation and four regulation indices. Two rent indices are used: The controlled rent (rent for old housing) and free market rent. Both have very similar dynamics. High real rent growth can be observed from 1926 through 1961, despite the fact that most of the time they were virtually frozen. Afterwards, most of the time they were below 5% and often negative.

Currently, a slight deterioration of the housing market can be observed, see Figure 9. It is not very visible in the latest available value of the national vacancy rate: 8.6% in 2010. However, there is a strong geographical housing market mismatch: Countryside, Ruhr area, and East Germany are losing people who head for larger cities with better education and employment opportunities. Thus, their regions of origin show large housing vacancy rates, while destination regions experience a relative housing shortage. In addition, there is a moderate nationwide¹¹ increase in real rents that started in the late 2013, see Figure 10. As a result, three of the regulation classes are being strengthened. The *rationing of housing* expands: An ever growing number of cities and federal states introduce social conservation areas and prohibitions of housing misuse. *Rent controls* are made more restrictive. In 2013, the possibility to raise rents under existing contracts was further reduced: Now, in areas with tight housing market, the rent increase can be at most 15% in 4 years, that is, approximately 3.6% a year. In other areas, it can be raised by 20% within 4 years, i.e., roughly 4.7% a year. In 2015, the rental

¹⁰A share of vacant dwellings in the total housing stock.

¹¹The rents have been growing much stronger in large and university cities with large immigration.

brake law imposed restrictions on the rent setting by new contracts for dwellings terminated before the October 1st, 2014 and located in areas with tight housing market. In November 2015, almost one-fourth of the housing stock is subject to the rental brake. In 2016, German federal Minister for Justice plans to constrain the rent controls even further.¹² *Social housing policy* is going to be intensified, too. For example, in Berlin, the city government elaborated a bill of the so-called *Wohnraumversorgungsgesetz* (Law on provision of housing) that aims at extending the construction of social housing.

5 Conclusion

In this paper, we developed a set of new indices reflecting the intensity of the rental housing market regulations in Germany. They stretch over the period from 1913 through 2015 and cover four major regulation classes: Tenant protection from eviction, rationing of housing, rent controls, and social housing fostering.

The indicators are mainly based on the federal regulations. However, some of more recent regulations are measured at the federal state (prohibition of housing misuse) or even municipality level (social conservation areas, capping limits, and rental brake). It would be desirable to examine the regional dimension of the earlier regulations. However, it is precluded by the unavailability of the necessary data. Overall, about 170 legal acts—including 97 federal laws and ordinances occupying more than 700 pages—were analyzed.

The developed indices seem to be in a close relation with actual indicators of the housing market: Total and social housing construction, vacancy rate, and rent growth.

Both class-specific indices and composite index can be used to investigate the impact of formal institutions on the evolution of various aspects of the housing market. They can be used to assess the effectiveness of housing regulations. It would facilitate their cost-benefit analysis, for their consequences could be quantified.

The approach presented in this paper can be developed in at least two directions. First, other regulations related to housing market can be analyzed: For example, tax treatment of rental and owner-occupied dwellings. Second, it can be extended to the housing policy of other countries in order to allow cross-country comparisons. It could, thus, be identified, to what extent the performance and structure of the housing market are shaped

¹²Among other things, it is planned to reduce the share of modernization cost that can be charged to tenants from 11% to 8% and to compute local typical rents based on the contracts concluded not within the last 4 years like now but within 10 years, see [Messelken \(2015\)](#).

by the formal institutions.

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Appendix

Table 1: Legislation on protection of tenants from eviction

Date	Law title	Summary	Source
1914-08-04	G, betreffend den Schutz der infolge des Krieges an Wahrnehmung ihrer Rechte behinderten Personen	Beneficiaries: army members and military prisoners. Lawsuits against beneficiaries of the law are stopped. The limitation ends after the war is over.	RGBl, 328
1914-12-15	Bekanntmachung, betreffend Einigungsämter	Disputes between tenants and landlords, mortgage debtors and creditors are to be settled by arbitration councils (<i>Mieteinigungsamt</i>).	RGBl, 511
1915-10-07	Bekanntmachung über das Kündigungsschutz der Hintergebliebenen von Kriegsteilnehmern	Beneficiaries: family members of fallen war participants. They can terminate rental contracts on a statutory deadline. The termination cannot be opposed, if continuation of rental contract would lead to a disproportionate detriment for the widow and heirs.	RGBl, 642
1917-07-26	Bekanntmachung zum Schutze der Mieter	Arbitration councils can decide upon a validity of rental contract termination by landlord and eventually order its prolongation. Their decisions are made at “reasonable discretion” (<i>nach billigem Ermessen</i>), without any possibility of appeal. Arbitration councils consist in equal proportion of landlord and tenant representatives. Expiry date: The determination of expiry date is left by the Reich Chancellor.	RGBl, 659
1918-09-23	Bekanntmachung zum Schutze der Mieter	Arbitration councils can 1) decide upon a validity of rental contract termination by landlord and eventually order its prolongation for up to 1 year; 2) prolongate a non terminated contract for up to 1 year. In areas with especially acute housing shortage, federal state authorities can order that 1) arbitration councils can prohibit contract termination, if its aim is to raise rent; 2) contracts are prolonged for an indefinite time, if landlords terminated contracts without having informed the arbitration council. Arbitration council decisions are made at “reasonable discretion”, without any possibility of appeal. Arbitration councils consist in equal proportion of landlord and tenant representatives. Expiry date: The determination of expiry date is left by the Reich Chancellor.	RGBl, 1140

Table 1: Legislation on protection of tenants from eviction (continued)

Date	Law title	Summary	Source
1923-06-01	G über Mieterschutz und Mieteinigungsämter	Rental contact can be terminated on complaint from the landlord by a court judgment. Termination reasons: 1) if tenant is causing serious problems for either the landlord or other tenants (landlord can be required to compensate move costs); 2) if tenant is unduly utilizing or misusing his dwelling in such a way as to endanger it or the whole building (landlord can be required to compensate move costs); 3) if tenant, without landlord's permission, allows a third party to use his dwelling (landlord can be required to compensate move costs); 4) if tenant had not paid rent for an excessive period of time; 5) if landlord urgently needs the rented out dwelling and their refusal would constitute a serious injustice for the landlord. Sphere of application: 1) applicable also to subletting; 2) not applicable to housing constructed after 01.07.1918. Expiry date: The law expires at 01.07.1926.	RGBl, 353
1926-06-30	G über Mieterschutz und Mieteinigungsämter	Rental contact can be terminated on complaint from the landlord by a court judgment. Termination reasons: 1) if tenant is causing serious problems for either the landlord or other tenants (landlord can be required to compensate move costs); 2) if tenant is unduly utilizing or misusing his dwelling in such a way as to endanger it or the whole building (landlord can be required to compensate move costs); 3) if tenant, without landlord's permission, allows a third party to use his dwelling (landlord can be required to compensate move costs); 4) if tenant had not paid rent for an excessive period of time; 5) if landlord urgently needs the rented out dwelling and their refusal would constitute a serious injustice for the landlord. Sphere of application: 1) applicable also to subletting of housing; 2) not applicable to housing constructed after 01.07.1918; 3) not applicable to dwelling obtained by dividing large vacant dwellings (5+ rooms). Expiry date: The law expires at 01.07.1927.	RGBl, 347
1927-06-30	G zur Verlängerung der Geltungsdauer des MieterschutzG und des ReichsmietenG	Expiry date: G über Mieterschutz und Mieteinigungsämter is prolonged till the 31.12.1927.	RGBl, 131
1927-12-24	G zur Verlängerung des MieterschutzG und des ReichsmietenG	Expiry date: G über Mieterschutz und Mieteinigungsämter is prolonged till the 28.02.1928.	RGBl, 513

Table 1: Legislation on protection of tenants from eviction (continued)

Date	Law title	Summary	Source
1928-02-17	G über Mieterschutz und Mieteinigungsämter	Rental contract can be terminated on complaint from the landlord by a court judgment. Termination reasons: 1) if tenant is causing serious problems for either the landlord or other tenants (landlord can be required to compensate move costs); 2) if tenant is unduly utilizing or misusing his dwelling in such a way as to endanger it or the whole building (landlord can be required to compensate move costs); 3) if tenant, without landlord's permission, allows a third party to use his dwelling (landlord can be required to compensate move costs); 4) if tenant had not paid rent for an excessive period of time; 5) if landlord urgently needs the rented out dwelling and their refusal would constitute a serious injustice for the landlord. Sphere of application: 1) applicable also to subletting of housing; 2) not applicable to housing constructed after 01.07.1918; 3) not applicable to dwelling obtained by dividing large vacant dwellings (5+ rooms). Expiry date: The law expires at 31.03.1930.	RGBl, 25
1930-03-08	G zur Verlängerung der Geltungsdauer des MieterschutzG	Expiry date: G über Mieterschutz und Mieteinigungsämter is prolonged till the 30.06.1931.	RGBl, 32
1930-12-02	VO des Reichspräsidenten zur Sicherung von Wirtschaft und Finanzen	Sphere of application: not applicable to dwellings becoming vacant.	RGBl, 517
1931-12-08	4. VO zur Sicherung von Wirtschaft und Finanzen und zum Schutze des inneren Friedens	Sphere of application: not applicable to expensive dwellings (annual peace time (<i>Jahresfriedensmiete</i>) rent not exceeding from 450 RM in small settlements (<i>Ortsklasse D</i>) to 1600 RM in Berlin). Arbitration councils make decisions without landlord and tenant representatives.	RGBl, 700

Table 1: Legislation on protection of tenants from eviction (continued)

Date	Law title	Summary	Source
1933-04-27	G über Mieterschutz und Mieteinigungsämter	Rental contract can be terminated on complaint from the landlord by a court judgment. Termination reasons: 1) if tenant is causing serious problems for either the landlord or other tenants (landlord can be required to compensate move costs); 2) if tenant is unduly utilizing or misusing his dwelling in such a way as to endanger it or the whole building (landlord can be required to compensate move costs); 3) if tenant, without landlord's permission, allows a third party to use his dwelling (landlord can be required to compensate move costs); 4) if tenant had not paid rent for an excessive period of time; 5) if landlord urgently needs the rented out dwelling and their refusal would constitute a serious injustice for the landlord (landlord may terminate, if he needs the dwelling for himself, provided that he owns the house for at least 3 years and doesn't occupy any dwelling in it). Sphere of application: 1) not applicable to subletting; 2) not applicable to housing constructed after 01.07.1918; 3) not applicable to dwellings obtained by dividing large vacant dwellings (5+ rooms); 4) not applicable to expensive dwellings (annual peace time rent not exceeding from 450 RM in small settlements to 1600 RM in Berlin); 5) not applicable to new contracts for vacant dwellings concluded after 31.03.1931. Expiry date: No expiry date anymore.	RGBl, 235
1936-04-18	G zur Änderung des Reichsmietengesetzes und des Mieterschutzgesetzes	Sphere of application: again applicable to vacant dwellings.	RGBl, 371
1937-12-04	1. VO zur Ausführung der VO über Kündigungsschutz für Miet- und Pachträume	Sphere of application: 1) again applicable to housing constructed after 01.07.1918, but not applicable to housing built after 30.11.1937; 2) again applicable to dwellings obtained by dividing large vacant dwellings (5+ rooms) Tenant protection extended to newly built housing (<i>Neubauten oder durch Um- oder Einbauten neugeschaffene Räume, die nach dem 1. Juli 1918 bezugsfertig geworden sind</i>). 3) applicable from 01.12.1937 on for old housing that was terminated before 01.07.1918 (<i>Altbauten</i>), if annual peace time rent is below 1200 RM in large cities (<i>Ortsklasse A</i>) and 1600 RM in Berlin.	RGBl, 1325
1938-08-31	2. VO zur Ausführung der VO über Kündigungsschutz für Miet- und Pachträume	Sphere of application: 1) not applicable to homesteads (Kleinsiedlerstellen); 2) not applicable to some small cases involving non-profit housing cooperatives (<i>gemeinnützige Wohnungsunternehmen in der Rechtsform der eingetragenen Genossenschaft</i>).	RGBl, 1070
1939-04-30	G über Mietverhältnisse mit Juden	Sphere of application: not applicable when tenants are Jewish, while landlords are not.	RGBl, 864

