

**STUDY ON HOUSING EXCLUSION:
WELFARE POLICIES, HOUSING PROVISION AND
LABOUR MARKETS**

Country report for Germany

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Summary

This research has examined the German welfare system and the services provided for people in housing distress in relation to the housing system and the labour market as part of a European Union comparison. It has collected and analysed existing knowledge, especially empirical data from the European SILC statistics for Germany, and was engaged in generating new knowledge through qualitative research in various German regions and with different actors as partners. The research was focussed on the last two decades' period of reform of the welfare system.

Policy framework: German welfare reforms have developed within the framework of subsidiarity as a major principle of the federal constitution. The traditionally strong non-governmental sector has become even more important on the local and regional level in the delivery of services in welfare and housing as a partner in societal self-determination. On the other hand, federal government has, while retreating in many fields of action, provided a strong and robust legislative framework for local and case-oriented action, especially for welfare delivery. Strong network relations between the federal state, the Länder and municipalities, and civil society have developed as carriers of welfare policy and projects and form the basis for action on the local level.

Success and failure of the welfare reform: The welfare system in its present form, though cuts and restrictions have been introduced on the individual level, provides for the livelihood of a large majority of those in need. It delivers the constitutionally demanded opportunities for participation in society and the socio-cultural minimum subsistence, even though levels of support are under constant review, contested in front of the constitutional court and political issues. A major element is the division between income related quasi-insurance elements (pensions and the first level unemployment benefit) and the support for subsistence and housing cost provided on the second level of social benefits for long term unemployed or those permanently unable to work. Covering housing cost (after termination of the insurance period) proves a vital element of providing housing security and preventing homelessness.

The reforms have contributed to an opening up of employment to the unemployed in strategy of support and demand for compliance. This opening has proved rather invulnerable to economic crisis cycles, however, at the cost of the development of a large and growing sector of low paid jobs and working poor, who are despite work dependent on additional social benefits.

Generally, the German welfare system has proved to be successful in limiting the effects of societal change and positive labour market effects are attributed to the reforms. However, the system in its present form has not stopped the growing income polarisation and the strong growth of income poverty. The opportunities of Keynesian strategies, which were especially activated in the past in the triangle between the labour service, housing and the welfare system have been widely abandoned. Even though these are re-surfacing, e.g. in the environmental projects of CO₂ reduction as part of the current crisis packages (Konjunkturpaket) of the federal government and the Länder, the former understanding of the integration of housing and labour market effects in, e.g. urban renewal, seems to have moved from the agenda.

The housing system: Also the housing system, which has been built up to a considerable quantitative and qualitative standard, reaching large parts of German society, has been affected by a liberalisation and marketisation. However, the highly diverse ownership structure and the partly regulated private rental market, dominated by small owners, has remained a counterpart to large private financial investors trying to dominate the market. Although weakened through a decade of privatisation, municipal housing providers, whose prime target is the provision of homes for 'major parts of society', are playing an important housing political role, increasingly providing for lower income and special needs groups. With app. one million empty dwellings and a regionally declining population, the housing market is oscillating between an overhang in shrinking regions and a tight market in growth regions.

Generally housing in Germany is provided by the different market players at a relatively good quantity and quality, which helps providing a majority of residents with decent housing. Even though elements of housing are criticised, overcrowding and severe deficits play only a minor role; however the link between poverty, unemployment and deficient housing has become apparent in the project.

Social housing, once an undisputed strong element in providing for the low middle classes (key-workers) has lost much of its importance of physical provision of housing, even though in some growth regions it still plays a considerable and important role. A major element of change over the last three decades has been the virtualisation of social housing through changes in financing (contracting access and regulated portions on the market) and the growing importance of rent paid within the benefit system according to the Social Code. This has contributed to unemployed and poor people being able to act on the normal housing market and has proved a partial barrier to the further development of poverty neighbourhoods.

Home-ownership plays an increasingly important role even though Germany remains a renters' domain. The research shows that, especially for lower income residents, home-ownership is overestimated as an element of social security, as first during the mortgage repayment period and second in declining market regions, a financial risk is connected to home-ownership which reduces its welfare element as saved up old age income. Alternatives to home-ownership, like cooperative housing could be serving the welfare element of ownership housing and provide the flexibility demand of the labour market.

Links between the housing system and welfare are constituted mainly through the inclusion of housing cost in the social benefit system. This element provides investor as well as user with security at a time, when rising poverty could contribute to the deterioration of housing. However, these relations are, as seen in policy debates about the welfare system, not utilised in a coordinated manner to the benefit of both systems.

The income poor are also the housing poor as indicated by the statistical evidence, even though the differences in housing for lower income groups in work and out of work are moderate (and in part even contradictory). **Affordability** is a problem for a large group of households who suffer from being near or above the EU housing overburden rate. However, it is not the poor, who live on benefits according to the Social Code and have their rents included, who suffer most, but the income benchmark households just above the benefit, whose disposable household income is squeezed most by housing cost. Also a risk exists for the unemployed below one year, who have to cope with reduced income without coverage of rent, except for the marginal support by the Housing Allowance. High overburden rates of the receivers of benefits according to the Social Code are a statistical fabrication, as the system of rent provision is not reflected in SILC data. **Overcrowding** is a problem mentioned by the income and work poor more often than by the non poor. As a consequence of the partly relaxed housing markets, the overcrowding levels are moderate and cannot statistically made responsible for an urgent need of housing or homelessness. **Physical quality of housing** is generally good, even though the amounts of technical deficiencies in housing and **neighbourhood quality** experienced by the unemployed and the poor are remarkably above the non poor. The relations show only moderate differences between the quality of access and rent regulated housing and market rentals. With partially low quantities, a statistical link between deficiencies in the neighbourhood and poverty is difficult to make, partly contradicting domestic research and the knowledge accumulated in the programme of the Socially Inclusive City. Only to a limited degree, a direct influence of poverty neighbourhoods can be measured, even though local evidence proves their detrimental effects on educa-

tion, health, social status and employability. **Satisfaction levels** reflect the relatively good standards of German housing, even though also here, poverty effects are obvious. **An impact of employment on housing outcomes** can be measured, but is not very marked. Whereas short term unemployed are usually not experiencing a rapid decline in housing and neighbourhood quality, the situation of those in long term unemployment is, even though not markedly, worse.

Homelessness and the welfare regime: In concluding upon the research it becomes clear that taking the appropriate perspective is an important basis for judging the relations between welfare, housing and labour market consequences and the design of strategies and actions to prevent or manage homelessness in a manner that serves the needs of the clientele. Many of the relations are not explanatory in both ways. While by statistically not large numbers of residents, who are encountering problems of bad housing, non effective treatment in hospitals or by social service providers or unemployment are becoming homeless, almost all homeless can describe causal chains that include systematic problems in the welfare, housing and other parts of the welfare system, unemployment and poverty; usually topped up and interrelated with by traumatic personal experiences on the way to becoming homeless.

The German welfare regime with its subsidiary actor relations spanned out between state and nongovernmental organisations has emerged as a highly efficient help system oriented at the diversity of the life situation of the clientele. Over the last decades the interplay between public and nongovernmental actors has led to a high level of professionalization. Accordingly the numbers of the homeless have gone down by about half during the last decades, partly also as a consequences of the widely relaxed housing markets making access to different types of homes easier. However, a result of the decline in homelessness is the more and multiple problem affectedness of those remaining homeless, proving a continuous challenge for the agencies working with the homeless in therapy and prevention. Also there are strong indications that the help system is challenged by an increasing number of residents in urgent need of housing or housing consultancy averting homelessness.

As mentioned before, loss of employment and length of unemployment or housing market effects alone can rarely be seen as immediately causal for homelessness. But from the case-perspective, these elements are often causal, making integrated approaches to homelessness and housing emergency cases imperative for the future, despite the apparent success of lowering the numbers of the homeless.

Impact of the Housing System on Employment: There has been the hypothesis in the research that the housing situation has a supporting or detrimental effect on employment. Proof of this on the level of data is difficult, because of the highly differentiated housing system with a variety of different landlords and blurred housing typologies between private rental, municipal rental, cooperative and owner-occupied, which all but the last mentioned have elements of market and access and rent controlled parts included. The understanding was that the rent system including strong renters' rights and especially the quasi permanence of contracts plays a major role in providing the residents with the long term stability that allows them an equal access to the labour market.

While outright home-ownership plays an important role in making households income elastic to answering to changes on the local labour markets, mortgaged ownership and ownership in declining regions was seen as highly problematic with respect to labour market inclusion.

With regards to the overall welfare system the project has show a continuing over-complexity between the individual sectors. The importance of the nongovernmental actors lies in their ability to bridge segmentations and departmental egotism. Care should be taken, not do domesticate these successful organisations as then their ability to play as partners in welfare delivery could be jeopardised. There was a unanimous demand for ***better data*** as a basis for action and a need for well evaluated and shared experimental projects, especially in the field of a simplified relation between cases and welfare administrative measures. (In the following text, the term 'case' is usually used in order to describe the complex relation that develops between an individual and her/his socio-economical environment.)

PART I: THE CONTEXT

CHAPTER 1 INTRODUCTION

1.1 Background to the project

This report is one of six country reports that form part of the Study on Housing and Exclusion that has been commissioned by DG Employment.

In its Lisbon Strategy the European Union recognises the possibilities of combining social protection with greater labour market flexibility in an approach that is called 'flexicurity' to achieve employment and social objectives. The Commission recognises that 'raising employment levels is the strongest means of generating growth and promoting socially inclusive economies' and encourages Member States to attract more people into employment through tax and benefit reforms to remove unemployment traps, active labour market policies and active ageing strategies.¹ Moreover, the Social Agenda seeks to support the Commission's strategic objectives that include both the promotion of employment and equal opportunities and inclusion.² More recently the Commission has supported Member States' efforts 'to mobilise those who can work and provide support for those who cannot... [and] has proposed a holistic strategy that can be termed "active inclusion".'³

However, we have limited knowledge of role of housing in social and employment policies and outcomes, and the purpose of this project is to analyse the interaction between housing, social and employment outcomes in the context of different and changing models of welfare provision and labour market institutions.

1.2 Aims and structure of the Project

The objective of the Study on Housing and Exclusion is to provide evidence on the interaction between housing, welfare and employment in the light of recent reforms in the European Union.

¹ COM (2005) 24 *Working Together for growth and jobs. A new start for the Lisbon Strategy*

² COM (2005) 33 final. *Communication on the Social Agenda*

³ COM (2007) 620 final. *Modernising social protection for greater social justices and economic cohesion*

It will highlight the role of public policies (i.e. housing, social and employment policies); individual circumstances; and area effects. The Study will also analyse the link between housing and employment, including the extent to which housing policies and conditions impact on labour market outcomes and how employment status and changes to it affect access to housing in the context of different welfare regimes.

The project is divided into two stages. In the first stage a critical review of existing evidence was conducted and was presented in the Interim Report (Stephens, et al., 2009). The second stage consists of the analysis of new evidence, which, combined with the existing evidence, is presented in this and five other country reports, as well as in the Final Report, where cross-country comparisons are made.

1.3 Theoretical Framework

A theoretical framework for the study was established in the Interim Report and is illustrated graphically in Figure 1.1.

We hypothesise that labour market institutions and social security systems (collectively referred to as 'welfare regimes' in Box A) determine 'primary' levels and distribution of incomes. Welfare regimes produce different patterns of employment, poverty and inequality (Boxes B and C) and the evidence suggests that such relationships are complex, though it does support the idea that the relationship between in-work incomes and out-of-work incomes exert labour market (dis)incentives.

Levels and patterns of income distribution arising from the operation of welfare regimes will be a strong determinant of housing outcomes (Box D). Indeed in a housing system that was based purely on market rental housing we would expect differences in housing outcomes to mirror income differentials very closely.

Yet there are sound theoretical reasons to suggest that income poverty and inequality need not necessarily result in housing poverty. Housing policy and other features of the housing system (Box E) may serve to disrupt the link between current income and housing outcomes. The key public policy interventions that we identify as facilitating access to levels of housing consumption that could not be obtained in a system that allocated resources purely by market mechanisms are as follows:

- social rented and other rent-controlled housing;
- Housing Allowances; and

- low-debt owner-occupied housing.

The Interim Report demonstrated that the housing systems in the different welfare regimes place differing emphases on these policies or system features; but on the basis of existing evidence and the way it has been analysed and benchmarked it is not possible to establish their effectiveness in terms of housing outcomes, nor their distributional consequences.

Both the Welfare Regime (Box A) and the Housing System (Box E) have a strong influence on Relative Housing Deprivation (Box F), which we identify as related to:

- the quality of housing consumed;
- the quantity of housing consumed;
- the quality of the neighbourhood in which housing is consumed; and
- the cost of housing consumption.