Table 1: Legislation on protection of tenants from eviction (continued)

Date	Law title	Summary	Source
1939-09-05	3. VO zur Ausführung der VO über Kündigungsschutz für Miet- und Pächträume	Sphere of application: 1) applicable in virtually all cases. Termination reasons: landlord may no longer terminate the rental contract, if he needs the dwelling for himself, provided that he owns the house for at least 3 years and doesn't occupy any dwelling in it.	RGBl, 1670
1940-08-14	5. VO zur Ausführung der VO über Kündigungsschutz für Miet- und Pächträume	Tenant needs a permission from arbitration council to carry out an housing swap, i.e., transfer of his dwelling to a third party (<i>Wohnungstausch</i>). Termination reasons: landlord may again terminate the rental contract, if he needs the dwelling for himself for military important purposes, provided that he owns the house for at least 3 years and doesn't occupy any dwelling in it.	RGBl, 1104
1940-09-10	VO zur Änderung und Ergänzung des G über Mietverhältnisse mit Juden	Sphere of application: 1) not applicable when tenants are Jewish, while landlords are not; 2) in Berlin, Munich, and Vienna, not applicable when tenants are Jewish, regardless of landlord's nationality.	RGBl, 1235
1942-12-15	MieterschutzG	Rental contract can be terminated on complaint from the landlord by a court judgment. Termination reasons: 1) if tenant is causing serious problems for either the landlord or other tenants (landlord can be required to compensate move costs); 2) if tenant is unduly utilizing or misusing his dwelling in such a way as to endanger it or the whole building (landlord can be required to compensate move costs); 3) if tenant, without landlord's permission, allows a third party to use his dwelling (landlord can be required to compensate move costs); 4) if tenant had not paid rent for an excessive period of time; 5) if landlord urgently needs the rented out dwelling and their refusal would constitute a serious injustice for the landlord (landlord may terminate, if he needs the dwelling for himself for military important purposes, provided that he owns the house for at least 3 years and doesn't occupy any dwelling in it). Sphere of application: not applicable for subletting, if subtenant equipped his room with furniture and fixtures (<i>Einrichtungsgegenstände</i>). Tenant needs a permission from arbitration council to carry out an housing swap. The functions of arbitration councils are performed by local courts.	RGBl, 712
1950-04-24	1. WohnungsbauG	Sphere of application: not applicable to dwellings built after 31.12.1949 using tax reductions or without state help.	BGBl, 83
1951-11-27	VO über Ausnahmen vom Mieterschutz	Sphere of application: 1) not applicable to dwellings built between 20.06.1948 and 31.12.1949 without state loans or subsidies; 2) not applicable to rental commercial property.	BGBl, 926

Table 1: Legislation on protection of tenants from eviction (continued)

Date	Law title	Summary	Source
1953-03-31	WohnraumberwirtschaftungsG	Termination reasons: 1) landlord needs the housing for his own purposes and the housing authority certifies that it will assign him the dwelling in question when it becomes vacant; 2) landlord plans to demolish the house damaged during the war and to build a new one; 3) landlord of a temporary housing decides to rebuild it.	BGBI, 97
1955-07-27			BGBI, 458
1960-06-23	G über den Abbau der Wohnungszwangswirtschaft	Termination reasons: if renting prevents landlord from justified economic use of the land plot. Sphere of application: 1) not applicable to large dwellings (5+ rooms including kitchen in areas with 100,000 inhabitants; 6+ rooms with kitchen in areas with 100,000+ inhabitants; in houses with at most 2 dwellings, one of which being owner occupied); 2) not applicable to housing cooperatives. 3) not applicable in all regions, where the ratio of households (one-person households are treated as a half household) to dwellings 1.03. The tenant protection in those areas should be eliminated until 31.12.1965. Expiry date: MieterschutzG expires at 31.12.1965.	BGBI, 389
1965-08-24	G zur Änderung des Schlutermens für den Abbau der Wohnungszwangswirtschaft und für weitere Maßnahmen auf dem Gebiete des Mietpreisrechts	Expiry date: MieterschutzG expires at 31.12.1967.	BGBI, 969
1971-11-25	G über den Kündigungsschutz für Mietverhältnisse über Wohnraum	Termination reasons: 1) tenant substantially violated his contractual obligations; 2) landlord needs the dwelling for himself or his relatives (in case of converting rental dwelling to owner one, this right can be executed only 3 years after conversion); 3) renting prevents landlord from justified economic use of the land plot. Sphere of application: not applicable to housing rented for temporary use (<i>vorübergehender Gebrauch</i>); 2) not applicable to housing equipped by landlord with furniture and fixtures and not let for a permanent use by a family.	BGBI, 1839
1974-12-18	2. G über den Kündigungsschutz für Mietverhältnisse über Wohnraum	Termination reasons: 1) tenant substantially violated his contractual obligations; 2) landlord needs the dwelling for himself or his relatives (in case of converting rental dwelling to owner one, this right can be executed only 3 years after conversion); 3) renting prevents landlord from justified economic use of the land plot. Sphere of application: not applicable to housing rented for temporary use; 2) not applicable to housing equipped by landlord with furniture and fixtures and not let for a permanent use by a family. 3) not applicable to houses with at most 2 dwellings, one of which being owner occupied.	BGBI, 3603

Table 1: Legislation on protection of tenants from eviction (continued)

Date	Law title	Summary	Source
1990-05-17	G zur Erleichterung des Wohnungsbaus im Planungs- und Baurecht sowie zur Änderung mietrechtlicher Vorschriften (Wohnungsbau-Erleichterungsgesetz — WoBauErlG)	Termination reasons: 1) tenant substantially violated his contractual obligations; 2) landlord needs the dwelling for himself or his relatives (in case of converting rental dwelling to owner one, this right can be executed only 3 years after conversion); 3) renting prevents landlord from justified economic use of the land plot. Sphere of application: not applicable to housing rented for temporary use; 2) not applicable to housing equipped by landlord with furniture and fixtures and not let for a permanent use by a family. 3) not applicable to houses with at most 2 dwellings, one of which being owner occupied; 4) not applicable to house with 3 dwellings, where landlord lives, when at least 1 dwelling was terminated through upgrading (<i>Ausbau</i>) or extension (<i>Erweiterung</i>) between 31.05.1990 and 01.06.1995.	BGBI, 926
1990-07-20	G zur Verbesserung der Rechtsstellung des Mieters bei Begründung von Wohnungseigentum an vermieteten Wohnungen	Termination reasons: landlord needs the dwelling for himself or his relatives. In case of converting a rental dwelling to owner one, this right can be executed only 5 years after conversion. Sphere of application: in areas, where sufficient supply of rental dwellings under reasonable conditions is particularly endangered.	BGBI, 1456
1993-04-22	G zur Erleichterung von Investitionen und der Ausweisung und Bereitstellung von Wohnbauland (Investitionserleichterungs- und WohnbaulandG)	Termination reasons: landlord needs the dwelling for himself or his relatives. In case of converting a rental dwelling to the owner one, this right can be executed only up to 10 years after conversion. However, eviction won't take place, if it would represent for tenant an unjustified hardship, unless he is provided by landlord with a reasonable dwelling (<i>angemessener Ersatzwohnraum</i>) under acceptable conditions. Sphere of application: in areas, where sufficient supply of rental dwellings under reasonable conditions is particularly endangered.	BGBI, 466
2001-06-25	G zur Neugliederung, Vereinfachung und Reform des Mietrechts (MietrechtsreformG)	Termination reasons: 1) tenant substantially violated his contractual obligations; 2) landlord needs the dwelling for himself or his relatives (in case of converting rental dwelling to owner one, this right can be executed only 3 years after conversion, in areas with insufficient supply of housing at reasonable conditions, this period is extended to 10 years); 3) renting prevents landlord from justified economic use of the land plot. Sphere of application: not applicable to houses with at most 2 dwellings, one of which being owner occupied.	BGBI, 1149

Notes: 1) “G” denotes “Gesetz” (primary law); 2) “VO” denotes “Verordnung” (secondary law, or ordinance); 3) “RGBl” stands for “Reichsgesetzblatt” (Law Gazette of German Reich); 4) “BGBl” stands for “Bundesgesetzblatt” (Law Gazette of Federal Republic Germany).

Table 2: Legislation on rationing of housing

Date	Law title	Summary	Source
1918-09-23	Bekanntmachung über Maßnahmen gegen Wohnungsmangel	Introduction of housing rationing in areas with acute housing shortage: 1) registration of vacant housing; 2) preservation (demolition and conversion of housing to other uses are prohibited); and 3) redistribution of housing (authorities can force landlords to lodge tenants or confiscate dwellings). Expiry date: the determination of expiry date is left by the Reich Chancellor.	RGBI, 1143
1920-05-11	G über Maßnahmen gegen Wohnungsmangel	Confirmation of the provisions of the 1918 Act and restriction of freedom of movement. Expiry date: The law expires at 30.09.1921.	RGBI, 949
1921-07-11	G, betreffend Verlängerung der Geltungsdauer des G über Maßnahmen gegen Wohnungsmangel	Expiry date: the 1920 Act is prolonged till 31.03.1922.	RGBI, 933
1922-03-20	G über Verlängerung der Geltungsdauer des WohnungsmangelG und der SammelheizungsVO	Expiry date: the 1920 Act is prolonged till 30.06.1922.	RGBI, 279
1923-03-26	G über Verlängerung der Geltungsdauer des WohnungsmangelG	Expiry date: the 1920 Act is prolonged till 30.06.1923.	RGBI, 217
1923-07-28	WohnungsmangelG	Introduction of housing rationing in areas with acute housing shortage: 1) registration of vacant housing; 2) preservation (demolition and merger of several dwellings into one require permission, while conversion of housing to other uses is prohibited); 3) redistribution of housing (authorities can force landlords to lodge tenants or confiscate dwellings; displaced Germans and families with many children are to be preferred when provided with housing). Federal states are allowed to issue regulations restricting the freedom of movement and property rights of landlords. Dwelling swaps require permission. Newly created dwellings are freed from rationing. Expiry date: No expiry date determined.	RGBI, 754
1930-12-02	VO des Reichspräsidenten zur Sicherung von Wirtschaft und Finanzen	Expiry date: Elimination of housing rationing from 01.04.1934 on.	RGBI, 517
1931-12-08	4. VO des Reichspräsidenten zur Sicherung von Wirtschaft und Finanzen und zum Schütze des inneren Friedens	Sphere of application: 1) not applicable to expensive dwellings (annual peace time (<i>Jahresfriedensmiete</i>) rent not exceeding from 300 RM in small settlements (<i>Ortsklasse C und D</i>) to 800 RM in Berlin); 2) not applicable to dwellings of non-profit housing companies (<i>gemeinnützige Wohnungsunternehmen</i>); 3) not applicable to company-owned (<i>Betrieb</i>) housing used to lodge employees. Expiry date: WohnungsmangelG expires at 01.04.1933.	RGBI, 699
1939-04-20	Verordnung zur Erleichterung der Wohnungsbeschaffung für kinderreiche Familien	Registration of vacant dwellings and their provision to families with many children.	RGBI, 815

Table 2: Legislation on rationing of housing (continued)