In the Interim report we established that the measurement of these ‘housing outcomes’ needs to be conceptualised clearly, so that we can distinguish between absolute housing standards that we might expect all households to attain in the European Union, regardless of country; and relative housing standards that relate to the norms that apply in individual countries, and which we would expect to rise with economic growth. It is important that these concepts are properly benchmarked, that is judged against meaningful comparators. Moreover, we have also established that it is also important that the findings are interpreted by being embedded in an understanding of the institutional framework of housing policy.

On the basis of the (incomplete) evidence it is also hypothesised that the Welfare Regime and Housing System will causally impact on both the level and nature of homelessness (Box G), which we identify separately from the other housing outcomes (not least because homelessness can be as much a ‘social’ as a ‘housing’ outcome). Thus, we suggested that strong welfare states that deliver relatively low levels of poverty, especially when combined with strong housing policies, will lead to lower levels of homelessness than in countries where welfare regimes deliver high levels of poverty, especially where housing policies are also limited.

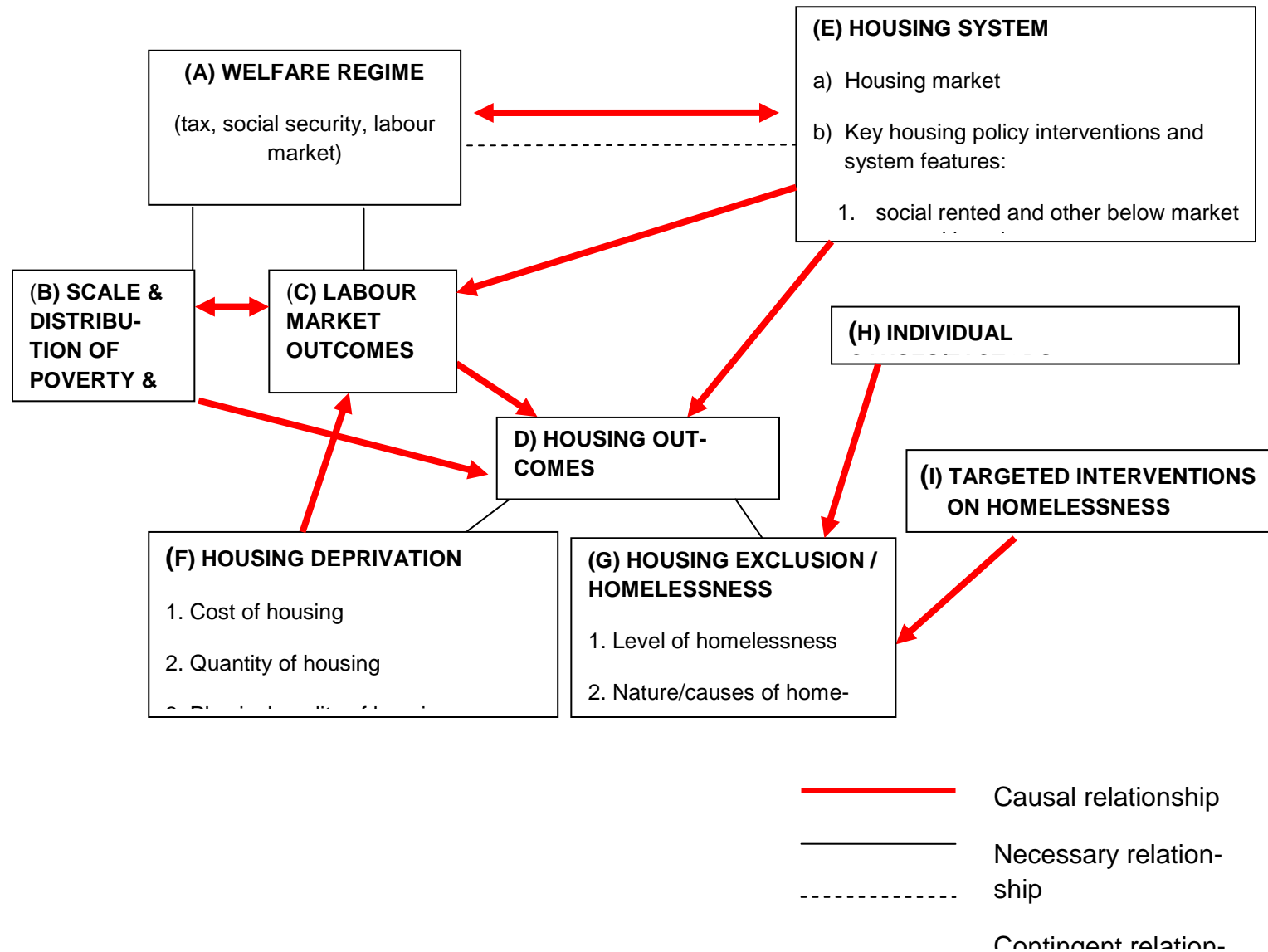
Unfortunately, data limitations mean that we cannot at present compare the scale of homelessness across countries in a systematic way, therefore that part of our hypothesis which relates to the overall level of homelessness is currently

untestable (though we can in some countries look at trends in its scale over time). However, qualitative data collected for this and the other national reports is intended to allow us to test the second aspect of our hypothesis, pertaining to the 'nature' of homelessness, which postulates that structural causes of homelessness will be more important in weak welfare regimes, and individual causes will be proportionately more important in strong welfare regimes. Likewise, we expect a broader set of social groups to be affected by homelessness in contexts where welfare and housing conditions are more difficult. Further, our qualitative investigations should enable us to test our expectation that targeted homelessness interventions can have positive effects even in malign structural contexts.

Finally, we suggest that the housing system can feed back into having impacts on employment through two routes:

- the financial work incentives implied by the housing system (Box E);
- any independent impacts on employment that arise from poverty neighbourhoods (Box F).

Figure 1.1 Theoretical framework



1.4 Methods

The need to embed the analysis of housing outcomes in knowledge of housing systems provides a key justification for selecting a number of countries from across the different welfare regime types. A range of regime types was the principal criteria for their selection; though we also wished to include countries that exhibit different features in their housing systems so that we might be better able to identify their relationship with the welfare regime. The countries selected were Germany, Hungary, the Netherlands, Portugal, Sweden and the UK (Table 1.1).

Table 1.1 Selection of countries

Welfare Regime	Countries	Selected	Features of Housing System selected
Social Democratic	Sweden, Denmark, Finland	Sweden	Historic tenure neutrality; 'unitary' rental system
Corporatist	Netherlands ^a , Germany, Austria, France, Belgium, Luxembourg	Netherlands	Largest social rented sector; unitary state; 'unitary' rental system
		Germany	Small and shrinking social rented sector, but within 'unitary' rental structure.
Liberal	UK, Ireland	UK	Significant social rented sector, but long history of privatisation; legally enforceable homelessness rights; 'dualist' rental system
Mediterranean/ 'Rudimentary'	Portugal, Spain, Italy, Greece, Cyprus, Malta	Portugal	High level of home-ownership, 'familialism'; history of self-build
Transition	Czech Rep., Hungary, Poland, Slovenia, Slovakia, Estonia, Latvia, Lithuania, Bulgaria, Romania	Hungary	'Super' home-ownership state
Total Countries			
	27	6	

Note: (a) The Netherlands is often treated as hybrid social democratic/ corporatist regime

The analysis of 'housing outcomes' is derived primarily from EU-SILC (the EU Statistics on Income and Living Conditions). 'Outcomes' include affordability, space and physical standards of the property as well as indicators of neighbourhood quality (relating to access to services). These indicators are used to identify absolute and relative outcomes for each country. The dynamics of housing and employment were explored in two focus groups. Two further focus groups were devoted to exploring homelessness and housing exclusion and another to the housing actors – policy and practice – in Berlin and their dealings with homelessness. The focus groups were

supplemented by five individual in-depth interviews with key stakeholders. Vignettes (standardised 'typical cases') were employed in both the focus groups and in-depth interviews to identify the likely experiences of people in particular circumstances. In all, there were 49 participants in the German qualitative fieldwork, including both high-level policy makers and practitioners who worked directly with service users. Participants were drawn from housing, homelessness, employment, welfare, and social services. Both Government representatives (local and national) and NGOs were involved. The locally-focused practitioners and stakeholders in Germany were all based in various regions and represented growth areas as well as regions in decline. The German team also provided three good practice case studies, included as appendices to this report.

1.5 Structure of the report

The report is structured into five parts and nine chapters.

Part I deals with the context in which the analysis takes place. Chapter 2 provides an overview of the welfare regime, which identifies the interaction between the labour market and tax and social security policies. Chapter 3 highlights the key policies or system features of the housing system that might be expected to break the simple link between income poverty and housing outcomes. It provides an overview of the housing system, including its governance and recent reforms, with an emphasis on the relative importance of features that might help to break the link between income poverty and housing poverty.

Part II analyses the new evidence relating to housing outcomes. Chapter 4 explores the link between income poverty and housing outcomes and aims to identify whether the income poor are also the housing poor. It also examines whether particular outcomes can be attributed to housing policies identified in Chapter 3. The chapter also aims to identify any trade-offs between housing outcomes and employment incentives. Chapter 5 explores the link between the loss or absence of employment and housing outcomes and aims to identify whether workless households also suffer from poor housing outcomes. It aims to identify policies or mechanisms that do protect workless households from poor housing conditions, and whether there is evidence of deterioration in housing conditions as unemployment lengthens.

Part III is devoted to homelessness. Chapter 6 examines how housing, welfare and employment policies combine in practice to affect the nature and causes of homelessness. Chapter 7 seeks to identify how homelessness policy works in preventing and tackling homelessness and aims to identify areas where public policies might increase the risk of homelessness as well as areas of good practice.

Part IV focuses on the relationships between housing and employment. Chapter 8 seeks to identify features of the housing system that help or deter employment, and aims to identify policies that represent good practice in promoting employment.

Conclusions are drawn in Part V. In Chapter 9, the evidence is assessed against the hypotheses outlined in Figure 1.1.

1.5 Methodological remark on the use of EU-SILC data for Germany and on terminology

Despite the fact that EU-SILC provides formally representative data on a national level, findings based upon EU-SILC need a critical assessment (Interview with Federal Statistical Office; Hauser, Richard, 2007). Selective return of questionnaires has to be taken into account, as migrants, the homeless and other underprivileged groups are underrepresented. Also important regional differences are not represented. A comparison of EU-SILC data and SOEP (Socio-Economic Panel) shows considerably larger groups of households in a materially precarious situation in Germany than EU-SILC (Frick/Krell, 2010).

SILC tables are referring to Below Market Rental as a synonym for social housing. For Germany it must be stated that traditional social housing and the more recent public-private contracts over access and rent controlled housing are only partly below market rent. As a consequence of the methodology of funding, some traditional social housing is well above market level, while the majority will be on a lower level. The provision of affordable housing for special needs groups – defined by income or other denominators – is regulated through the rent support of the Housing Allowance (Wohngeld) and the inclusion of housing cost in the social benefit system according to the Social Code (SGB).

Chapter 2

The Welfare Regime

The aim of this chapter is to provide the starting point for the analysis. Background information about welfare development and welfare regimes in Germany is given. Also the forms of welfare policy delivery are explained. Possible links to levels of employment and distributions of income with regards to poverty are elaborated.

2.1 Introduction

The German welfare regime is often understood to belong to the 'corporatist' category with strong conservative elements of a mainly state driven social security system. However starting well before unification, a hybridisation of the (West-) German⁴ welfare system had started, which has accelerated since then. Some new elements of a centralisation of regulations and a legal integration of welfare policies have been introduced, especially in the unemployment benefit system. However, also increasingly elements of the liberal model of the welfare state were incorporated with a strong turn towards means-tested social benefits and a partial retreat of the federal state. This has led to new forms of governance that have found their ways into the delivery of social services with local and regional contract-based alliances between state, social services and increasingly the market. An important characteristic of the changes introduced after 1998 is the strong dynamisation of the welfare system, the labour and the housing markets.

Analysing the welfare regime, two features that are specific for the German situation:

- Germany as a federal state is bound to the principle of subsidiarity, which is a guiding element of the constitution (Grundgesetz/GG). The regional states (Länder), the municipalities and civil society through NGOs play a relatively strong role in developing social policy and in implementing welfare services.
- Since unification in 1990, Germany is in a constant process of regional and structural transformation and the former east-west pattern is substituted by a complex north-south differentiation.

2.2 Policy Framework

On the federal level, the responsibility for the welfare system and policies lies foremost with six ministries. The federal chancellor has a general prerogative for developing and coordinating the lines of policy (Richtlinienkompetenz). The Ministry for Labour and Social Affairs (Bundesministerium für Arbeit und Soziales) bears the key responsibility for labour policies and legislation, including unemployment benefits and

⁴ The welfare system of the GDR has been incorporated into the western system without leaving considerable structural traces. Due to higher employment figures, especially women tend to have higher pensions, if their employment biography has not been interrupted after unification.

measures against unemployment, for training, the labour and income related old age pension system and societal participation of the handicapped. The Ministry for Families, Senior Citizens, Women and Youth (BM für Familie, Senioren, Frauen und Jugend) deals with family matters, including benefits for households with children, care for children, the elderly, children's and young peoples' place in society, the system of welfare provision and equal opportunities. The Ministry for Health (BM für Gesundheit) takes care of the health insurance system and health related services, including pricing. The Interior Ministry (BM des Inneren) is involved with issues of homelessness and migration dealing with public order. The ministry for Transport, Building, and Urban Development (BM für Verkehr, Bau und Stadtentwicklung) is managing matters of regional and urban development and of housing, including rent policy and the Housing Benefit (Wohngeld). Rent regulations are included in the Civil Code (BGB). The policies of the type of the Socially Integrated City (Soziale Stadt and Stadtumbau⁵) are intended to provide an integrative core of policies for precarious neighbourhoods, also incorporating other fields of socio-spatial action. However, the integration of programmes and policies across departmental borders has always been a critical issue (Walther ed 2002) of the Socially Integrative City. Respective 'mirror' ministries on the Länder level are usually sharing the same thematic responsibilities and are overseeing local delivery in the municipalities and counties.

The German welfare regime is based upon Art. 20 paragraph 1 of the Federal Constitution (Grundgesetz) constituting the principle of the welfare state as the state's obligation to secure a humane minimal standard of life, the "socio-cultural minimum subsistence" (soziokulturelles Existenzminimum). The system of social laws then turns this abstract constitutional right into material right, which forms the basis for claimable social benefits. In a programmatic way, this is formulated in the first paragraph of Book XII of the Social Code: "It is the task of social assistance to provide those who are eligible with the means to lead a life that reflects human dignity".

Since the introduction of municipal self-governance during the early 19th century the German welfare system is multi-layered and clearly distinguishes between the regulatory level and welfare services delivery. Regulatory "federal elements" (Boeck et.alter 2006) have gained increasing importance in setting a framework for the regional and local administration of welfare measures ever since the Bismarckian welfare state and more so with the introduction of the post war 'Social Market Economy' (Soziale Marktwirtschaft). Especially with regards to the basic social security systems and poverty prevention, this shift seems to be continuing as federal legislation has become more important in regulating the local welfare state since the 1990s reforms. However, the Länder as a third layer in between have acquired the function "of being quasi the joint between the federal welfare state and the local level" (ibid, p. 144), not

⁵ The joint federal and state programme of the 'Socially Integrative City' (Soziale Stadt) focuses on the integration of building measures and socio-economical development in 571 precarious neighbourhoods in 355 municipalities, covering all Länder. The programme of 'Urban Rehabilitation' (Stadtumbau) focuses on the demolition of surplus housing in low demand regions and on upgrading urban environments.

least due to their influence on legislation and the distribution of taxes (ibid, p. 144). But there has been and is a “strong local element in the governance of the welfare state with respect to the fundamental social security system, social assistance for young people, health and municipal housing policy” (Boeck et.al. 2006, p. 144), which is mainly reflected in diversified and localised modes of local welfare delivery. These elements of localised services are also gaining importance as the federal states and the Länder have been considerably withdrawing from welfare delivery over the last three decades (Lessenich/Möhring-Hesse 2004). Seeing these developments between a more centralized regulatory side and a more diverse delivery side, these authors are stating that the traditional understanding of the German welfare state needs to be revised, allowing for a better understanding of the new balance between a central element – also as a reaction to weak European welfare regulations – and a social work approach that reflects individual capacities and local opportunities.

But the constitutional principle of subsidiarity has not only given the local state a relatively strong role in the administration of the welfare system. So called “Free Welfare Organisations” (Freie Wohlfahrtsverbände) are playing an important additional role in influencing welfare debates and in developing the modes of governance in delivering welfare services. They are increasingly providing public social services – from child-care and health to services for special needs groups – within the federally set framework, under public contract, but based upon their individual value systems ranging from religious affiliation to competing political beliefs.

2.2.1 Post unification dynamisation and differentiation of the German welfare state

The German welfare state is characterised by rapid change since German unification. Especially since the end of the extraordinary measures of the early post unification period of the 1990s, the federal government has been committed to linking welfare and employment/labour policies in an attempt to reduce the persistently high unemployment rates in Germany and reducing as well as preventing poverty.

Making the welfare state fit and adapting it to demographic change – low birth-rates and a rapidly ageing society - as well as a changing economy and labour markets, and more generally to globalisation, was high on the political agenda. The aim was to keep the core elements of the welfare state – pensions as well as social and unemployment benefits - functioning on a high and at the same time more individualised and needs related level. The post 1990 reforms were dedicated to allowing ‘all citizens access to economic and social participation’ (3rd Report on Poverty and Wealth of the German federal Government 2008) and at the same time to reduce the burden of social expenditure on the federal budget and, as important, on the employers’ contribution towards social and health expenses.

In the Agenda 2010 (Kindler et al. 2004) the government has set clear targets for labour and welfare policies. "Policy that wants to contribute to preventing poverty and social exclusion ... cannot be constrained to securing material minimum standards. Permanent dependence on social transfer leads to a solidification of poverty – partly over generations – and needs to be prevented". "A decisive factor for the success of such a policy is an effective activation", that "allows all to become independent from transfer". The federal government is dedicated to "continue keeping up adequate safeguards against the existential risks related to health, accidents, handicap, unemployment, reduction in earning capacity, need for care and old age through the social insurance systems. Furthermore safeguards must be implemented to secure against social exclusion and poverty" (all quotes: Federal Government 2008). However, despite many reforms in the legal system and the practices of delivery, the federal government states in its "Wealth and Poverty Report" (ibid) that despite a considerable success of the reforms on the labour market, "the inequality of incomes has increased between 2002 and 2005." At the same time the report claims that "the welfare state is effective" through its measures and has reduced the income poverty risk "also in comparison to other EU countries" (ibid, p.13). "Social- and family oriented transfer measures like the Unemployment Benefit II (Arbeitslosengeld II), child-support, the Housing Allowance (Wohngeld) ..." are seen as the basis for a reduction of the risk of income poverty "from an overall 26 per cent to 13 per cent and from 34 per cent to 12 per cent for children" (ibid, p. 13).⁶

With the 'Agenda 2010' (Aust/Arriba 2004) the focus was on a two tier strategy of "encouraging and demanding" (fordern und fördern) aiming at initiating more "initiative" on behalf of the unemployed to leave benefit dependency. In a turn away from a more passively oriented provision of welfare measures, support should be more centred on overcoming the "individual inabilities preventing the integration into the labour market" by encouraging those not in work to accept jobs even on a lower than previous pay or income from self-employment. A workfare policy was introduced for all those physically able to take up labour that reacted to the structurally changed labour markets. The reforms of the Agenda 2010 "restricted the growth of the benefit levels, introduced new rules aimed at keeping open the income gap between social assistance recipients and low wage earners, and tightened the sanctions for those refusing a reasonable job or 'activating' measures. In addition, however, new instruments were introduced to provide positive incentives within the social assistance scheme such as subsidies for employers as well as employees." (ibid). The reform that was primarily targeted at strengthening the first labour market did, however by far not provide the needed jobs with respect to quantity and quality and thus furthered the accelerated development of a low income labour sector that has continually grown since the implementation of the Agenda 2010.

⁶ For details see appendix 2: Table on changes in welfare policies over the last two decades

2.2.2 Changes in responsibility

Dynamisation was also linked to changes in responsibility. Some former federal prerogatives were handed down to the Länder in the “reform of the federal system” (Föderalismusreform I and II), agreed between 2003 and 06. In some fields of politics, the federal state has fully withdrawn as an actor without much of a public or professional debate. Devolution in others is criticised and continually contested as endangering the constitutional target of an equality of opportunities across the country (Art. 72, § 2 GG). And indeed the move towards devolution is not unitary. In welfare, central government has taken on the responsibility for paying living expenses of those on subsistence benefit for the first time with the Agenda 2010 reforms. This, and detailed framework legislation on how to activate the unemployed can be interpreted as a step towards the centralisation of an important part of the welfare system in Germany with regards to claimants’ equal rights and obligations. On the other hand, the delivery of services has been made increasingly flexible through local public private partnerships. In housing only the ‘social rent regulating system’ (soziale Mietenpolitik), the housing allowance and the environmental codes have remained part of federal framework legislation, while any active housing policy initiatives, including social housing have been handed down to the Länder (Droste/Knorr-Siedow 2007).

The same retreat to a framework capacity and leaving regional and local administrations and the market responsible has been applied to other branches of social policy. In a clear step away from the Bismarckian welfare regime towards liberal elements, the government streamlined the traditional corporatist social insurance system. For the state guaranteed pension scheme, the entry age was raised for future pensioners, while pensions were reduced. At the same time, a second strand of a state regulated and tax supported private pension savings system was introduced, albeit on a voluntary basis. The resulting affordability problem is described by critics as leading Germany into a future two class pensions system, which eventually also will put an additional burden on the public sector. Those earning well and affording the private ‘second pension’ may remain on top, while a growing group of low earners will firstly have to cope with minimal ‘earned’ old-age incomes below the level of social security payments, and secondly will become dependent on additional state and municipal transfer in order to fend off the threat of future old-age poverty.

While the reforms were argued to give the local level greater power, the devolution of power and action from the federal to the lower levels has partly led to severe imbalances, as it has not been met by a sufficient transfer of funds to the respective lower levels. This claim that is made by the Association of the German Towns and Cities (Deutscher Städtetag) referring especially to their responsibility for the provision of housing to those “who cannot provide for themselves on the market” (former social housing law) and other elements of social transfer obligations that were handed down without adequate compensation by the federal lawmaker. Over the last years the devolution of power in a precarious combination with cuts in income and corpo-

rate taxes has led to a “poverty of the municipalities” (Bavarian Association of Municipalities; Bayerischer Städtetag 2006).

2.3 The present structure of social support and its legal basis

As a result of the reform of the German welfare state, the majority of welfare regulations are codified in 12 books of the Social Code (Sozialgesetzbuch/SGB I to XII) that have been introduced after 1990. This agglomeration of the welfare related laws structures the system and has helped curbing the former non-fits between laws. The SGBs cover the wide range of topics from the Basic Security Benefits for Jobseekers (SGB II), the Support for Job seekers (SGB III), joint Regulations for the Social Insurance Systems (SGB IV), the Obligatory Health Insurance (SGB V), the Obligatory Old Age Pensions (SGB VI), the obligatory Accident Insurance (SGB VII), the Help System for Children and Young People (SGB VIII), the Rehabilitation and Participation of the Handicapped (SGB IX), matters of Administration and Data Security SGB X), the Nursing Care Insurance (SGB XI) and Social Benefits (for people in precarious life circumstances) (SGB XII).

The only considerable benefit outside of the SGB systematic is the Housing Allowance (Wohngeld according to WoGG⁷) which is a means tested contribution to rents, oriented at income and household size in relation to rent (or mortgages).

A specific right to housing as such is not included in the German constitution, even though it is formulated in some of the Länder constitutions (Bavaria, Mecklenburg-Pommern and others), albeit usually understood more as a constitutional target than a judicable part of the constitution. However, a right to a decent home is incorporated in the legal system of the SGBs, especially in the regulations of SGB II and SGBXII, where specific regulations are made.

Since 2005, a two-level social security system prevails in cases of material need.

a) The insurance based Unemployment Benefit I [ALG I]

The first level is an earning-related unemployment insurance for dependent employees. The contribution is paid 50/50 by employees and employers. The maximum pay period is 12 months; more for older workers. The Unemployment Benefit I has the prime task of providing a secure bridge between jobs and, in some cases of older workers, easing the transfer into the pensions system. Additional federal funds are provided to the Federal Employment Service Agency for training periods and other wage-replacement measures. ALG I covers 60 per cent of the former net income for individuals and 67 per cent for persons with children. If below the ALG II level, additional claims can be made. The legal basis is SGB III.

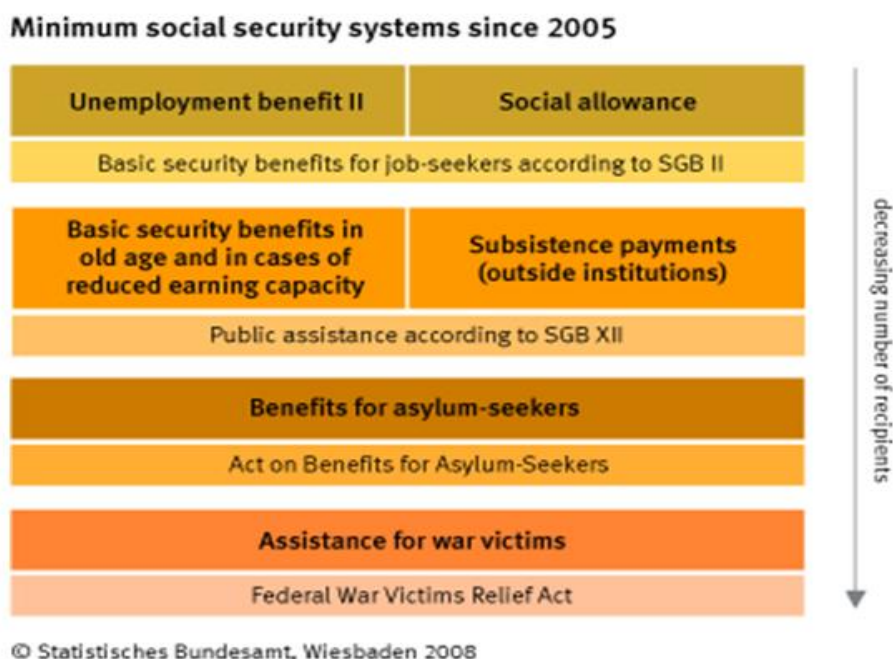
b) Social assistance - transfer payments of the basic social security system

⁷ Although mentioned in SGB 1, § 68 Nr. 10 as a special case.