Date	Law title	Summary	Source
1941-07-29	VO über das Verbot der Umwandlung von Wohnungen in Räume anderer Art	Made conversion of housing to other uses subject to obtaining permission from the local authorities. It extended to the settlements with 10,000 and more inhabitants. Apparently, such a provision existed before, at least since 1936.	RGBI, 451
1942-08-14	VO über das Verbot der Zweckentfremdung von Wohnungen	Prohibition to convert housing to other uses (offices, factories, warehouses). It applies also to State and NSDAP bodies. Expiry date: the act expires at 31.12.1945.	RGBI, 545
1943-02-27	VO zur Wohnraumlenkung	Registration of housing. Creation of housing through reconstruction and expansion of existing buildings. Reconversion of misused housing. Assignment of registered housing to the privileged persons. Hindering immigration to and fostering outmigration from the territories with an acute housing shortage.	RGBI, 127
1943-06-21	VO zur Wohnraumversorgung der luftkriegsbedroffenen Bevölkerung	Registration of housing and its provision in the first place to those affected by bombing. Definition of underused dwellings. Expansion of existing dwellings. Utilization of misused dwellings.	RGBI, 355
1946-03-08	KontrollratsG Nr. 18 WohnungsG	Very similar to VO zur Wohnraumlenkung. Most difference concern the list of privileged persons.	
1950-04-24	1. WohnungsbauG	Sphere of application: dwellings constructed after 31.12.1949 using tax reductions or without state help is freed from the rationing	BGBI, 83
1950-06-15	G Nr. A — 9 der Alliierten Hohen Kommission	Restoration of the freedom of movement in West Germany.	ABl, 414
1953-03-31	WohnraumberwirtschaftungsG	Regulations: 1) registration of housing; 2) redistribution of vacant housing; 3) prohibition of housing misuse; 4) conservation, creation, and improvement of housing. Sphere of application: 1) not applicable to dwellings built without any state aid and with tax reductions; 2) not applicable to dwellings built between 21.06.1948 and 31.12.1949 without state loans or subsidies.	BGBI, 97

Table 2: Legislation on rationing of housing (continued)

Date	Law title	Summary	Source
1960-06-23	G über den Abbau der Wohnungszwangswirtschaft	Regulations: 1) registration of housing; 2) redistribution of vacant housing; 3) prohibition of housing misuse; 4) conservation, creation, and improvement of housing. Sphere of application: 1) rationing is eliminated in all regions, where the ratio of households (one-person households are treated as a half household) to dwellings <1.03; 2) not applicable in large dwellings (5+ rooms including kitchen in communities with <100,000 inhabitants; 6+ rooms in communities with 100,000+ inhabitants); 3) not applicable in expensive dwellings (if in areas with population [0, 20,000) monthly rent exceeds 25-40 DM depending on number of rooms; in areas with population [20,000, 100,000) monthly rent exceeds 32.5-50 DM; in areas with population 100,000+ monthly rent exceeds 45-70 DM); 4) not applicable to dwellings in houses with no more than 2 dwellings, one being owner occupied; 5) not applicable to dwellings in housing cooperatives. Expiry date: The rationing should be eliminated until the December 31, 1965.	BGBI, 389
1965-08-24	G zur Änderung des Schlußtermins für den Abbau der Wohnungszwangswirtschaft und für weitere Maßnahmen auf dem Gebiete des Mietpreisrechts	Expiry date: postponement of the elimination of rationing till 31.12.1967.	BGBI, 969
1971-11-04	G zur Verbesserung des Mietrechts und zur Begrenzung des Mietanstiegs sowie zur Regelung von Ingenieur- und Architektenleistungen	Federal states are entitled to issue secondary legislation on the misuse of housing.	BGBI, 1745
1976-08-18	G zur Änderung des BundesbauG	Introduction of §39h “Erhaltung baulicher Anlagen”. The community can identify the social conservation areas, where the permission to demolish, reconstruct, or modify the building structure can be denied in order to preserve the social composition of the population of those territories, if it is necessary due to urbanistic reasons.	BGBI, 2221
1986-12-08	G über das BauGbuch	Introduction of §172 “Erhaltung baulicher Anlagen und der Eigenart von Gebieten”. In social conservation areas, the demolition, reconstruction, and change in the use of dwellings require permission.	BGBI, 2191
1998-08-18	G zur Änderung des BauGbuchs und zur Neuregelung des Rechts der Raumordnung (Bau- und RaumordnungsG 1998 — BauROG)	In social conservation areas, the demolition, reconstruction (if above contemporary standards), change in the use of dwellings, and conversion of rental housing in condominiums require permission.	BGBI, 2081

Notes: 1) “G” denotes “Gesetz” (primary law); 2) “VO” denotes “Verordnung” (secondary law, or ordinance); 3) “RGBl” stands for “Reichsgesetzblatt” (Law Gazette of German Reich); 4) “BGBI” stands for “Bundesgesetzblatt” (Law Gazette of Federal Republic Germany); 5) “ABl” stands for “Amtsblatt der Alliierten Hohen Kommission” (Law Gazette of Allied High Commission).

Table 3: Legislation on rent controls

Date	Law title	Summary	Source
1922-03-24	ReichsmietenG	Rent setting: 1) existing contracts: rent fixed at peace time level (<i>Friedensmiete</i>) at 01.07.1914; 2) new contracts: rent fixed at 01.07.1914 level of comparable rents (<i>ortsüblicher Mietzins</i>), which are observed for dwellings in the same area, with the same type and location; 3) contracts for housing terminated between 01.07.1914 and 30.06.1918: peace time rent updated by change in construction cost. Basis rent (<i>Grundmiete</i>): interest + operating cost (<i>Betriebskosten</i> : taxes, public charges, insurance fees, administrative costs, etc.) + maintenance cost. Sphere of application: not applicable to new housing, i.e., dwellings obtained after 01.07.1918 through new construction (<i>Neubauten</i>), reconstruction (<i>Umbauten</i>), and fixture (<i>Einbauten</i>).	RGBl, 273
1926-07-10	G zur Änderung des ReichsmietenG	Rent updating: in case of modernization (<i>bauliche Veränderungen</i>) increasing the practical value of housing (<i>Gebrauchswert</i>), tenants can be charged a higher rent (<i>Zusatzmiete</i>) to cover reasonable interest and repayment of principal.	RGBl, 403
1927-03-11	VO über Festsetzung einer Mindesthöhe der gesetzlichen Miete	Rent updating: from 01.04.1927, legal rent (<i>gesetzliche Miete</i>) is 110% of peace time rent; from 01.10.1927, it is 120% of peace time rent.	RGBl, 72
1927-06-30	G zur Verlängerung des MieterschutzG und des ReichsmietenG	Expiry date: ReichsmietenG is prolonged till the 31.12.1927.	RGBl, 131
1927-12-24	G zur Verlängerung des MieterschutzG und des ReichsmietenG	Expiry date: ReichsmietenG is prolonged till the 28.02.1928.	RGBl, 513
1928-02-20	ReichsmietenG	Rent setting: 1) existing contracts: rent fixed as a percentage of peace time rent; 2) new contracts: rent fixed at 01.07.1914 level of comparable rents, which are observed for dwellings in the same area, with the same type and location; 3) contracts for housing terminated between 01.07.1914 and 30.06.1918: peace time rent updated by change in construction cost. Rent should cover interest for borrowed and own capital + operating cost + maintenance cost. Rent updating: in case of modernization increasing the practical value of housing, tenants can be charged a higher rent to cover reasonable interest and repayment of principal. Sphere of application: 1) not applicable to housing terminated after 01.07.1918; 2) not applicable to dwellings obtained by dividing large vacant dwellings (5+ rooms); 3) not applicable to dwellings obtained from vacant commercial properties; 4) not applicable to state-owned housing; 5) not applicable to dwellings of non-profit housing companies providing cheap housing to poor people; 6) not applicable to large dwellings (at least 6 rooms without kitchen, storeroom, and maiden's chamber with at least 100 m ² living space) becoming vacant after 31.03.1928, if contract duration >2 years. Expiry date: 31.03.1930.	RGBl, 38

Table 3: Legislation on rent controls (continued)

Date	Law title	Summary	Source
1930-03-08	G zur Verlängerung der Geltungsdauer des ReichsmietenG	Expiry date: ReichsmietenG is prolonged till the 30.06.1931.	RGBl, 32
1930-12-02	VO des Reichspräsidenten zur Sicherung von Wirtschaft und Finanzen	Sphere of application: not applicable to dwellings of non-profit housing companies (<i>gemeinnützige Wohnungsunternehmen</i>). Expiry date: ReichsmietenG is prolonged till the 01.04.1936.	RGBl, 517
1931-12-08	4. VO des Reichspräsidenten zur Sicherung von Wirtschaft und Finanzen und zum Schütze des inneren Friedens	Rent setting: 1) old housing: from 01.01.1932 on, legal rent is decreased by 10% of peace time rent; 2) new housing (built after 01.07.1918): from 01.01.1932 on, rent decreases proportionally to the officially prescribed interest rate decrease. Sphere of application: 1) not applicable to housing terminated after 01.07.1918, also through division (<i>Teilung</i>) and conversion from commercial property; 2) not applicable to subletting; 3) not applicable to expensive dwellings (annual peace time (<i>Jahresfriedensmiete</i>) rent not exceeding from 450 RM in small settlements (<i>Ortsklasse D</i>) to 1600 RM in Berlin); 4) not applicable to rental commercial properties. Expiry date: ReichsmietenG is prolonged till the 01.04.1933.	RGBl, 699
1936-04-18	G zur Änderung des ReichsmietenG und des MieterschutzG	Rent setting: 1) existing contracts: rent fixed as a percentage of peace time rent; 2) new contracts: rent fixed at 01.07.1914 level of comparable rents, which are observed for dwellings in the same area, with the same type and location; 3) contracts for housing terminated between 01.07.1914 and 30.06.1918: peace time rent updated by change in construction cost. Rent should cover interest for borrowed and own capital + operating cost + maintenance cost. Rent updating: in case of modernization increasing the practical value of housing, tenants can be charged a higher rent to cover reasonable interest and repayment of principal. Sphere of application: 1) not applicable to housing terminated after 01.07.1918; 2) not applicable to dwellings obtained through division and conversion from commercial property after 01.07.1918; 3) not applicable to state-owned dwellings; 4) not applicable to dwellings of non-profit housing companies; 5) not applicable to rental commercial properties; 6) not applicable to subletting; 7) not applicable to dwellings that are temporary let for special purposes; 8) not applicable to dwellings where landlord is employer and tenant is employee. Expiry date: No expiry date anymore.	RGBl, 371

Table 3: Legislation on rent controls (continued)

Date	Law title	Summary	Source
1936-11-26	VO über das Verbot von Preiserhöhungen	Rent updating: 1) rent increases are forbidden. A higher than the legal rent cannot be negotiated. If the rent at 18.10.1936 was higher than the legal rent, it will be set back to the legal level when new rental contract is concluded. 2) new contracts: rent fixed at 18.10.1936 level; 3) modernization cost can be charged to tenants; 4) increases in legal or contractual burdens imposed on landlord and occurring after 18.10.1936 can be charged to tenants. Sphere of application: unchanged compared to ReichsmietenG of 1936.	RGBL, 955
1950-04-24	1. WohnungsbauG	Rent setting: 1) for dwellings built after 31.12.1949 using tax reductions, at most a rent covering costs can be set (<i>Kostenmiete</i>). 2) for dwellings built after 31.12.1949 without state help, rent can be set without limitations (<i>Marktmiete</i>). Sphere of application: not applicable to dwellings built after 31.12.1949 using tax reductions or without state help.	BGBL, 83
1951-11-29	VO PR Nr. 71/51 über Manahmen auf dem Gebiete des Mietpreisrechts	Rent setting: 1) for dwellings built up to 17.10.1936, the rent cannot be lower than the rent that existed at that time (reference date rent, or <i>Stichtagsmiete</i>); 2) for dwellings built between 18.10.1936 and 08.09.1945 without state aid (loans or subsidies), the rent is determined by actual construction cost, but at most 110% of comparable construction cost as of 17.10.1936; 3) for dwellings built between 09.05.1945 and 20.07.1948 without state aid, the rent is set at 110% of rent for comparable housing as of 17.10.1936; 4) for dwellings built between 20.06.1948 and 31.12.1949 without state aid, the rent is determined by profitability calculation (<i>Ertragsberechnung</i>) accounting for construction and exploitation costs, but at most 150% of rent for comparable newly built dwellings as of 17.10.1936; 5) for dwellings built after 31.12.1949 with tax reductions, the reference date is set; 5) for dwellings built after 31.12.1949 with state aid, the reference date is set. Rent updating: 1) for dwellings built up to 17.10.1936, if the rent is lower than typical local rent (<i>ortsübliche Miete</i>) for dwellings of the same type, location, and equipment, then the price setting authorities can allow its updating to the customary local level. Sphere of application: not applicable to dwellings built between 20.06.1948 and 31.12.1949 without state aid.	BGBL, 920

Table 3: Legislation on rent controls (continued)