The second level is a means-tested social assistance, which “aims at covering the basic human physical and socio-cultural needs” (Kofner 2007, p. 171) and can be claimed by everybody who is not able to safeguard the basic livelihood under the condition of testing employability.

- **Unemployment Benefit II [ALG II]** according to the second volume of the Social Code (SGB II) on ‘basic security benefits for job-seekers’ follows the insurance payment and is paid to persons capable of earning, who are not able to meet their livelihood from their own resources. With the introduction of ALG II, the rules for receipt of assistance have been clearly shaped to induce prospective beneficiaries to return to the labour market. Stricter rules about the ‘acceptability’ of jobs were introduced with respect to salary and job conditions to avoid the partial loss of subsidies. Family members (especially children) receive an additional allowance (Sozialgeld). The subsistence payment to adults lies at 359 € and 323 € for persons living together (Bedarfsgemeinschaft). Children (at present and under scrutiny of the federal constitutional court) receive between 215 and 287 €. Individual property above certain limits and income of household-members is taken into account and can reduce ALGII. Rent (or respective mortgages) and services cost for housing are added “within reason” on a regionally differentiated basis, partly reflecting the housing market.
- **Basic security benefits:** Paid at old age and in cases of reduced earning capacity or low pensions according to the Sozialgesetzbuch XII (SGB XII) on ‘Public Assistance’. The incomes are generally equal to ALGII.
- **Social Assistance:** Continuous subsistence payments according to SGB XII [Hilfe zum Lebensunterhalt] is paid primarily to persons with long-term illness, early retired persons and those with pensions below the subsistence level. The incomes are generally equal to ALGII.
- **Standard benefits** according to the Act on Benefits for **Asylum-Seekers** with various conditionalities, amongst them restrictions in taking up labour.
- **Benefits of assistance for war victims** according to the Federal War Victims’ Assistance Act

Figure 2.1; Structure of the basic financial assistance system



Source: Federal statistical office

Provisions for old age are made within a federally regulated and earning related pension system, which has been affected by cuts and a rise in the entry age level. While compensation for cuts in pensions is offered by a market oriented voluntary second strand that is supported by state subsidies, below the poverty line pensions can be upgrades within the second level benefit system.

2.4 Welfare services delivery

Social services in Germany are delivered by public authorities of the municipalities and counties and increasingly by NGOs under public contract. The NGO sector, which has become considerably stronger since the post 1990s reforms, is structured along seven major umbrella organisations that have a joint organisational umbrella with the Federal Association of the nongovernmental ('free') Welfare Organisations (Bundesarbeitsgemeinschaft der freien Wohlfahrtspflege (BAGFW)). It is at the same time lobbying and negotiating the general terms of service delivery with the government on a national and regional level. A strong but contested 'social services market' (Sozialer Dienstleistungsmarkt) of some 60 bn Euro has emerged as a result of the privatisation of a great part of health and social services delivery (BAGFW 2010; Treberhilfe 2009). Taking over former publicly administered services, e.g. in youth work and work with the homeless, the NGOs have often become cores of innovation in their professional fields either because of their engaged professionalism, or when after the state institutions' withdrawal reduced funds had to be compensated intelligently on a competition based level.

The organisations cooperating in the BAGFW are:

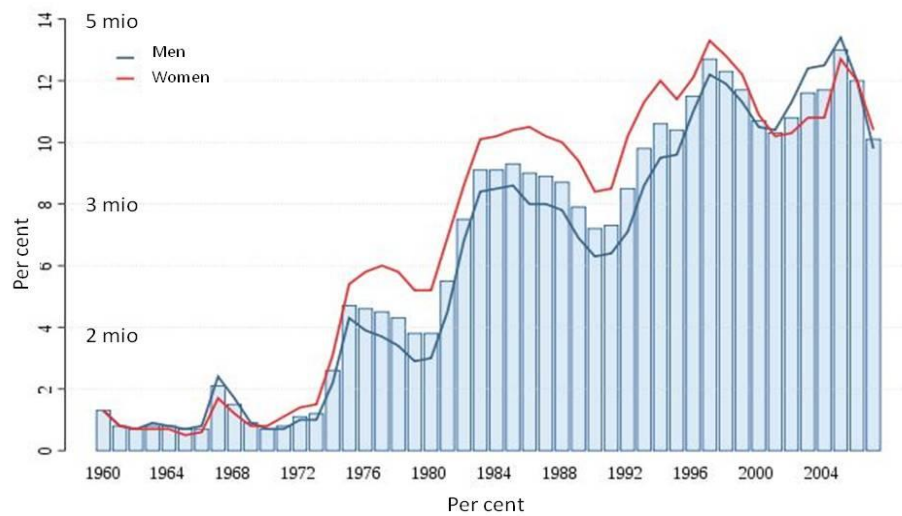
- a. Arbeiterwohlfahrt (AWO) ('Workers Welfare' related to the social democrats)
- b. Deutscher Caritasverband ('Caritas' related to the Roman Catholic church)
- c. Der Paritätische Wohlfahrtsverband ('Der PARITÄTISCHE', a self organised association of welfare organisations)
- d. Deutsches Rotes Kreuz ('DRK'; German Red Cross)
- e. Diakonisches Werk ('DW'; the welfare organisation of the Protestant denominations)
- f. Zentralwohlfahrtsstelle der Juden in Deutschland ('ZWST'; the Jewish welfare association)
- g. Volkssolidarität, (the welfare organisation related to the 'Die Linke' which is active only in eastern Germany)

These organisations have basic formations on the municipal and county as well as on the Länder and federal level with strong professional sub-organisations dealing with different sectors of social services delivery, amongst them homelessness.

2.5 Overview over the development of unemployment in Germany

Since the early 1980s, (west) Germany had a considerable and persistent unemployment problem with a peak of about five ml in 2005. With each of the macro economic cycles since the early 1970s, peak as well as basic unemployment had risen so that even as the economy caught up again, more people were unemployed than during the preceding cycle. The following graph shows the development over time, not taking hidden unemployment into account, e.g. unemployed persons in training or other measures of the employment agency (app. 300.000 during the last two decades). Major reasons for the rise in unemployment until the 1990s were the extension of people seeking employment due to immigration, the rise of productivity and the reduction of demand in labour force from a modernising industry. With globalisation, the export of jobs to low wage countries became an additional element. Also structural elements of labour policies and collective agreements were seen as discouraging employment at times of an insecure economic situation.

Figure 2.2: Development of unemployment in Germany



Source: Federal Employment Agency (2010)

With the post 1990 reforms in social benefits, especially the introduction of ALGII, the government and employers' associations are claiming that the structural relation between economic cycles and the development of unemployment has been broken up. It is attributed to the success of the welfare reforms that for the first time since 1967 the unemployment rate at the end of a cycle was lower than at the cycle before (Government 2008, p. 133), even though the number of employable persons rose in absolute figures. The report claims that especially the unemployed with individual deficits on the labour market and in long term unemployment have found more jobs and were made redundant at a lower rate. There are indications that in the current economic crisis, the same applies, as the Labour Agency, the Federal Government and economic research institutes claim the unemployment figures remained unexpectedly low in relation to the overall economic data after 2008 (Bundesagentur f. Arbeit 2010).

These developments, however, must be seen under the conditions of general labour market changes, which were partly induced by the welfare reforms. A major element of reducing unemployment outside of the economic cycles is the threat of a partial loss of benefits if a "reasonable" job is rejected by the job-seeker because of wage limitations, problematic working hours or conditions or location. Another element is the over-proportional growth of the low wage sector and the non permanent and partial jobs. Between 2007 and 2008, the number of those employees working for below ALG II salaries and thus entitled to "additional benefits" has risen from 87.000 to 1.35 mio (IfAB 2010). While most of those receiving additional benefits are working relatively short time, 20 per cent of the receivers of additional ALG II benefits [Aufstocker] are full time workers with an income below the benefit level. Also the numbers of jobs

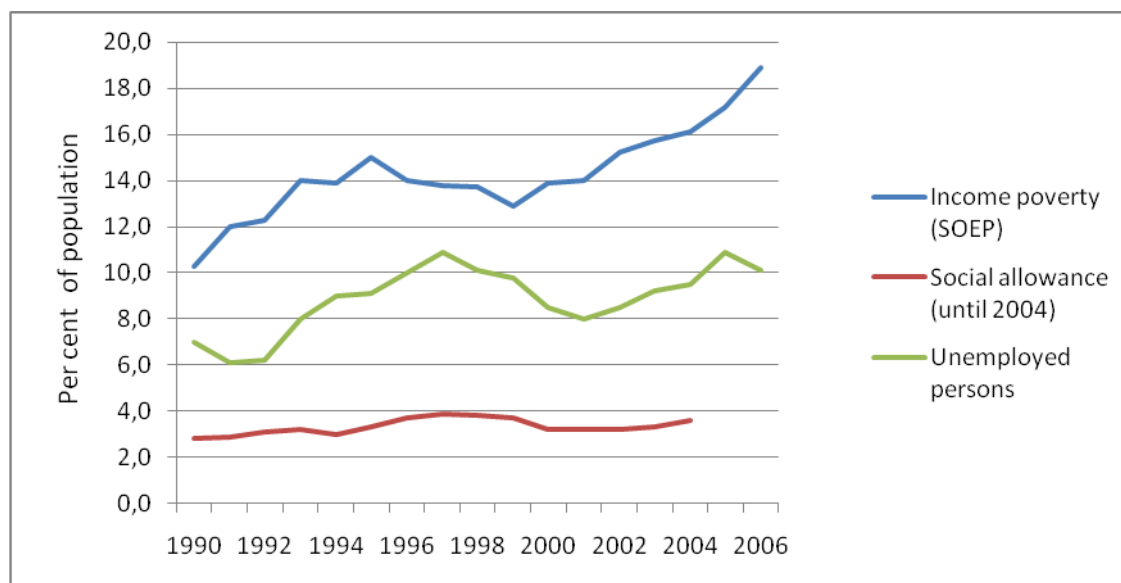
for companies lending out workers on a short term lease has risen from a marginal number to three quarters of a million by 2008. These developments reduce the effects shown in the net numbers of the unemployed and at the same time they explain why the relative rise in employment is not fully reflected in a reduction of public expenditure for unemployment and social services. While the increase in low paid jobs and the threat of a benefit loss – and assistance and training for job inclusion – are raising the numbers of those (re-)entering labour, other welfare measures are limiting the loss of labour in the current crisis. The introduction of flexible time-credit schemes on a company basis and a federal policy to support “short time work” (Kurzarbeit) in companies wanting to keep their qualified labour force, has helped to reduce the unemployment considerably, albeit at the risk of a steep rise, when these schemes should finish.

A regional analysis shows that job opportunities vary considerably across the country. In the shrinking regions unemployment is three times higher as in the growth regions, limiting even the access to low income labour. At the same time, the number of those entitled to additional benefits (ALG II) topping up income, are on a rise in the growth regions as well. Generally, the unemployment rate was considerably higher and has dropped less over the last years for young people with a low qualification and migrants, who were less often reached by the measures of the Employment Agency.

2.6 Overview over the development of poverty in Germany

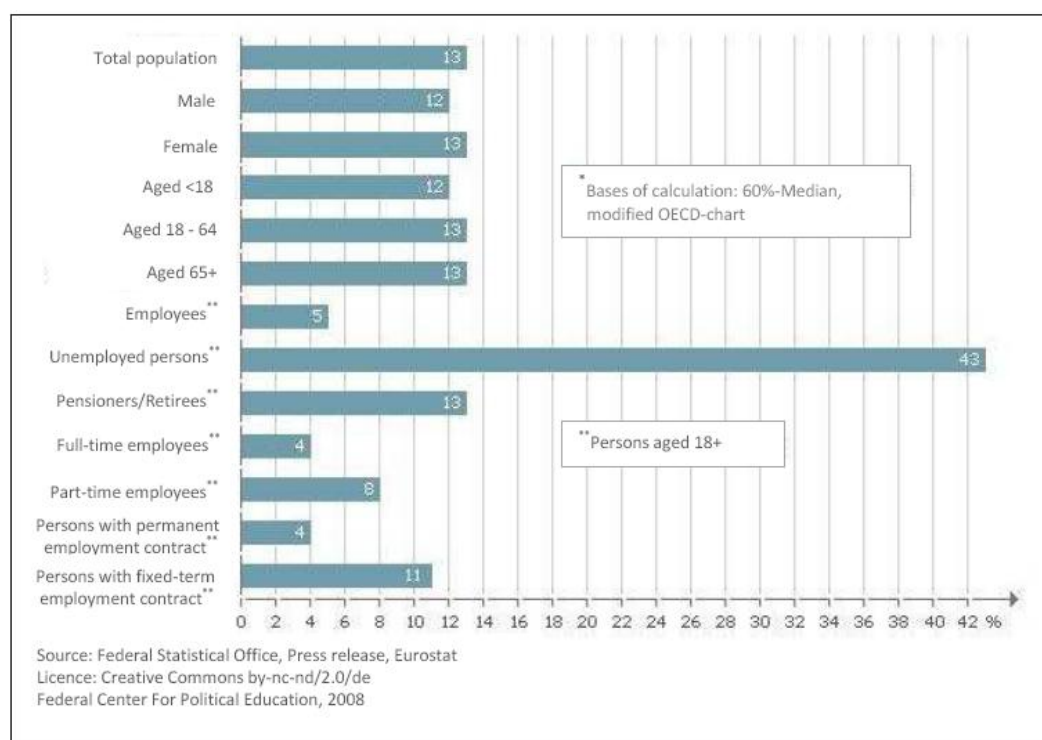
After the notion that poverty was an outgoing issue was upheld since the 1960s growth period, it has returned to the agenda again. Speaking of a ‘new poverty’ or a ‘new underclass’, a link was seen to the structural modernisation of the economy, the loss of simple industrial jobs and regional distortions resulting in a steadily growing ‘basic unemployment’. Debates are concentrating upon the proportion of those at risk of income poverty and the socio-psychological consequences of poverty, relating to those, whose income is at less than 60 percent of the median income.

Table 2.3: Development of income poverty in Germany



Source: Federal statistical office/UrbanPlus

Figure 2.4: Poverty risk per groups of the population as of 2008 in per cent



Source: Federal statistical office, 2008

Most affected by the income poverty risk were the unemployed (43 per cent in 2008) without a qualified job (19 per cent of those at risk), single parents (24 per cent) and migrants. Above all, two groups are most at risk: young adults and households with children. In 2008, almost a quarter of those aged between 19 and 25 years had in-

comes below the poverty risk line; a group that covers the long term unemployment as well as those in transit between school, training and settling in jobs.

Also the number of children in poverty is seen as posing a serious societal problem, as it indicates a possible solidification of poverty. For families with three children, the poverty risk is at 22 per cent and for those with four children and more it amounts to 36 percent, only topped by the risk of single parents, which is at over 40 per cent. It is seen as especially worrying that amongst those households at risk of poverty with children, large groups are in employment, often even with more than one earner. Many of these families are statistically related to low education profiles and 'distance to education.' All these numbers have been increasing over the last decade, even though between 2006 and 08 there was a slight decline in the risk for all groups.

However during the economic downturn poverty risks rose faster than unemployment, mainly due to the growth in low paid and part time occupation (Kalina, Weinkopf 2010) which is increasingly affecting the former secure middle classes. As in the following upswing the quantity of households at poverty risk fell less than the number of the unemployed, to a certain degree labour and income development has been uncoupled (DIW2010; p.5) to the disadvantage of the poor.

Regionally, the risk of income poverty shows strong differentiations. It is on average highest in the north-east (22 per cent) and generally in the east (between 21.5 and 17.5 per cent by Land), with Berlin not being excluded (17.5 percent) despite the considerable development of a government- and capital related new middle class. In the west and especially the south-west, the risk levels are notably lower with Bavaria at 11 per cent and Baden-Württemberg at 10 percent (Paritätische Forschungstelle 2009).

Other reasons for the rise are:

1. Until now, i.e. before demographic factors will be taking effect at the middle of this decade, younger people have been finding it difficult to enter the job market.
2. Net average incomes of the working population after inflation has decreased statistically for app. two decades with a greater loss at the lower end of incomes. The loss of income has especially affected public sector work, the helping professions, unqualified work and parts of the service sector. Overall the decline of the net incomes of the employed is considered a major reason for Germany's slow economic development (Hickel 2004).

Figure 2.5: Average net-wages per month



Source:

http://www.welt.de/wirtschaft/article1208216/Nettoloehne_auf_tiefstem_Stand_seit_20_Jahren.html;
found 12 Jan 2010

3. The last decades' high unemployment has systematically led to an increasing number of people on the lowest level of social benefits (ALGII) (BMAS 2008, p.47).

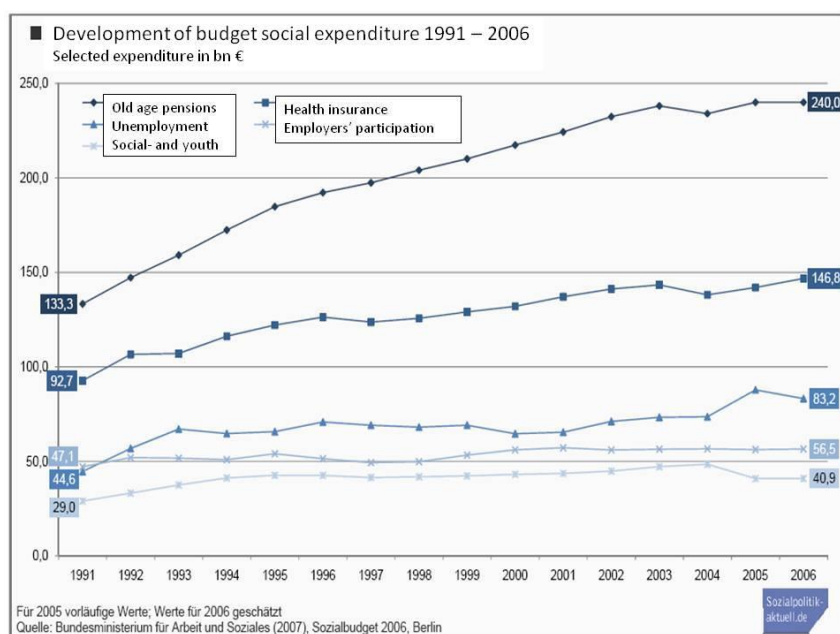
With the income poverty risk before social transfer at app. one third of the population and at about 13 per cent after social transfer, the German government ('3rd Wealth and Poverty Report' 2008) states that Germany is highly successful in lowering the overall risk of poverty and also the number of those in 'permanent income poverty' (Ibid, p.16). However, the report states in 2008 that 'permanent poverty' of an equivalent income of less than 60 per cent of the median over three years' has risen up to 11 percent of the population' (from 9 per cent in 2002). 'The number of those in permanent deep poverty' has remained steady on a level of about five per cent of the population, a number which equals the long-term unemployed or app. 40 per cent of the unemployed.

2.7 Results of the German welfare reforms after 1990

Some recent evaluations are claiming a "sustainable positive effect of the Agenda 2010 on the labour market" (amongst them Zimmermann 2008). He is stating that 'despite the economic performance (at the time of the up-swing of 2007/8 and before the current crisis) ..., 'employment has risen more visibly' and that 'unemployment has been reduced more markedly' (ibid). These arguments are contested from many sides. Whereas especially the mainstream of the economic actors and their neo-liberal lobbies are praising the direction of development towards 'reducing the state' (Entstaatlichung), the critique from this side is that it is falling short of the needs to reduce state influence on societal development and the system still presents 'a so-

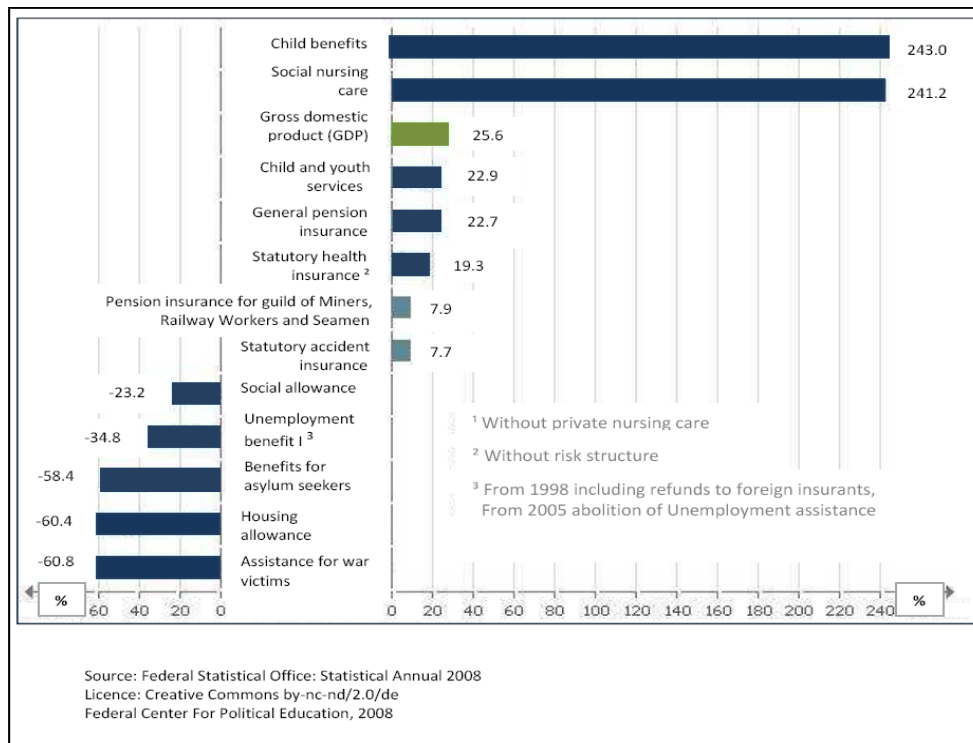
cial hammock for those unemployed preferring transfer to labour income'. Critics from the background of the old and new labour movements (especially trade unions) as well as many actors within the social system (amongst them the churches) criticise the changes as a turn towards neo-liberal policies. It un-couples social from economic development in a way that chiefly benefits the wealthy. While the reform has been helping to keep wages low, it has curbed benefits to those in need and excluded many from societal wealth creation. Critics also point out that the positive effects are smaller and vulnerable to economic downturns or crisis, and that there are collateral damages, mainly a reduced tendency of consumer activity and a general fear widening of falling into the discriminatory second stage of the unemployment benefit system (Hickel 2006).

Figure 2.6 Development of social expenditure 1991 - 2006



Source: Federal Ministry for Labour and Social Affairs; Social Budget (2007)

Figure 2.7 Development within the overall welfare system (federal, state, Municipal) 1990 2008



Source Federal Statistical Office 2008

The graphs show that major the aims of the reforms were not met. Due to the ageing society, continually high unemployment and the slow growth of the German economy as well as work related incomes, all elements of social expenditure have risen despite the governmental efforts to curb expenses in this sector. This was the case until 2006 and all indications are that these rises have continued during the current crisis, even though unemployment as a basis for income poverty has turned out to be less evident in the crisis than expected. There is, however, one exception, which is of high relevance for the income and poverty debates. The only element, where the expenses have in fact gone down, is the employers' contribution to the pensions and to the unemployment insurance (ALG I). The balance of expenditure has shifted in favour of the employers side and against the state budget and the employed, whose social benefits have dropped or remained stable at best.

2.8 Conclusion

The traditionally corporatist German welfare regime has changed into a hybrid construction with increasingly strong market oriented elements belonging to the liberal welfare regimes that were introduced since the late 1980s. In the federal system, a clear distinction has developed between an increasingly centralised regulatory welfare regime and highly localised modes of welfare service delivery (local welfare regimes), which are strongly influenced by NGOs and civil society. Generally all fields of welfare provision have been dynamically changing over the last two decades, in-

roducing a stronger individualisation, means testing as well as demand for participation and compliance be receivers of benefits.

The major change over the last two decades in the structure of the social benefit systems is the strict turn towards a labour market orientation, means testing except for earned benefits of an insurance type and the partial privatisation of formerly strictly state run elements of social security.

In general, transfer from the welfare sector contributes to reducing the poverty risk, which is at about one third before transfer and around 13 percent after, however considerably higher for households with children.

The reforms over the last decades have succeeded in activating a considerable number of people formerly depending on public transfer and contributed to the reduction of unemployment. However, during the same period and possibly directly related, average work related incomes have dropped and the number of jobs with incomes near the poverty level - allowing additional social assistance to be claimed - has risen.

The data are indicating that some of the reform targets have been met – mainly increased labour market participation. Income polarisation has not been curbed and many critics of the reforms claim a change in the German welfare state towards residualisation. This is especially the case for those groups threatened by poverty and exclusion, who have not been reached by the multitude of programmes, which local administrations and NGOs have to offer with reduced means.