Date	Law title	Summary	Source
1955-07-27	G über Manahmen auf dem Gebiete des Mietpreisrechts (1. BundesmietenG)	Rent updating: 1) existing contracts: for dwellings built before 20.06.1948, the rent may be raised by 10. Additionally, it can be raised by up to 15% depending on their equipment (e.g., bath, water heating, cellar, and central heating); 2) new contracts: for dwellings built before 20.06.1948, the newly negotiated rent may be raised to up to 133.33% of the rent allowed by price setting legislation (<i>preisrechtlich zulässige Miete</i>); 3) for dwellings built between 20.06.1948 and 31.12.1949 with state aid, the rent may be raised to cover current expenses (<i>laufende Aufwendungen, Kostenmiete</i>); 4) for dwellings freed from rent controls, rent increases are limited from above by a reasonably raised rent (cost covering rent). Sphere of application: not applicable to dwellings built between 20.06.1948 and 31.12.1949 without state aid.	BGBI, 458
1956-06-27	2. WohnungsbauG (Wohnungsbau- und FamilienheimG)	Rent setting: 1) for dwellings built with state aid, the rent can be set to cover current expenses; 2) for dwellings built with tax reductions, the rent may be set freely but not exceed the level covering current expenses; 3) for dwellings built without state aid, the rent can be set freely.	BGBI, 523
1960-06-23	G über den Abbau der Wohnungszwangswirtschaft	Rent updating: 1) existing contracts: for dwellings built before 20.06.1948, the rent may be raised by 15. Additionally, it can be raised up to certain amount that depends on the size of settlement, number of rooms, and equipment of dwelling (bath and central heating); 2) for dwellings built between 20.06.1948 and 31.12.1949 with state aid, the rent may be raised to cover current expenses; 3) for dwellings built between 20.06.1948 and 31.12.1949 with tax reductions, the rent may be set freely but not exceed the level covering current expenses. Sphere of application: fixed rents should be liberalized between 01.07.1963 and 01.01.1966. Expiry date: The law expires at 31.12.1965.	BGBI, 389
1963-07-25	VO über die angemessen erhöhte Miete nach der Mietpreisgabe	Rent updating: 1) for dwellings built up to 20.06.1948, rents are gradually freed, but upper bounds on their reasonable (<i>angemessener</i>) increases are set depending on settlement size, year of construction, and equipment of dwelling (in areas with 20,000 inhabitants, highest rents are 0.75-1.65 DM/m ² ; in areas with [20,000, 100,000) inhabitants, 0.85-1.80 DM/m ² ; in areas with 100,000+ inhabitants, 0.90-2.00 DM/m ²); 2) for dwellings built after 20.06.1948 with state aid, the reasonable rent is cost covering.	BGBI, 532

Table 3: Legislation on rent controls (continued)

Date	Law title	Summary	Source
1965-08-24	G zur Änderung des Schlutermis für den Abbau der Wohnungszwangswirtschaft und für weitere Maßnahmen auf dem Gebiete des Mietpreisrechts	Rent updating: 1) for dwellings built up to 20.06.1948, rents are gradually freed, but upper bounds on their reasonable increases are set depending on settlement size, year of construction, and equipment of dwelling (in areas with 20,000 inhabitants, highest rents are 0.75-1.65 DM/m ² ; in areas with [20,000, 100,000) inhabitants, 0.85-1.80 DM/m ² ; in areas with 100,000+ inhabitants, 0.90-2.00 DM/m ²); 2) for dwellings built after 20.06.1948 with state aid, the reasonable rent is cost covering, if the actual rent is lower, it can be raised to cost covering level but not by more than 0.3 DM/m ² . Expiry date: 1) liberalization of rents postponed to 01.01.1968; 2) 2. BundesmietenG expires at 31.12.1967.	BGBI, 969
1967-12-21	2. G zur Änderung des Schlutermis für den Abbau der Wohnungszwangswirtschaft und für weitere Maßnahmen auf dem Gebiete des Mietpreisrechts	Rent updating: 1) for dwellings built up to 20.06.1948, basis rent can be raised by 10%; 2) no rent increase allowed in unhealthy, underground, and temporary dwellings. Sphere of application: cities Hamburg, Bonn, Freiburg, and Munich as well as in rural districts (<i>Landkreise</i>) Bonn, Göttingen, and Munich. Expiry date: in rural districts Bonn, Göttingen, and Munich, the law expires at 31.12.1968.	BGBI, 1251
1968-12-20	G zur Änderung mietpreisrechtlicher Vorschriften	Rent updating: 1) for dwellings built up to 20.06.1948, basis rent can be raised by 20%; 2) no rent increase allowed in unhealthy, underground, and temporary dwellings. Sphere of application: 1) cities Hamburg, and Munich as well as in rural district Munich; 2) not applicable to large dwellings (6+ rooms including kitchen) from 01.01.1969 on. Expiry date: 1) in cities Bonn and Freiburg and in rural districts Bonn and Göttingen, the law expires at 31.12.1968; 2) in cities Hamburg and Munich and rural district Munich, the law expires at 31.12.1970.	BGBI, 1411
1970-06-18	G zur Änderung mietpreisrechtlicher und wohnungsrechtlicher Vorschriften in der Freien und Hansestadt Hamburg sowie in der kreisfreien Stadt München und im Landkreis München	Rent updating: 1) for dwellings built up to 20.06.1948, basis rent can be raised by 10%; 2) no rent increase allowed in unhealthy, underground, and temporary dwellings. Sphere of application: cities Hamburg, and Munich as well as in rural district Munich. Expiry date: the law expires at 31.12.1972.	BGBI, 786
1971-11-04	G zur Verbesserung des Mietrechts und zur Begrenzung des Mietanstiegs sowie zur Regelung von Ingenieur- und Architektenleistungen	Rent setting: setting excessive rents and asking excessive agency fees is forbidden. Unreasonably excessive rent (<i>unangemessen hoher Entgelt</i>) is the rent resulting from exploiting the housing shortage and substantially exceeding typical local rents negotiated in the region or similar regions for dwellings of comparable type, size, equipment, quality, and location.	BGBI, 1745
1971-11-25	G über den Kündigungsschutz für Mietverhältnisse über Wohnraum	Rent updating: rent can be increased, if it remained unchanged for 1 year and desired rent does not exceed the typical rent in the region or similar regions for dwellings of comparable type, size, equipment, quality, and location.	BGBI, 1839

Table 3: Legislation on rent controls (continued)

Date	Law title	Summary	Source
1972-10-30	2. G zur Änderung mietpreisrechtlicher und wohnungsrechtlicher Vorschriften in der Freien und Hansestadt Hamburg sowie in der kreisfreien Stadt München und im Landkreis München	Rent updating: 1) for dwellings built up to 20.06.1948, basis rent can be raised by 10%; 2) no rent increase allowed in unhealthy, underground, and temporary dwellings. Sphere of application: cities Hamburg, and Munich as well as in rural district Munich. Expiry date: the law expires at 31.12.1974.	BGBI, 2054
1974-12-18	2. G über den Kündigungsschutz für Mietverhältnisse über Wohnraum	Rent updating: 1) rent can be increased, if it remained unchanged for 1 year and desired rent does not exceed the typical rent in the region or similar regions for dwellings not subject to price controls of comparable type, size, equipment, quality, and location. 3) in case of modernization increasing the practical value of housing, the landlord may charge 14% of modernization cost to tenants; 4) if interest rate increases, the landlord may charge the resulting additional cost to tenants. 5) in cities Hamburg and Munich and rural district Munich, until 31.12.1976 the rent for dwellings with >6 rooms including kitchen can be raised at most by 10% of basis rent. Measurement of typical rents: 1) survey of typical rents in the region or similar region conducted or recognized by the municipality or by representatives of landlords' and tenants' associations; 2) report by a sworn expert; 3) rents in 3 dwellings of other landlords.	BGBI, 3603
1982-12-20	G zur Erhöhung des Angebots an Mietwohnungen	Rent updating: 1) rent can be increased, a) if it remained unchanged for 1 year; b) required rent does not exceed the typical rent in the region or similar regions for dwellings of comparable type, size, equipment, quality, and location negotiated in the last 3 years; c) and the rent within 3 years is not raised by >30%; 2) stepwise increase (<i>gestaffelter Mietzins</i>): provision up to 10 years, automatic rent increase once in a year by an amount indicated in the contract. Rent setting: setting excessive rents and asking excessive agency fees is forbidden. Unreasonably excessive rent is the rent resulting from exploiting the housing shortage and substantially exceeding typical rents negotiated within the last 3 years in the region or similar regions for dwellings of comparable type, size, equipment, quality, and location. Measurement of typical rents: 1) survey of typical rents in the region or similar region conducted or recognized by the municipality or by representatives of landlords' and tenants' associations (first mention of <i>Mietspiegel</i>), which should be updated every 2 years; 2) report by a sworn expert; 3) rents in 3 dwellings of other landlords.	BGBI, 1912

Table 3: Legislation on rent controls (continued)

Date	Law title	Summary	Source
1993-07-21	4. G zur Änderung mietrechtlicher Vorschriften	<p>Rent updating: 1) rent can be increased, a) if it remained unchanged for 1 year; b) required rent does not exceed the typical rent in the region or similar regions for dwellings of comparable type, size, equipment, quality, and location negotiated in the last 4 years; c) and the rent within 3 years is not raised by >20% for rents >8 DM/m² and >30% for rents ≤8 DM/m², the resulting rent cannot exceed 9 DM/m²; 2) stepwise increase: provision up to 10 years, automatic rent increase once in a year by an amount indicated in the contract; 3) indexation of rent by CPI without housing happening once a year. Rent setting: setting excessive rents and asking excessive agency fees is forbidden. Unreasonably excessive rent is the rent resulting from exploiting the housing shortage and substantially exceeding typical rents negotiated within the last 4 years in the region or similar regions for dwellings of comparable type, size, equipment, quality, and location by >20%. Rent is reasonable, if it covers current expenses and the dwelling is built after 01.01.1991. Measurement of typical rents: 1) survey of typical rents in the region or similar region conducted or recognized by the municipality or by representatives of landlords' and tenants' associations, which should be updated every 2 years; 2) report by a sworn expert; 3) rents in 3 dwellings of other landlords.</p>	BGBI, 1257

Table 3: Legislation on rent controls (continued)

Date	Law title	Summary	Source
2001-06-25	G zur Neugliederung, Vereinfachung und Reform des Mietrechts (MietrechtsreformG)	<p>Rent updating: 1) rent can be increased, a) if it remained unchanged for 1.25 year; b) required rent does not exceed the typical rent in the region or similar regions for dwellings of comparable type, size, equipment, quality, and location negotiated in the last 4 years; c) and the rent within 3 years is not raised by >20% (<i>Kappungsgrenze</i>); 2) stepwise increase: provision up to 10 years, automatic rent increase once in a year by an amount indicated in the contract; 3) indexation of rent by CPI happening once a year; 4) in case of modernization increasing the practical value of housing, the landlord may charge 11% of modernization cost to tenants. Rent setting: setting excessive rents and asking excessive agency fees is forbidden. Unreasonably excessive rent is the rent resulting from exploiting the housing shortage and substantially exceeding typical rents negotiated within the last 4 years in the region or similar regions for dwellings of comparable type, size, equipment, quality, and location by >20%. Rent is reasonable, if it covers current expenses. Measurement of typical rents: 1) survey of typical rents in the region or similar region conducted or recognized by the municipality or by representatives of landlords' and tenants' associations, which should be updated every 2 years (introduction of a survey based on scientific principles, the so-called <i>qualifizierter Mietspiegel</i>); 2) report by a sworn expert; 3) rents in 3 dwellings; 4) rent databank.</p>	BGBl, 1149
2013-03-11	G über die energetische Modernisierung von vermietetem Wohnraum und über die vereinfachte Durchsetzung von Räumungstiteln (MietRÄndG)	<p>Rent updating: rent can be increased, a) if it remained unchanged for 1.25 year; b) required rent does not exceed the typical rent in the region or similar regions for dwellings of comparable type, size, equipment, quality, and location negotiated in the last 4 years; c) and the rent within 3 years is not raised by >20% (in the area, where sufficient supply of rental dwellings under reasonable conditions is endangered, the upper limit for rent increases is 15%).</p>	BGBl, 434
2015-04-21	G zur Dämpfung des Mietanstiegs auf angespannten Wohnungsmärkten und zur Stärkung des Bestellerprinzips bei der Wohnungsvermittlung (MietNovG)	<p>Rent setting: the rent for a dwelling located in an area with a tight housing market (<i>angespannter Wohnungsmarkt</i>) can be at most 10% higher than the typical local rent. Federal states are empowered to establish such areas for a period of at most 5 years. Criteria for tight market: 1) local rents grow faster than at the national level; 2) local average rent-to-income ratio is significantly higher than the national average; 3) population grows, whereas new housing construction does not create enough dwellings; or 4) vacancy rate is small, while demand is high. Sphere of application: 1) not applicable if dwellings are used and let for the first time after 01.10.2014; 2) not applicable for the first letting after an extensive modernization.</p>	BGBl, 610

Notes: 1) “G” denotes “Gesetz” (primary law); 2) “VO” denotes “Verordnung” (secondary law, or ordinance); 3) “RGBl” stands for “Reichsgesetzblatt” (Law Gazette of German Reich); 4) “BGBl” stands for “Bundesgesetzblatt” (Law Gazette of Federal Republic Germany).