Chapter 3

The Housing System

The aim of this chapter is to highlight the key policies and system features of housing in Germany and to find out what the relations between income poverty and housing poverty are.

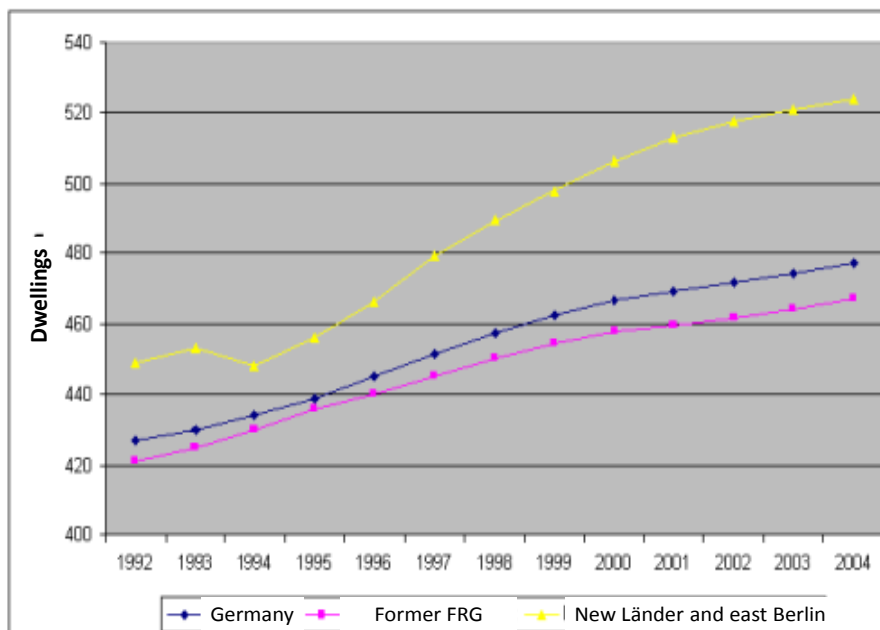
3.1 Introduction

It has been a major target of German housing policy to secure a balanced market providing a diversity of quality homes for renters and homeowners. In principle, this has not been changed since the early post-war policy of massively building quality social and market housing with the support of tax benefits, grants and interest reduction on mortgages, which continued until well after 1990. During this time federal housing policies in collaboration with the Länder and the municipalities as well as public and private investment have led to a relatively good quantitative as well as qualitative housing situation for a large majority of the population. With over 40 sqm of space available per capita and above one million empty dwellings the quantitative housing demand was met and with only a small proportion of homes without the basic amenities, also qualitative standards were generally satisfactory. The federal government's housing policy thus turned away after the turn of the century from supporting the production of new housing towards focussing on measures to improve the existing housing stock and to deal with market distortions that were showing up regionally and with problematic effects for certain groups of society. Besides a general focus on affordability of decent homes through different forms of housing benefits for those who could not provide for themselves on the housing markets, federal policies concentrated on problems of urban development in precarious neighbourhoods. After the devolution of active housing policy to the Länder, these defined their specific strategies, which in cases of a low pressure on the markets and shrinking population focussed mainly on improving urban infrastructures and environment. Assisting the markets in building targeted housing for key needs groups, however, continues to be on the agenda of some Länder, where the housing markets are under the pressure of growing demand, especially in the economically vibrant regions with a growing population. At present, the main housing and urban development tasks are to deal with the diversity of social and spatial development that is increasingly leading to a polarisation in many cities and on the housing markets. The further development of appropriate tools to stimulate and regulate the markets to keep up the relative uncoupling of housing and neighbourhood quality from individual affordability and the financial status of poorer households remains as a major issue of German housing policies.

3.2 Overview of the housing stock and its access pathways for residents

Germany had app. 39.3 mio dwellings in 2009 for its 39.5 mio households. The number of homes has risen due to continuous building by 4.4 per cent over the last decade, mainly in ownership housing, while rental housing has slightly diminished because of conversion into ownership housing. During the same period, the number of households has increased by 0.6 per cent due to a continuing tendency towards smaller households - despite a shrinking population (bpb 2010); a development that is forecast as continuing until about 2020 the low birth-rates will eventually lead to a decline in the number of households.⁸ A majority of German households are living in multi-family blocks, whereas 28 per cent are living in single family homes and 20 per cent in two family houses. There are considerable regional differentiations with nine out of ten households living in block in Berlin and 40 per cent of single family homes in rural regions.

Figure 3.1 Homes per 1000 inhabitants in Germany



Source: Federal statistical office (Fachserie 5, Reihe 3, 2005)

Germany is still predominantly a country of renters (51.4 per cent)⁹, which is most obvious in the urban agglomerations where usually less than a third of housing is owner-occupied. All rent contracts are legally private rent contracts, usually with an

⁸ The shrinking of the population in Germany, which is estimated to lead from app. 82 mio in 2007 to 67 mio in 2030 includes 230,000 immigrants annually, a figure not realised during the last decade. (Destatis 2006)

⁹ It is unclear, where cooperative housing is placed in this table.

unlimited duration,¹⁰ giving renters a strong right over the use of the property. Of the renters, less than six percent are living in below market rentals (usually access and rent controlled housing) and 45.7 percent are owner-occupiers, with regionally higher rates. Accepted as a historical fact and as a well working model of housing for various groups of the population, rental housing was never politically discriminated against, even though throughout the history of the federal republic private home-ownership was encouraged and supported for middle income groups. Presently a variety of different rental offers are available at market as well as access and rent regulated levels, although during the last decades the access and rent regulated sector has been shrinking considerably. Since 1980 a political turn towards prioritising home-ownership was taken up by an increasing number of the upper income segments, whereas lower income groups can usually be referred to quality rental housing. Whilst home-ownership has risen, it was hardly ever promoted for or taken up as a major housing model by lower income groups. The number of low income home owners thus has remained relatively low, also because the acquisition of homes usually demands high down-payments and a proven income security, requested by the financing banks.¹¹ 1990s federal programmes to privatise homes from the GDR period to sitting tenants were generally rejected during and only 7 per cent of the prospective owners accepted the offers despite favourable conditions. Similar projects on a smaller scale in the west also were not greeted with enthusiasm by the majority of renters in urban agglomerations.

¹⁰ Exceptions are limited to the landlords' own of household demand for housing, a foreseeable demolition of fundamental modernisation. Rent contracts can be terminated on the grounds of rent arrears after two months of non payment after a court judgement, and in case of a court order to leave the dwelling because of disturbing the tenancy.

¹¹ With a few exceptions, even public subsidies are paid out through private banks (Hausbank-System) that refinance themselves through the public investment banks of the Länder and, for special programmes, of the KfW Bank, the federal investment bank.

Table 3.1: Households and tenure in Germany¹²

	MR	BMR	Rent Free	Owner-occupier	All households	All renters
Single (working age)	35.9	32.4	21.8	12.0	24.4	35.5
Working age couple (no kids)	17.1	14.0	12.7	16.8	16.6	16.7
Working age couple with kids	12.0	13.8	13.7	27.2	19.1	12.2
Lone parent	6.2	9.7	4.3	2.7	4.7	6.6
Pensioner	25.7	25.4	42.7	30.5	28.4	25.7
Other	3.1	4.8	4.9	10.8	6.8	3.3
Row %	45.5	5.9	2.8	45.7	100.0	100.0

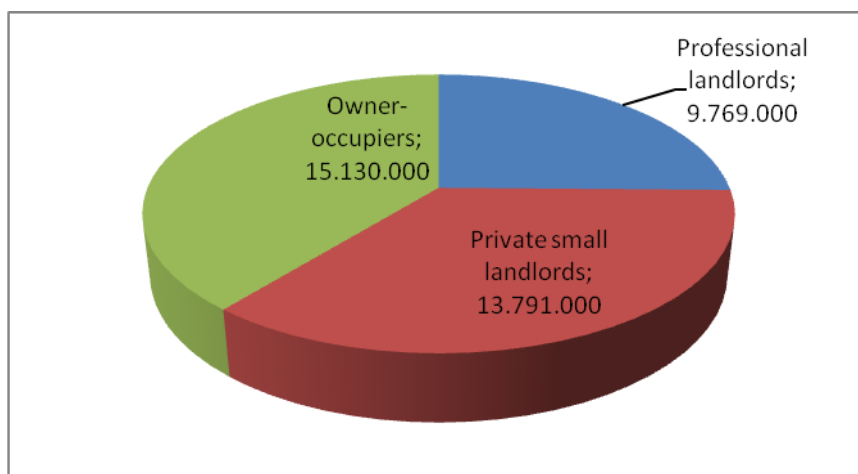
Base: all households

Source: EU-SILC

The housing markets are characterised by a highly diversified ownership structure, opening a variety of specific access pathways to housing. In 2007 professional commercial landlords, including public and municipal housing companies, were providing 25.2 per cent of the overall housing stock of app. 39 mio dwellings as rentals. An additional 35.6 percent were rented out by private small and amateur landlords and 39.1 percent were owner-occupied homes (GDW 2006). The specific groups of public (municipal and some remaining state housing companies) are covering eight percent of the overall stock, which amount to 13 percent of the overall rental stock, with a large dominance in urban regions and the east. The special form of cooperative ownership covers six percent of the overall stock, respectively slightly above 10 percent of the rental stock.

¹² Figures of 'outright' ownership in contrast to 'mortgaged' ownership are not available for Germany. The paragraph about Social Housing gives a critical appraisal of the term 'below market rent' for Germany. Other data are in congruence with statistics on German housing.

Figure 3.1 Proportion of ownership types



Source: GDW 2006

Within the group of small owners ‘amateur-landlords’ are letting 17 mio premises often on a ‘hobby basis’ supplementing their work income or building up an old age income. Increasingly the heirs of the first generation of post-war single family homes are also renting out, as they often have acquired property themselves especially in regions, where sale-prices are low (Droste 2007). With these landlords, the regional markets are deciding about the rent-value and, whereas many provide stable incomes, especially in the shrinking regions, competition is high and an opening towards lower income renters can be an important option in securing the income. The professional commercial landlords are divided into private institutional landlords, amongst them banks, investment funds and others, and ethically or municipally bound housing providers, namely the public (‘social’) housing companies. The cooperative housing sector, that owns app. 6 per cent of the overall housing stock or 11 per cent of all rental housing provides a share of dwellings for lower middle class residents and, lately increasingly for joint building groups in so called ‘Owner-Cooperatives’. The majority of the publicly owned housing companies have, despite the 1990 abolition of the non-profit housing law (Wohnungsgemeinnützigkeitsgesetz), continued to act as providers for “broad strata of the population”, earmarking a certain percentage of their property for lower income groups. Where still possible, the public shareholders are also often demanding the participation in social housing programmes and to provide additional projects for neighbourhoods and households in distress (See appendix 1 on the Protected Market Sector in Berlin), reducing the yield of the public investment to near the former non-profit level. Offering housing on the lower rent levels to lower income households and re-investing revenue into social projects in fact reduces the public shareholders’ income – for the local budgets, however is seen as a ‘social dividend’ justifying public non budgetary investment.

For many of the various groups of owner-occupiers acquiring a property is still often a once in a lifetime activity, which consumes a considerable proportion of the income, until mortgages are repaid. This is the case for outright owners – benefiting from tax provisions – as well as for those lower middle class residents, who have benefited

from ownership social housing. As there was hardly ever a policy to engage low income earners into homeownership (Knorr-Siedow, Willmer 1998), the vast majority of homeowners has not been from lower income groups. However this is changing, as the heirs of older and often lower quality homes are appearing as owners and as increasingly job-loss can become a financial threat during the mortgage repayment period.

Also with respect to homeownership regional differentiations are apparent. While in the growth regions, outright homeownership after mortgages is an important financial asset helping also in periods of economic or individual crisis, in many shrinking regions, homeownership can turn against the residents when homes lose their value.

3.3 Social- or Access and Rent Controlled Housing in Germany

In 1987 there were 3.9 mio social rental dwellings in Germany, well over 10 percent of the overall housing stock and 16 per cent of rental housing with peaks in the urban agglomerations. Until the last official housing survey (Volks- und Gebäudezählung 2001) this stock has melted down to 1.8 mio dwellings and annually, due to the type of public subsidy contracts, another 100,000 dwellings are losing this status, which presently is estimated at well below 6 per cent nationally and generally below 10 per cent in larger cities¹³. Earlier, with lower rates of income poverty threat, about one third of social housing was seen as the benchmark by housing experts, below which social policy could not influence the market to provide lower priced housing for those in need (Duvigneau 2001; Droste, Knorr-Siedow 2009).