Table 4: Legislation on social housing

Date	Law title	Summary	Source
1919-12-09	VO zur Behebung der dringendsten Wohnungsnot	Subject: no explicit definition. Object: small and medium dwellings (<i>Klein- und Mittelwohnungen</i>). Fostering: 1) provision of land, also through expropriation; 2) exemption from some prescriptions; 3) local authorities must provide access to their supply networks and drainage systems und reasonable conditions.	RGBl, 1968
1926-03-26	G über die Bereitstellung von Kredit zur Förderung des Kleinwohnungsbaues	Expenditure: To encourage the granting of bridging loans for first mortgages for small apartments, the Minister of Labor is empowered to grant loans to federal states with a 12 months maturity. The amount of loans is 200 million RM.	RGBl, 179
1928-03-07	G über die Bereitstellung von Kredit zur Förderung des Kleinwohnungsbaues (BaukreditG 1928)	Guarantees: In financial year 1928, Minister of Finance assumes guarantees of up to 200 million RM for the credits to <i>Deutsche Bau- und Bodenbank AG</i> , which should provide bridging loans for the small housing construction.	RGBl, 53
1929-03-26	G über die Bereitstellung von Kredit zur Förderung des Kleinwohnungsbaues (BaukreditG 1929)	Guarantees: Between 01.04.1929 and 31.03.1932, Minister of Finance assumes guarantees of up to 250 million RM for the credits to <i>Deutsche Bau- und Bodenbank AG</i> .	RGBl, 81
1930-07-26	G über die Bereitstellung von Kredit zur Förderung des Kleinwohnungsbaues (BaukreditG 1930)	Guarantees: Between 01.04.1929 and 31.03.1936, Minister of Finance assumes guarantees of up to 300 million RM for the credits to <i>Deutsche Bau- und Bodenbank AG</i> .	RGBl, 419
1931-01-10	Reichsgrundsätze für den Kleinwohnungsbau	Subject: no explicit definition, but special mention of families with many children and severely disabled. Object: small rental (<i>Kleinwohnungen</i>) and owner housing construction. Upper size and equipment standards for the state-aided housing are set. Fostering: loans and interest subsidies. Restrictions: economically viable (<i>wirtschaftlich tragbar</i>), but upper bounded rents.	RGBl, 9
1933-10-26	DVO über die Steuerbefreiung für neu errichtete Kleinwohnungen und Eigenheime	Subject: no explicit definition. Object: small rental and owner housing construction. Upper size standards for the state-aided housing are set. Fostering: lower taxation (land tax, <i>Grundsteuer</i>).	RGBl, 773
1936-02-04	G zur Übernahme von Reichsbürgschaften für den Kleinwohnungsbau	Guarantees: the maximum Reich’s guarantee amount cannot exceed 250 million RM.	RGBl, 56
1936-07-15	VO über den Höchstbetrag für Reichsbürgschaften für den Kleinwohnungsbau	Guarantees: the maximum Reich’s guarantee amount is raised to 400 million RM.	RGBl, 578
1937-03-24	2. VO über den Höchstbetrag für Reichsbürgschaften für den Kleinwohnungsbau	Guarantees: the maximum Reich’s guarantee amount is raised to 500 million RM.	RGBl, 446

Table 4: Legislation on social housing (continued)

Date	Law title	Summary	Source
1937-10-04	3. VO über den Höchstbetrag für Reichsbürgschaften für den Kleinwohnungsbau	Guarantees: the maximum Reich's guarantee amount is raised to 700 million RM.	RGBI, 1131
1938-12-15	4. VO über den Höchstbetrag für Reichsbürgschaften für den Kleinwohnungsbau	Guarantees: the maximum Reich's guarantee amount is raised to 900 million RM.	RGBI, 2011
1940-11-15	Erlaß zur Vorbereitung des deutschen Wohnungsbaues nach dem Kriege	Subject: Families with many children. Object: rental and owner housing construction. First time the notion of "social housing" (<i>sozialer Wohnungsbau</i>) is mentioned. Restriction: Rent/housing cost for owners must stay in a "healthy relation" to the income of the housing recipients. Plan: In the first post-war year, 0.3 million new dwellings are to be constructed. Size and equipment standards for the post-war social housing are set. Fostering: not specified.	RGBI, 1495
1940-12-20	VO über den Höchstbetrag für Reichsbürgschaften auf dem Gebiete des Wohnungswesens, Siedlungswesens und Städtebaues	Guarantees: the maximum Reich's guarantee amount cannot exceed 1225 million RM.	RGBI, 1649
1950-04-24	1. WohnungsbauG	Subject: wide circles of population, especially employees. Object: rental and owner housing construction. Upper bounds for size and lower bounds for equipment of dwellings are set. Fostering: 1) state aid (low-interest or interest-free loans or subsidies); 2) credit guarantees; 3) lower taxation (land tax); 4) sale of land at reasonable prices or lease; 5) exemption from housing rationing. Plan: Within 6 years 1.8 million social dwellings are to be constructed. Guarantees: the Bund assumes guarantees up to 100 million DM. Restrictions: 1) upper bounds for rents taking into account housing characteristics (size of region, equipment, location); 2) state-aided social housing is only for eligible persons.	BGBI, 83
1953-08-25	G zur Änderung und Ergänzung des 1. WohnungsbauG	Plan: Between 1951 and 1956, 2 million social dwellings are to be constructed. Guarantees: the Bund assumes guarantees up to 100 million DM. Expenditure: in financial years 1953 through 1956, federal authorities assign 500 million DM in federal budget for social housing.	BGBI, 1037

Table 4: Legislation on social housing (continued)

Date	Law title	Summary	Source
1956-06-27	2. WohnungsbauG (Wohnungsbau- und FamilienheimG)	Subject: wide circles of population, especially low-income households (specific upper bounds). Object: rental and owner housing construction. Upper bounds for size and lower bounds for equipment of dwellings are set. Fostering: 1) state aid (low-interest or interest-free loans or subsidies); 2) credit guarantees; 3) lower taxation and fees (land tax); 4) sale of land at reasonable prices or lease; 5) exemption from housing rationing; 6) exemption from rent controls; 7) provision of premia for building society savers; 8) lower accident insurance premia; 9) lower payment in case of early repayment of state-provided loans. Plan: Between 1957 and 1962, 1.8 million social dwellings are to be constructed. Guarantees: the Bund assumes guarantees up to 500 million DM. Expenditure: in financial year 1957, federal authorities assign 700 million DM in federal budget for social housing. Each consecutive year this amount is to be reduced by 70 million DM. Restrictions: 1) rent should cover current expenses (<i>Kostenmiete</i>); 2) state-aided social housing is only for eligible persons.	BGBI, 523
1965-08-24	G zur verstärkten Eigentumsbildung im Wohnungsbau und zur Sicherung der Zweckbestimmung von Sozialwohnungen (WoBauÄndG 1965)	Expenditure: from financial year 1965 on, federal authorities assign 210 million DM in federal budget for social housing. Restrictions: 1) rent should cover current expenses; 2) state-aided social housing is only for eligible persons (<i>Wohnberechtigte</i>); 3) misuse and transformation (<i>Zweckentfremdung und bauliche Veränderung</i>) of social housing require permission.	BGBI, 945
1967-12-21	G zur Verwirklichung der mehrjährigen Finanzplanung des Bundes, II. Teil FinanzänderungsG 1967	Expenditure: From financial year 1968 on, federal authorities assign 150 million DM in federal budget for social housing.	BGBI, 1259
1971-12-17	G zur Durchführung des langfristigen Wohnungsbauprogramms	Expenditure: from financial year 1971 on, federal authorities assign 150 million DM in federal budget for social housing.	BGBI, 1993

Table 4: Legislation on social housing (continued)

Date	Law title	Summary	Source
1976-09-01	Wohnungsbau- und FamilienheimG — II. WoBauG	Subject: wide circles of population, especially low-income households (specific upper bounds). Object: rental and owner housing construction. Upper bounds for size and lower bounds for equipment of dwellings are set. Fostering: 1) state aid; 2) credit guarantees; 3) lower taxation and fees; 4) sale of land at reasonable prices or lease; 5) exemption from housing rationing (not applicable anymore); 6) exemption from rent controls; 7) provision of premia for building society savers; 8) lower accident insurance premia; 9) lower payment in case of early repayment of state-provided loans; 10) provision of housing allowances; 11) provision of subsidies and loans for expenses (<i>Aufwendungen</i>). Guarantees: exact amount no longer specified. Restrictions: 1) rent should cover current expenses; 2) state-aided social housing is only for eligible persons.	BGBI, 2673
1980-02-20	WohnungsbauänderungsG 1980 — WoBauÄndG 1980	Subject: upgrading upper bounds for income of social housing recipients.	BGBI, 159
1985-07-11	Wohnungsbau- und FamilienheimG — II. WoBauG	Subject: wide circles of population, especially low-income households (specific upper bounds). Object: rental and owner housing construction. Upper bounds for size of dwellings are set. Fostering: 1) state aid; 2) credit guarantees; 3) lower taxation and fees; 4) sale of land at reasonable prices or lease; 5) exemption from rent controls; 6) provision of premia for building society savers; 7) lower accident insurance premia; 8) lower payment in case of early repayment of state-provided loans; 9) provision of housing allowances; 10) provision of subsidies and loans for expenses. Restrictions: 1) rent should cover current expenses; 2) state-aided social housing is only for eligible persons.	BGBI, 1284
1990-08-14	Wohnungsbau- und FamilienheimG — II. WoBauG	Subject: wide circles of population, especially low-income households (specific upper bounds). Object: rental and owner housing construction. Upper bounds for size of dwellings are set. Fostering: 1) state aid; 2) credit guarantees; 3) lower taxation and fees; 4) sale of land at reasonable prices or lease; 5) exemption from rent controls; 6) provision of premia for building society savers; 7) lower accident insurance premia; 8) lower payment in case of early repayment of state-provided loans; 9) provision of housing allowances; 10) provision of subsidies and loans for expenses. Restrictions: 1) rent should cover current expenses; 2) state-aided social housing is only for eligible persons.	BGBI, 1730
1994-08-19	Wohnungsbau- und FamilienheimG — II. WoBauG	Subject: upgrading upper bounds for income of social housing recipients.	BGBI, 2137

Table 4: Legislation on social housing (continued)

Date	Law title	Summary	Source
2001-09-13	G zur Reform des Wohnungsbaurechtes	Subject: low-income households (specific upper bounds). Object: rental and owner housing construction and modernization. Size of dwellings should be reasonable. Fostering: 1) state aid (loans and subsidies); 2) credit guarantees; 3) sale of cheaper land. Expenditure: from financial year 2002 on, federal authorities provide federal states 230 million euro yearly for social housing. Restrictions: 1) Rent should cover current expenses. Rent increases after modernization are allowed. 2) state-aided social housing is only for eligible persons.	BGBI, 2376
2003-12-29	HaushaltsbegleitG 2004 (HBegLG 2004)	Expenditure: in financial year 2004, the annual amount of financial help is 110 million euro, from financial year 2005 on, annual amount is 202.4 million euro.	BGBI, 3076
2006-09-05	Föderalismusreform-BegleitG	Expenditure: federal funds are no longer assigned for social housing.	BGBI, 2098

Notes: 1) “G” denotes “Gesetz” (primary law); 2) “VO” denotes “Verordnung” (secondary law, or ordinance); 3) “DVO” denotes “Durchführungsverordnung” (implementing ordinance); 4) “RGBl” stands for “Reichsgesetzblatt” (Law Gazette of German Reich); 5) “BGBI” stands for “Bundesgesetzblatt” (Law Gazette of Federal Republic Germany).