Social housing in the Federal Republic was characterized from the early post war period on by a parallelism of public and private rental, cooperative and for owner-occupation housing production for large parts of the population, not a special building programme for the poor, but rather a quality programme for the lower middle classes in secure labour relations. These dwellings were usually not below market price, as lower quality older rentals were available at lower rents. The principle of financing was that a so called cost-rent (Kostenmiete) including financing cost and overheads, well above market rent (up to three times at certain times), was subsidised down to near market rents to make the flats available for the period of the public-private contract and for, in the first place, key workers and young families, later also for other groups, amongst them the elderly. Through income benchmarks in combination to building subsidies the dwellings are made available to those who can legally claim the status of a social renter or owner. This system leads to social rents on the lower levels of the market, but not below the market rents. In effect, a considerable number of social renters and owners can claim additional housing assistance, especially the general housing benefit (Wohngeld). The lock-in period of controlled rent is usually between 15 and 45 years. After this period, the dwelling enters the market and is only subject to the general rent framework regulation and otherwise freely marketable.

¹³ More robust figures are only to be expected after the census in 2011.

Social housing is not restricted to new buildings: After the mid 1960s in addition to building new social homes, urban renewal was introduced with public funds being made available for private buildings in exchange for access and rent regulations. Later, in some Länder, in an attempt to avoid agglomerations of social housing, even individual flats integrated into market housing have been increasingly contracted with landlords; in some Länder, this is at present the major social housing strategy.

With the German system all types of investors and owners were integrated into social housing production, although there is a decisive change from public housing companies as the main actors towards increasingly private investors and owner-occupiers. A special situation occurs for former social housing of public housing companies at the end of the lock-in period. By contract with the public shareholder, these dwellings or often only a certain proportion, remains as quasi social housing under near similar conditions of access and rent control. However, this is at the public shareholders discretion and often municipalities reduce the controlled share to a minimum. A similar logic was applied to the former east German mass housing, which has partly also been turned into a sort of quasi social housing.

The former bricks and mortar oriented social housing has been abandoned already in 2001 and exchanged for a diversified system of federal (until 2006) and Länder funded measures. This shift away from object oriented social housing towards different forms of provision for the subjects in need of access and rent-controlled housing has been an important feature of social policy change in Germany. From then on it would make sense to follow the land Berlin to turn from the term of social housing to “rent and access regulated” homes. The overall policy change is also reflected in the relatively small number of new homes entering social housing, some estimated 35,000 per year, in contrast to the 100,000 leaving this status. The privatisation of large parts of the publicly owned housing stock during the 1990s and early this decade is another implication of the state abandoning the concept of social housing in a physical sense (Häussermann 2006). At present, the amount of homes under direct municipal influence that could be activated for the poor, housing emergency cases and the homeless has diminished considerably (Stephens/Elsinga/Knorr-Siedow 2008; Knorr-Siedow 2008).

3.4 Regional differentiation and market overhang

There is a strong regional differentiation in German housing already described that has been described in chapter 2 between the growth regions and those declining, which are strongly influencing the housing opportunities in general and those of the homeless in Germany. While in the growth regions it is becoming increasingly difficult to provide affordable housing and access for the homeless, in the eastern and other old industrialised regions, a quantity of about one million vacant homes are available, many in an easily inhabitable quality. The demographic factors of an ageing and shrinking population and migration towards jobs have overridden even the drastic

federal and Länder programmes that have lead to the demolition of well above 300.000 empty dwellings so far.

With respect to the opportunities for the homeless and those threatened by homelessness, the regional differentiations are resulting in problematic consequences. Where it is easier to find jobs, often in the lower income sector, housing is the most expensive, e.g. in the large productive agglomerations in the south-west and metropolitan regions. Where housing is often easily available, jobs are scarce and taking up work is often linked to below sustainable income or the need for long distance commuting. Often, devalued property even forces residents into a lock in situation, making the inclusion in the labour market difficult. When the sale of homes that have not left the mortgage repayment period is only possible with a loss – resulting in unaffordable indebtedness – the acquisition of a new home is often virtually impossible. Then residents often chose to remain unemployed in their homes and regions in low wage jobs or unemployment, rather than opting for a better paid job and a jeopardised housing situation. In these cases, outright ownership coinciding with a loss of value may become a trap.

3.5 Conclusion

Housing in Germany belongs to the policy fields that have undergone a rapid change during the last decade. Since devolution of housing policy to the Länder in 2006 virtually no federal housing policy exists and also a change has taken place from subsidising bricks and mortar towards a virtualisation of social housing by subject subsidies that can be applied within all market sectors on the basis of individually tested needs. On the Länder level, a wide variety of different policy strands are pursued. While e.g. some Länder have abandoned initiating any form of social housing altogether, others are actively pursuing varying forms of social housing policies, mostly through access and rent control on a public private contract basis.

Over the last five decades housing policies have led to a relatively good quantitative as well as qualitative housing situation for a large majority of the population. Seven features of the system can be detected that are the main denominators of the relative success of the system and an easing of access problems for the homeless and those in urgent need for housing:

1. The long tradition of public-private partnership in building and in improving the housing stock has lead to a great variety allowing access for the various needs groups. However, regionally and for certain groups of residents, even despite the market overhang of one million dwellings, markets have remained tight.
2. Rents provide a secure permanent home, as long as rent is regularly paid¹⁴ with no difference between private and public rental. With the wide variety of landlords there is a competitive market, which in many regions allows renters as well as

¹⁴ Very limited exception, amongst them tha the owner (or family members) want to personally use the dwelling or that the dwelling is to to be demolished.

landlords a secure partnership and calculated income-housing expenditure relations. Despite the post 1980 turn towards prioritising home-ownership, lower income groups can usually be referred to quality rental housing.

3. The proportion of low income home owners has remained relatively low. Especially in urban regions and with older renters and younger mobile groups (both often without heirs due to the change in reproductive behaviour), homeownership is often not a desired option, as during the savings and mortgage repayment period, homeownership tends to be considerably more expensive than rental, even on a life-span perspective. Programmes to privatise homes from the GDR period to sitting tenants were rejected during the 1990s by the market as only 7 per cent of the prospective owners accepted the offers despite favourable conditions.
4. The special form of cooperative ownership has remained strong providing app. 11 per cent of secure quality housing under flexible contracts for the lower middle classes.
5. With a probable exception between the late 1960s to mid 70s, social housing was always of a high quality, even part of federal policy to promote good standards in housing. It still, after the end of the lock-in period, provides a basic stock of (relatively) affordable housing.
6. Rent regulations through a strong legal framework (part of the Civil Code BGB) has provided private rentals as a long time safe type of housing and has encouraged a variety of private investors to seek their place in the variety of markets. The legal framework and the astonishingly persistent traditions of the German housing markets have also prevented housing from becoming a 'casino type' speculative investment.
7. With the introduction of the non discriminatory housing benefit (Wohngeld) during the 1970s and through the practice of paying rents (including service costs and heating) within the different strands of social assistance (within certain limitations, which are varying slightly according to Länder and municipal policies), access to decent housing has been made available also for the majority of the lower income groups in different sectors of the market from private and public market rental to social housing.
8. Until past 2000, public investment into market, rent and access regulated housing was never only understood to be an element of housing or social policy. From the first 'Future Investment Programme' in 1974, public investment into building and urban infrastructures was always seen as a public support for the overall economy and especially for the labour market. This Keynesian approach at stabilising the labour market especially for low-skilled labour in the building industry has repeatedly overridden strict housing economical logics; the so far last example being the support for new housing and stock-rehabilitation after German unification even after it became apparent that housing in the east would exceed demand.

While these elements have led to a relatively satisfactory housing situation overall, political influences on the system after the late 1980s and increasingly since the 1990s have also led to a generally stricter marketisation of the housing environment,

tightening the perspectives of those in urgent need of housing, which need to be countered on a municipal level (see Good Practice Example Protected market Sector).

PART II: HOUSING OUTCOMES

Part II of the country report focuses on the housing outcomes of the welfare and housing systems and on whether housing, poverty and employment status are systematically connected. Do income poverty and unemployment directly lead to poor housing conditions? To what degree do policies on housing and social security influence housing outcomes? To capture the outcomes of policy instruments existing in German housing and welfare, selected EU-SILC variables form the basis for the analysis. They reflect national data on tenure, household type and whether individuals are living in households that are in poverty or at poverty risk [see the methodological remark].

Chapter 4 Poverty and Housing Outcomes

In this chapter the aim will be to find out, whether the generally good German housing provision is generally affordable and also extends to poorer households. It is also asked whether there are links between the poverty risks and poor or precarious housing that could lead into homelessness. The overall distribution of tenure and household type in relation to income and housing benefits is described. Then affordability in relation to the quality of housing and neighbourhood is examined. There is a focus on the housing standards of individuals living in poor and non-poor households. Finally, the analysed EU-SILC data of housing outcomes are related to the main questions of this chapter, whether the income poor are also the housing poor and whether housing outcomes can be attributed to any particular housing policies.

4.1 Introduction

With regards to the welfare policy impact on housing, two forms of housing support exist on a national basis. The Housing Benefit (Wohngeld) supports mainly the lower income groups above Social Benefit level income according to the Social Code. Within the Social Benefit according to the Social Codes for the long term unemployed and the disabled, the second support system takes effect. Within certain limits, the full rent is covered within the system. Whereas the Housing Benefit is included in the SILC data, the housing support provided with the social benefit system, covering app. five million individuals (TNS-Infratest 2010), is not.

4.2 Tenure types and housing distribution according to income

Table 4.1 provides an overview of tenure by income deciles in Germany. Whereas the renters' share within the lower income deciles is higher, also more than a quarter of the higher income deciles are renters. On the other hand, app. three quarters of the owner-occupiers are members of the higher income groups. These data reflect that although home-ownership is strongly related to income, income in Germany is by

far not the only denominator for the decision to rent or buy. This is also a reflection of the fact that there are only limited quality differences between rental and ownership housing.

Table 4.2 relates the poverty distribution, tenure and household types. The highest share of individuals in poor households after housing costs live in the market rent sector (49 per cent). Among those the largest proportion is found amongst working age singles (71 per cent) and single parents (61 per cent), most likely a consequence of lower priced housing often being found in older market rentals. The relatively low share of poor individuals in social rental dwellings compared to their share in market rental dwellings cannot necessarily be attributed to low rents, but to the fact that this type of housing is also rented by households, whose income later in life rises above the eligibility threshold with usually only minor rent rises as a consequence. The relatively high number of owner-occupiers amongst the poorer households should be understood as an indication that the risk of poverty is not clearly related to the form of tenancy. These data are reflecting that more family households with children are living as owner-occupiers and that the poverty risk is significantly related to family structure. Amongst the poor owner-occupiers, working age couples with children (59 per cent) and pensioners (49 per cent) are the outstanding groups; indicating that home-ownership especially amongst lower income households does not reduce the risk of poverty considerably. Results from the housing focus groups indicate that lower income groups in rental or ownership social housing are “easily at risk of rent arrears and in need of reducing their living standard, when e.g. employment of household members is lost”. When additional issues like an illness or family breakup arise, according to the Focus Group on Service Provision (local), even the risk of homelessness rises considerably, as lower income groups have less elasticity within their incomes to change expenditure patterns (Focus Group Housing National).

Table 4.1: Tenure by equivalent household income decile in Germany

	1 st	2 nd	3 rd	4 th	5 th	6 th	7 th	8 th	9 th	10 th
MR	57.4	53.2	45.8	38.7	36.7	32.9	34.4	32.5	26.6	25.5
BMR	9.2	8.8	6.3	7.0	6.1	4.2	4.7	2.9	2.4	1.7
Rent free	5.2	3.2	3.0	3.9	1.6	2.1	2.1	2.3	1.4	0.9
Owner-occupier	28.3	34.8	44.9	50.3	55.7	60.8	58.8	62.3	69.7	72.0
All renters	66.5	62.0	52.1	45.7	42.8	37.1	39.1	35.4	28.9	27.1

All individuals; Source: EU-SILC

Table 4.2 Household type and tenure amongst individuals in poor households (AGHC)

	MR	BMR	Rent Free	Owner-occupier	All renters
Single (working age)	70.8	9.0	3.1	17.0	79.9
Working age couple (no kids)	56.0	5.3	1.3	37.3	61.4
Working age couple with kids	34.3	5.2	1.9	58.7	39.5
Lone parent	60.8	12.9	1.5	24.8	73.7
Pensioner	40.6	6.5	4.3	48.7	47.0

	MR	BMR	Rent Free	Owner-occupier	All renters
Other	29.3	4.9	4.3	61.5	34.2
Total	48.5	7.2	2.8	41.6	55.7

Base: all individuals in poor households (AGHC)

4.3 Housing costs and affordability

‘The Germans are spending a relative high ratio of their incomes on housing and the ratio of housing cost has risen faster than incomes over the last 30 years in the west and after unification in the east’ (Interview Berlin Brandenburg Association of Housing Companies BBU)

Taking into account the EU housing cost overburden rate of 40 per cent of income, housing costs in Germany are generally relatively high. Table 4.3 shows that above 41 per cent for all households are above this benchmark. For those living in market rental as well as access and rent controlled housing it is even higher at 47 per cent of the income. Generally owner-occupiers have lower relative housing cost than renters, but it must be taken into account that for Germany there is no division in the data between the phase of mortgaged ownership and the period after having paid off the mortgages. Whereas during the mortgage repayment period of usually 17 to 25 years the gross housing cost is above rental housing, only after repayment of mortgages there is a considerable decrease. Whether rent or ownership are leading to a lesser or higher accumulated burden over time thus is highly dependent on the entry age into home-ownership, which is on average about 38 years (LBS Research 2009), while it should be below 36 years (BFW 2010) to lead to a saving in contrast to rental. Especially for lone parents and working age singles, the figures are indicating that homeownership does not help reducing the affordability risks connected to falling income.