Table 5: Evolution of social housing standards

Date	Size	Equipment
10.01.1931	Living area: 32-45 m^2 , in dwellings for families with children 60 m^2 .	Maximum equipment: The equipment must facilitate the economical and simple housekeeping and avoid unnecessary expenses. The central community facilities (heating, hot water, provision, bath, laundry) are only allowed, when they do not increase the charges for tenants. In order to reduce the cost and rent, providing dwellings with individual bathrooms must be given up. Otherwise, the equipment should correspond to the local habits. Laundries, cellars, and lofts (<i>Bodenräume</i>) are to be limited to the necessary extent.
20.03.1931	Maximum useful living area is 90 m^2 , including living and bedrooms as well as kitchen. Secondary rooms (<i>Nebenräume</i>) must be within locally typical standards.	
26.10.1933	Useful area: 1) for rental social housing, it must not exceed 75 m^2 ; 2) for owner occupied housing, it must not exceed 150 m^2 .	

Table 5: Evolution of social housing standards (continued)

Date	Size	Equipment
15.10.1940	Between 62 m^2 (3-room dwellings) and 86 m^2 (5-room dwellings).	Withing 5 years after the war: 1) 80% of new dwellings will have a large kitchen and 3 bedrooms + shower room with separate WC + balcony; 2) 10% will have 1 room more and 10% 1 room less; 3) in all cases, there must be a dining room and a storeroom.
24.04.1950	1) for dwellings fostered through lower taxes: living area of 80 m^2 or 120 m^2 for large families; 2) for dwellings built with state aid, the living area should be between 32 and 65 m^2 . It can be smaller in dwellings for singles or larger in dwellings for big families.	
27.06.1956	1) family homes (<i>Familienheim</i>) with a single dwelling for owner — 120 m^2 ; 2) family homes with 2 dwellings — 160 m^2 ; 3) owner-occupied dwellings in condominiums — 120 m^2 ; 4) other dwellings — 85 m^2 .	Minimum equipment: cooking space, modern sanitary facilities inside the dwelling, fitted bathroom or furnished shower and sink, sufficient storage room, connection for oven, electric burners connection in all rooms, adequate storage or corresponding spare room, shared laundry room and storage room for strollers and bicycles.
24.08.1965	1) family homes with a single dwelling — 130 m^2 ; 2) family homes with 2 dwellings — 180 m^2 ; 3) owner-occupied dwellings in condominiums — 120 m^2 ; 4) other dwellings — 90 m^2 .	Minimum equipment: cooking space, modern sanitary facilities inside the dwelling, fitted bathroom or furnished shower and sink, sufficient storage room, connection for oven, electric burners connection in all rooms, adequate storage or corresponding spare room, shared laundry room and storage room for strollers and bicycles.
11.07.1985	1) family homes with a single dwelling — 130 m^2 ; 2) family homes with 2 dwellings — 200 m^2 ; 3) owner-occupied dwellings in condominiums — 120 m^2 ; 4) other dwellings — 90 m^2 .	Minimum equipment: No prescriptions for minimum equipment anymore.
13.09.2001	The size of dwellings built with state aid should correspond to their purpose.	

Figure 1: The index of tenant protection regulations, 1913-2015



Figure 2: Indices of Bundesland-specific prohibitions of housing misuse and of city-specific regulations of social conservation areas, 1971-2015

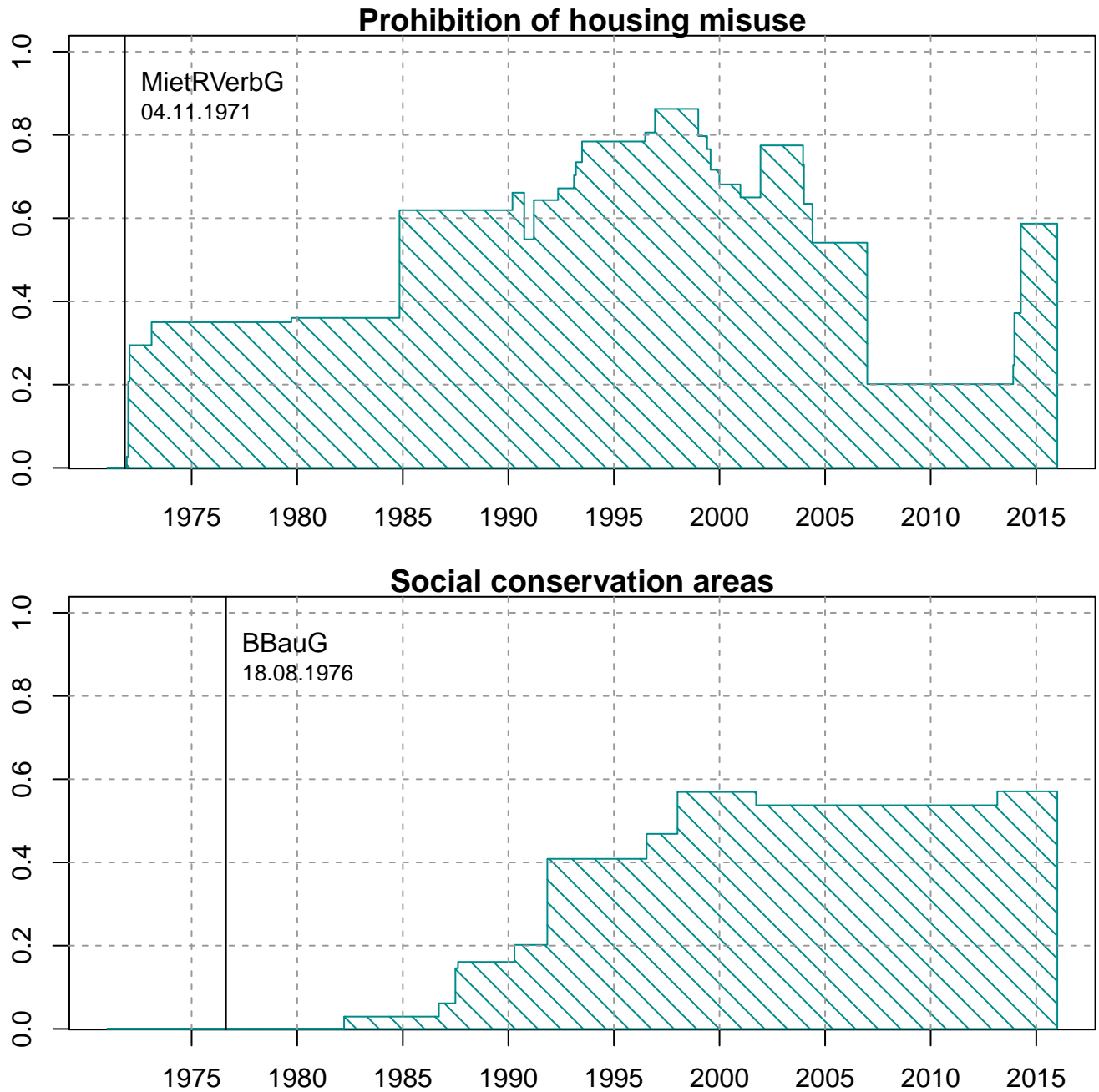


Figure 3: The index of housing rationing regulations, 1913-2015

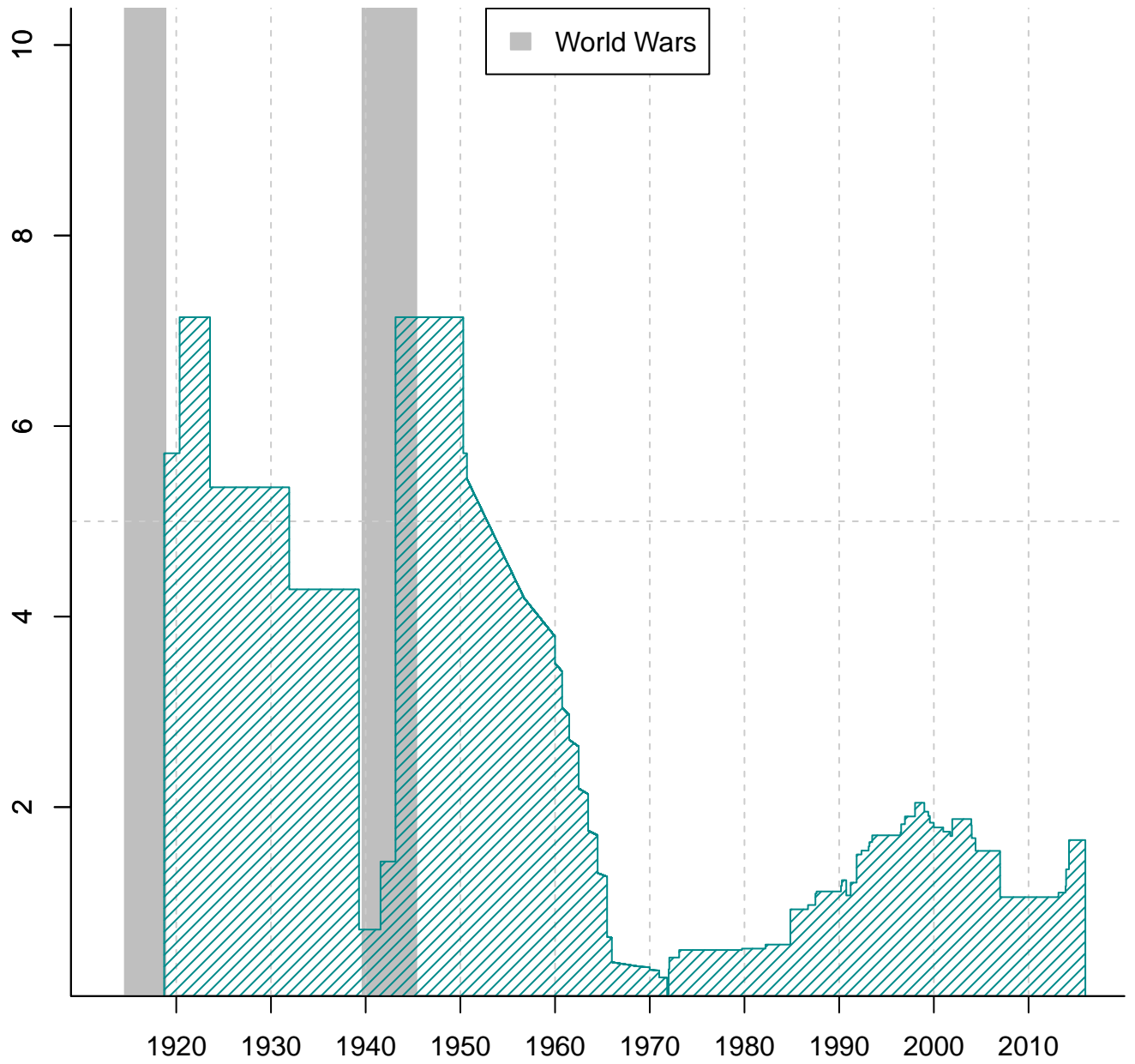


Figure 4: Capping limits and rental brake, 2013-2015

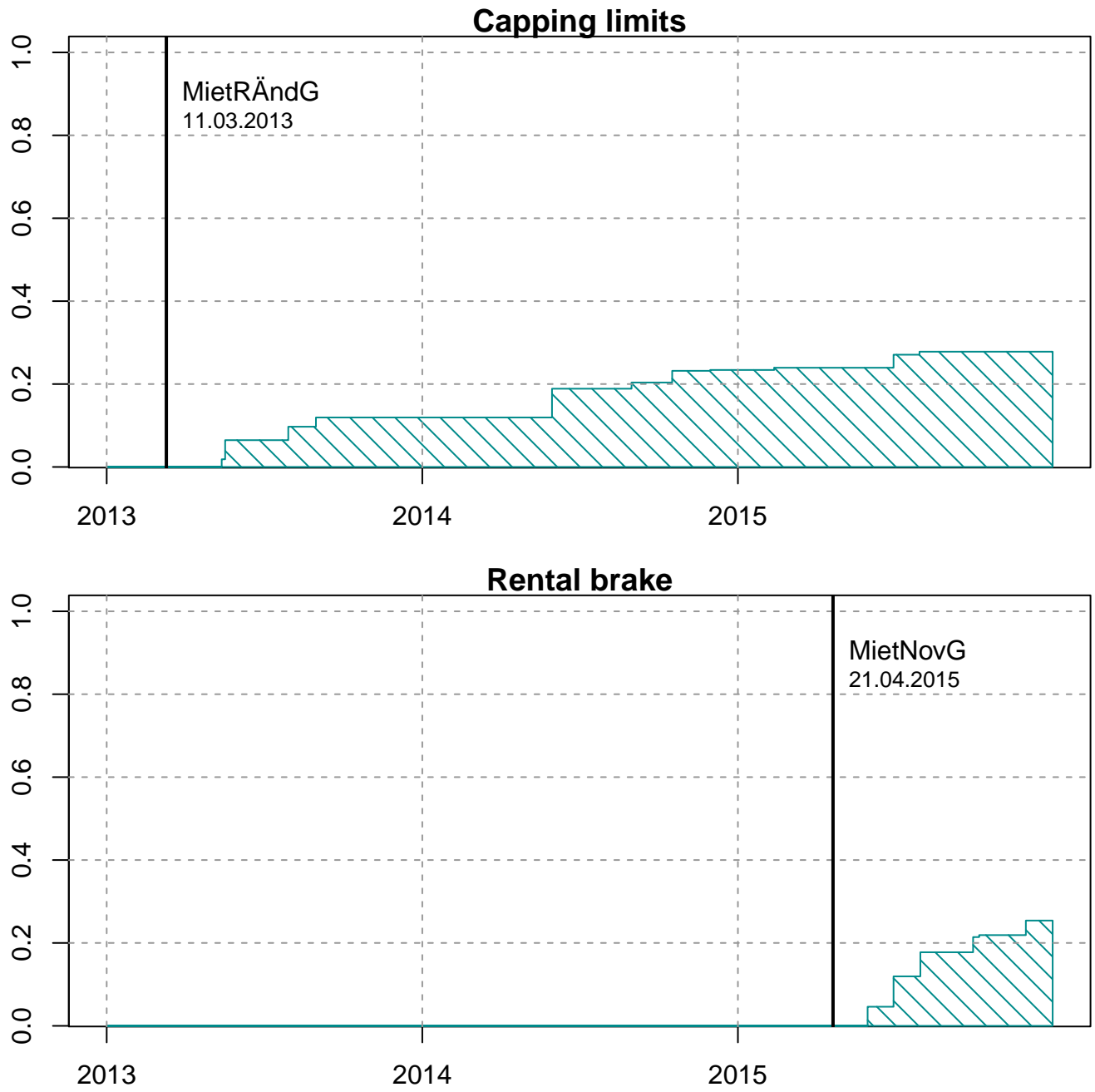


Figure 5: The index of rent controls regulations, 1913-2015

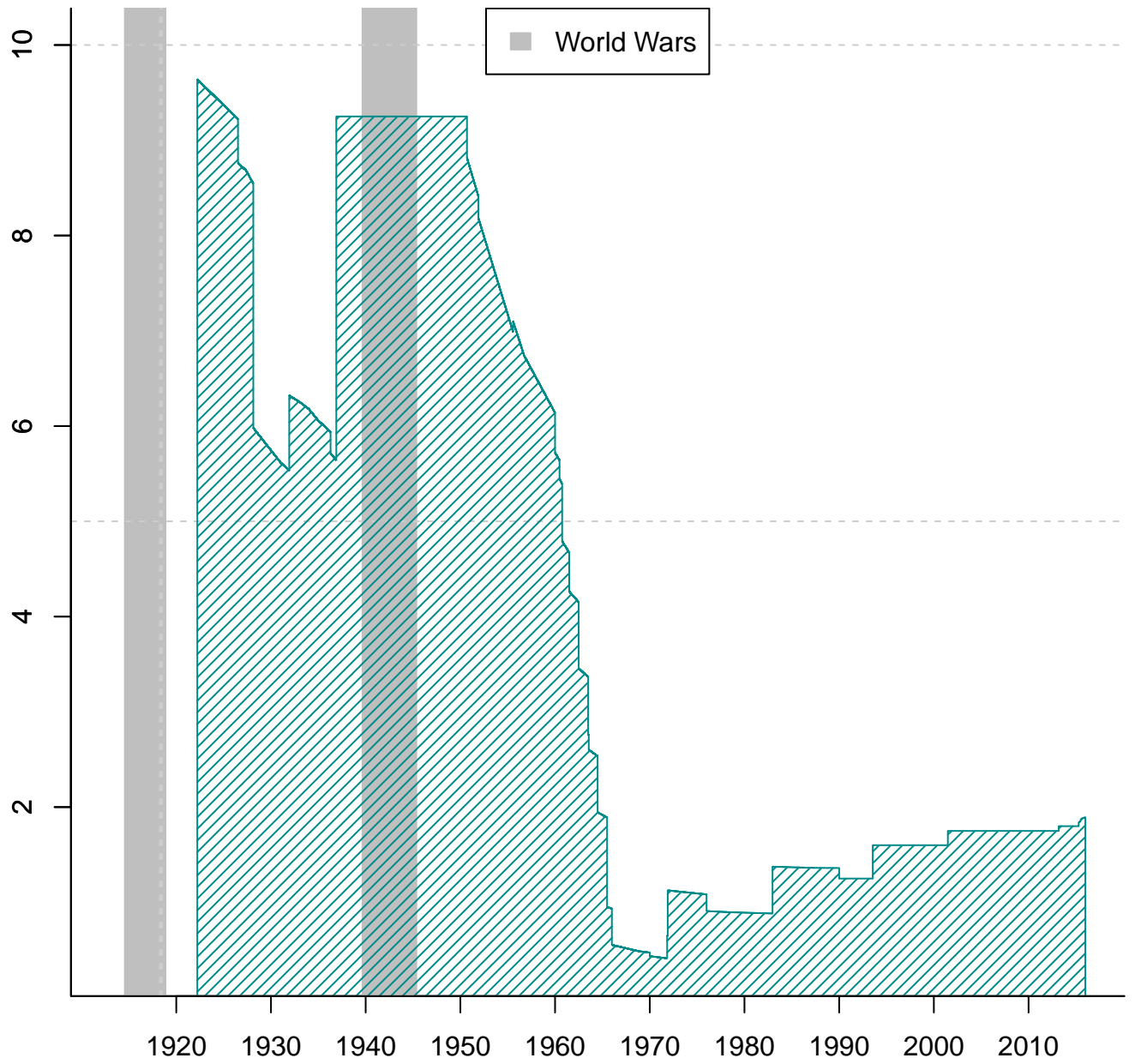


Figure 6: Indices of social housing policy, 1913-2015

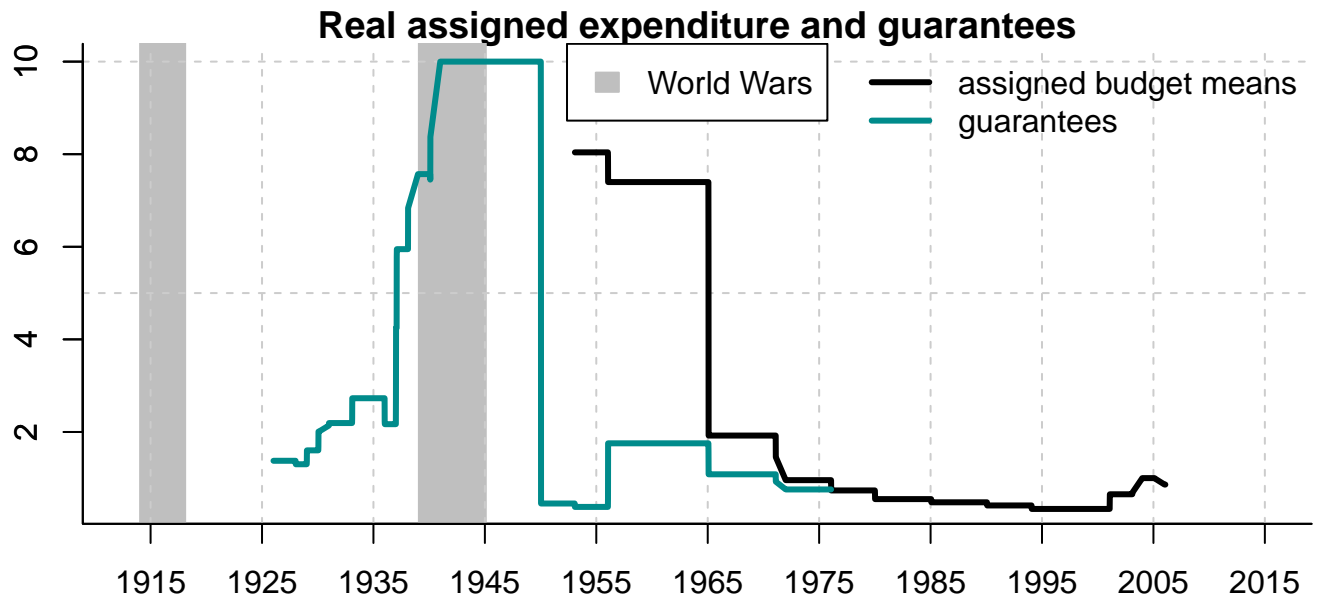
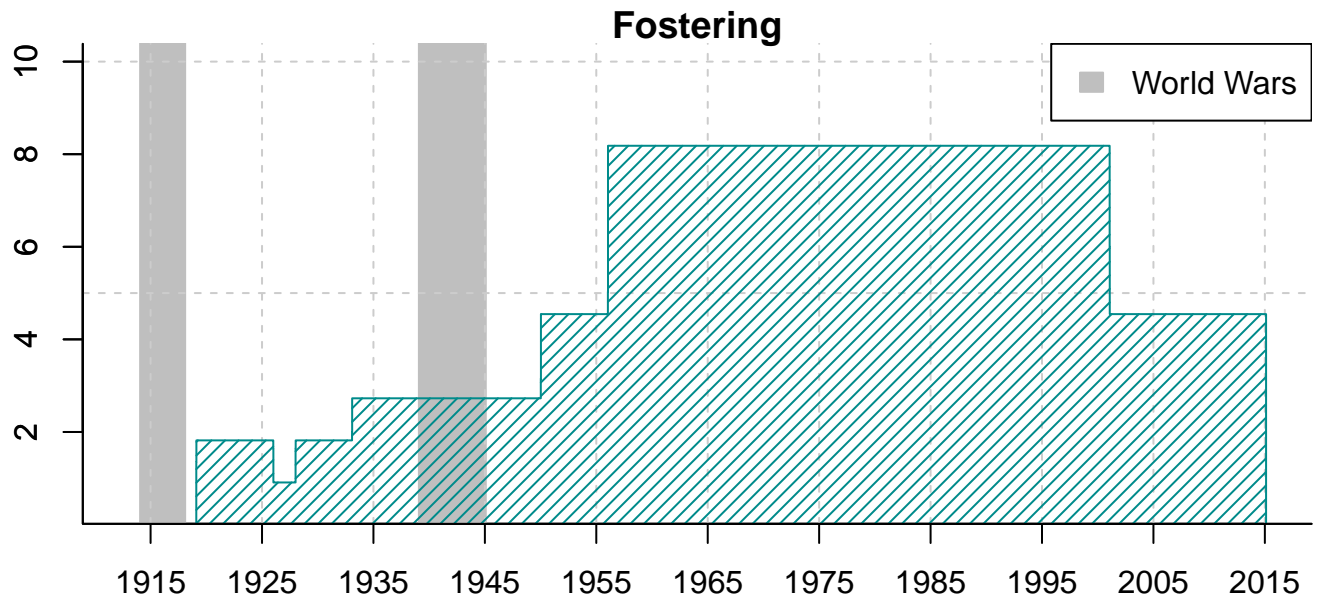


Figure 7: Social housing policy and actual construction, 1913-2015

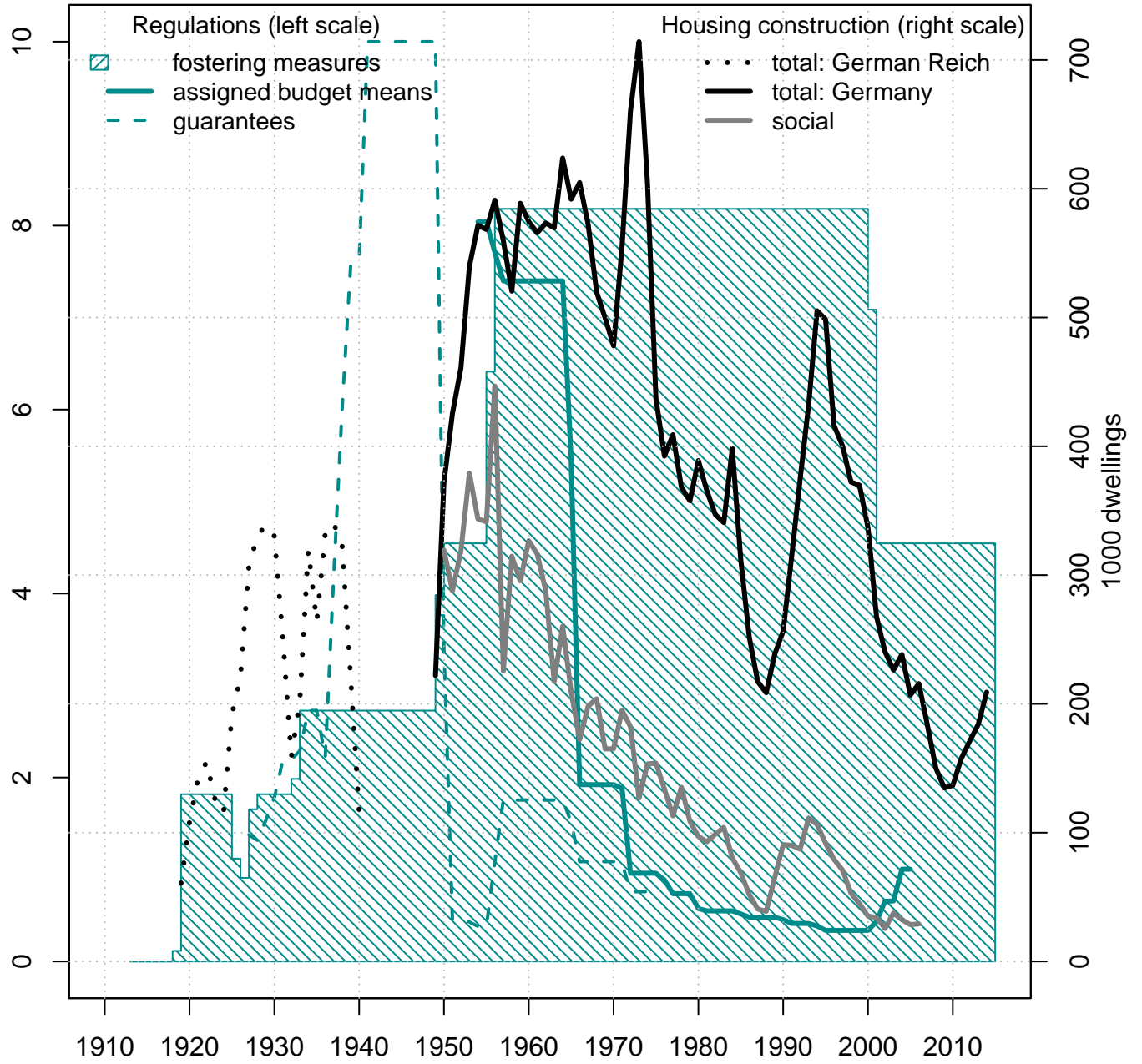


Figure 8: Composite index of housing market regulations in Germany, 1913-2015

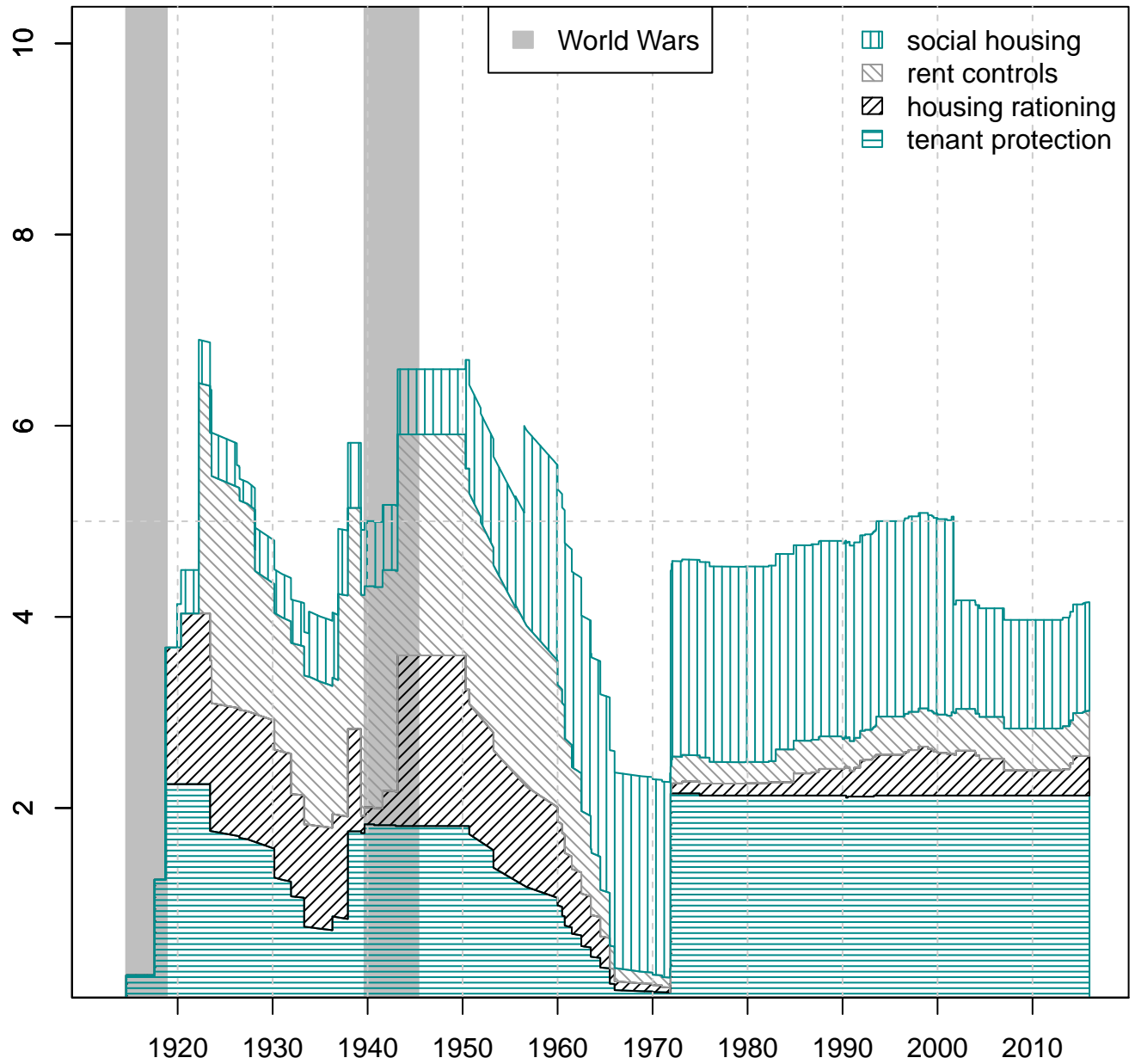


Figure 9: Housing vacancy rate vs. regulations in Germany, 1912-2015

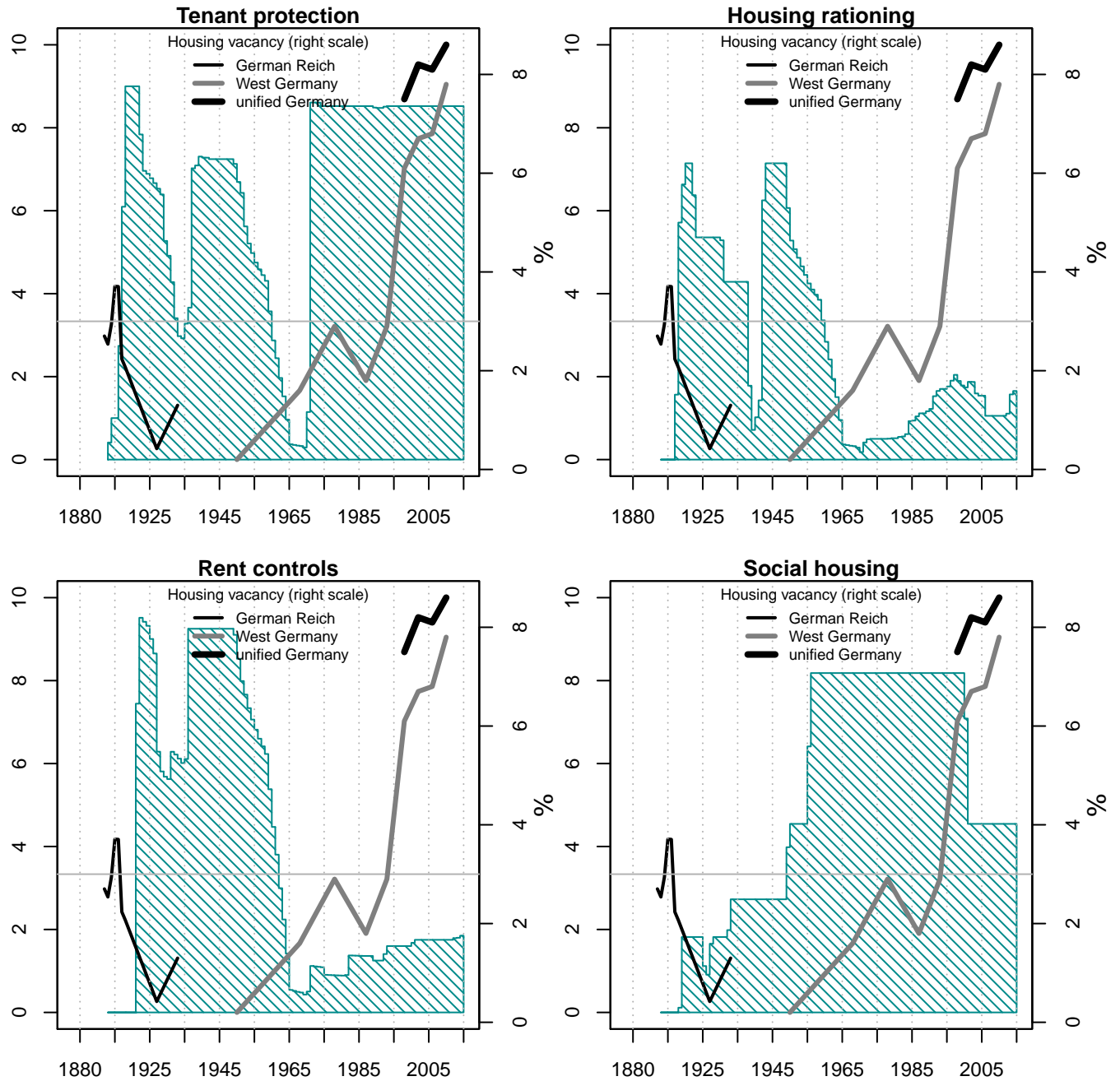


Figure 10: Real housing rent vs. regulations in Germany, 1913-2015