Table 4.3: Average per cent net income spent on net housing costs by tenure and household type

	MR	BMR	Rent Free ¹⁵	Owner-occupier	All households	All renters
Single (working age)	51.3	51.6	32.5	43.1	49.0	51.4
Working age couple (no kids)	41.8	38.1	[25.5]	33.6	37.5	41.4
Working age couple with kids	38.6	40.4	27.5	32.5	34.5	38.8
Lone parent	49.5	48.7	[22.3]	42.0	46.8	49.4
Pensioner	51.7	52.8	28.6	36.6	43.4	51.8
Other	38.5	[45.7]	[-]	27.7	30.8	39.7
Total	47.7	47.9	28.9	34.9	41.4	47.8

Base: all households

¹⁵ The housing cost figures for the Rent-Free residents are explained by the fraction of all residents (2.8 percent) living rent-free.

Source: EU-SILC

Table 4.4: Average per cent net income spent on gross/net housing costs by poor/ not poor

Average per cent net income spent on	Poor	Not Poor	All households	Ratio Poor: Not Poor
gross housing costs	64.5	36.8	41.6	1.8
net housing costs	63.4	36.8	41.4	1.7

Base: all households/ Source: EU-SILC¹⁶

“A share of 40 percent of income might be affordable for those better off, who usually pay below this margin. But it is unaffordable for middle and lower income groups, who often have to pay much more. That owner-occupiers pay a higher price was understandable at a time, when housing investment meant saving for old age. At a time, when homes in marginal regions are unsalable and chaining one to a region, new forms of rental or alternative ownership should be developed. At least rental should not be talked down by politicians. The benefits of ownership are often just false promises.” (Interview Berlin Brandenburg Association of Housing Companies BBU))

Individuals living in poor households spend disproportionately more of their disposable income on housing, i.e. almost two times more than individuals living in non-poor households (Table 4.2). Lone parents, pensioners and singles at working age, living in rental housing, pay most for housing from their disposable incomes. This unfavourable relation between income and housing cost is partly attributed to the fact that the dwellings available for poorer households, e.g. less attractive flats, have a tendency towards higher rents per sqm and faster rent rises as a consequence of the rent legislation that allows rent rises every time there is change of tenants.

Table 4.5: Per cent individuals living in households whose net housing costs > 40 per cent net income by poor/ not poor

per cent individuals living in households whose:	Poor	Not Poor	All households	Ratio Poor: Not Poor
gross housing costs > 40 per cent disposable income	74.2	24.8	31.7	3.0
net housing costs > 40 per cent net income (EU housing overburden rate)	72.4	24.2	30.9	3.0

Base: all individuals/ Source: EU-SILC

Tables 4.5 and 4.6 show that being affected by the EU housing overburden rate differs extremely between poor and non-poor individuals and according to the form of

¹⁶ Differing figures are quoted as ‘own calculation’ based on SILC in Bundesregierung 2008, p. 91: There, a proportion of the “gross cold rent” for households with an income below 900 € (lower household income) is given at 43 per cent in the west and 39 per cent in the east, which would be nearer the EU threshold.

tenure: there are three times more poor individuals than non-poor individuals whose housing costs more than 40 per cent of net income.

Table 4.6: Per cent of individuals living in households whose net housing costs >40 per cent net income by tenure and household type

	MR	BMR	Rent Free	Owner-occupier	All households	All renters
Single (working age)	50.9	50.2	27.2	40.9	48.0	50.8
Working age couple (no kids)	31.9	29.0	[16.6]	26.7	29.0	31.7
Working age couple with kids	25.7	31.8	16.2	23.0	24.0	26.5
Lone parent	45.9	47.4	[-]	44.1	44.8	46.1
Pensioner	47.6	51.3	18.1	29.3	36.7	48.0
Other	27.4	[37.5]	[-]	17.4	20.6	29.2
Total	38.4	40.5	19.5	25.3	30.9	38.6

Base: all individuals/ Source: EU-SILC

While not even every fourth individual living as non poor owner-occupier in a household of a working age couple with kids (23 per cent) has net housing costs over 40 per cent of net income, more than e.g. every second pensioner living in subsidized housing exceeds this threshold (51 per cent), indicating the need for the remaining older rent and access regulated homes to remain available for lower income residents above the poverty threshold.

But even though housing cost seems generally high, these figures as such do not reflect the drastic consequences of the regional differences for poorer households. The average housing cost is app. double in the affluent south compared to the east and higher by a third than in western old industrialised regions. This leads to very differentiated regional patterns of housing availability. Whereas key workers, e.g. with the police, hospitals etc, easily find decent housing in the shrinking and stable regions with a market overhang, renting or acquiring a home in the growth areas and some urban agglomerations is difficult for all but higher income groups. “The lack of affordable housing is a major reason for the city of Munich, to continue funding social housing as otherwise we would lose our key workers to the peripheral municipalities” (Focus Group Housing National).

4.5 Poverty by Tenure

Whereas up to a quarter of all renters are at risk of poverty across all SILC statistics, the poverty risk accumulates with the lone parents and the pensioners. Single working age renters are at poverty risk before and after housing cost with over one third. Owner occupation as such is significantly less often connected to a poverty risk; however the figures do not take the difference between mortgaged and outright owners into account. Amongst lone parents high housing cost reflects in an only small reduction in the risk factor with owner occupation and also with pensioners, there is only a small reduction.

Table 4.7: At-risk-of-poverty rates (after net housing costs) by household type and tenure in Germany

	MR	BMR	Rent Free	Owner-occupier	All households	All renters
Single (working age)	33.1	35.5	39.3	23.8	31.4	33.3
Working age couple (no kids)	17.1	14.9	[9.1]	11.8	14.4	16.9
Working age couple with kids	16.0	15.0	12.2	11.5	12.9	15.8
Lone parent	38.2	40.6	[22.4]	36.0	37.5	38.6
Pensioner	24.1	31.5	23.7	20.3	22.4	24.9
Other	15.0	[12.1]	[-]	8.7	10.4	14.5
Total	23.2	24.4	20.1	14.1	18.3	23.3

Source: SILC data, Base: all individuals

4.6 Housing allowance and the inclusion of rents/housing cost in the benefit system and the consequences for poverty threat and homelessness risk

There are two major policy tools to reduce the housing cost burden and to allow those eligible an affordable access to decent housing. The Housing Allowance (Wohngeld) is the major instrument to relieve lower middle income groups from over-burdening housing cost (Bundesregierung 2008, p.91). Including rents/housing cost for owner-occupiers within certain limits into the social benefits system (SGB II and XII) serves to secure housing for those who are long term unemployed or unable to work for social or health reasons.

“Housing Allowance is good for those who are getting it. Before the 2009 reform it was quantitatively just a joke. This seems to have changed now, however at high public cost. In many growth regions the ‘Wohngeld’ is just a transfer of funds to landlords, who are able to raise rents unrelated to incomes. Elsewhere the allowance serves to keep people in non discriminated housing and to keep up with maintenance” (Focus Group Housing National)

The main target groups of the Housing Allowance are low income workers, the short-term jobless, and receivers of smaller pensions with incomes above the eligibility for social benefit according to the Social Code. About 88 per cent of them are renters (Bundesregierung 2008, P. 92). The Housing Allowance (Wohngeld) should allow eligible households to either acquire otherwise unaffordable but fitting dwellings, or to sustain rent rises without having to leave the dwelling. Only about 3 per cent of all individuals are in receipt of Housing Allowance (above 4 per cent after the change in 2009), not taking into account that urban regions have a much higher proportion of Housing Allowance receivers. Next to pensioners in access and rent controlled housing, lone parents represent the highest share of recipients: 14 per cent of lone parents living in market rental housing and 10 per cent living in below market rental

housing are claimants; indicating that the allowance is a well target to support certain needs groups. With the support varying between very small to not very significant sums for 2.8 per cent of the overall number of households, however, the Housing Allowance serves as a minor assistance. Only the individuals living in market rental housing benefit from an appreciable benefit (SILC data).

Table 4.8: Housing Allowances by tenure in Germany

	MR	BMR	Rent Free	Owner-occupier	All households	All renters
per cent individuals living in households in receipt of Housing Allowance*	4.9	6.2	0.3	0.9	2.7	5.1
Housing Allowance as per cent of housing costs**	0.8	[1.1]	[-]	[0.1]	0.5	0.8

Base: * all individuals; ** All households in receipt of Housing Allowance

Source: EU-SILC

Statistically there is a small increase of the incomes after housing benefit for all household types, which is attributed to the small number of receivers of Housing Allowance. However this group has been extended by a change in the regulations in 2009, which is not yet reflected in public statistics.

Table 4.9: Per cent individuals in poor households by tenure

	MR	BMR	Rent Free	Owner-occupier	All renters
Before Housing Costs	56.3	9.2	4.5	30.0	65.5
After Net Housing Costs (i.e after Housing Allowance)	48.4	7.1	2.8	41.7	55.5

Base: all individuals in poor households

The inclusion of the claimants' rent/housing cost into the social benefit systems is the major instrument to secure decent housing for those who are permanently or temporarily unable to earn for their subsistence, mainly the long term unemployed and citizens with inherent disabilities to work. Rents/housing cost are paid for app. 5 million individuals in Germany and the sums handed out accumulate to a large proportion of the overall social budget as – for single person households – the accepted housing cost is higher than the subsistence benefit.

For 87 per cent of the receivers of social benefits according to the SGB II and XII, the rents and services are fully covered within market or below market housing. While a clear division of numbers between those claimants living in market and below market rental housing is impossible, the clear assumption is that a large majority of the claimants are living in market rental housing. Only appr. 12 percent are owner-occupiers.

According to data of the federal labour agency (Bundesagentur, Statistical report 2010), the agency handing out the social benefits according to the SGB, the Unemployment Benefit II serves as a considerable element of reducing the poverty risk,

although the included rent subsidies do, especially in high rent regions, not fully cover the rents. 13 percent of the receivers have to either support their housing cost (on average by 18 €) from the funds they receive for their everyday livelihood (Bundesagentur, statistical report 2005) or leave for a lower priced dwelling, if available. For those receivers of the benefit, who find it impossible to acquire a dwelling within the price limits, the housing cost not covered, cuts deeply into the anyway tight budget.

Table 4.10 Gap between covered and paid rent for ALG II receivers

	Factual housing costs per recipient	Accepted costs	Accepted as percentage of factual costs
Net cold housing cost	236 Euro	227 Euro	96 per cent
Heating	44 Euro	37 Euro	85 per cent
Services and consumables	51 Euro	49 Euro	97 per cent
Sum	331 Euro	313 Euro	95 per cent

Source: Bundesagentur für Arbeit 2007

Despite the gap, under certain circumstances, the inclusion of the rent/housing cost can be a cause for a reluctance of poor households to enter work. This will most probably not be the case with smaller households, where the subsistence part of the benefit remains too small for many not to enter into a well paid labour above the amount claimable above rent. The same will apply for those larger, where some persons have an opportunity for well paid and secure work. In these cases, the housing cost being part of the overall benefit may not be a decisive factor. However the benefit system can be a disincentive in those cases, where the household income through labour cannot be expected to provide enough to cover both the rent/housing cost and the paid subsistence benefit. In the Focus Group Housing and Employment, it was argued that especially for larger households with a low qualification and thus reduced employment and income opportunities, who are living in low income regions, the incentives to work would be limited. "With some children in the house, it is not very likely that an income can then be generated by the potential earner that covers both the subsistence and the rent part of the benefit. ... While it is understandable that some people are not even thinking of finding scarcely available work it is rather surprising, how many of these families are seriously seeking jobs to leave the benefit system (Social worker from a de-industrialised western region)."

Table 4.11: Income for subsistence and max housing cost according to Social Code, (2009, Land Berlin)

Household status	Subsistence	Max housing cost	Combined social benefit	Housing cost in relation to combined benefit
One adult person	359,00 €	378,00 €	737,00 €	51,3 %
Single parent one child below 6 years (a)	704,00 €	444,00 €	1148,00 €	38,6 %
Single parent one child between 7 and 13 a	617,00 €	444,00 €	1061,00 €	41,8 %
Single parent, 2 minors between 7 and 13 a	919,00 €	542,00 €	1461,00 €	37,1 %

Household status	Subsistence	Max housing cost	Combined social benefit	Housing cost in relation to combined benefit
Couple without children	646,00 €	444,00 €	1090,00 €	40,1 %
Couple, one child below 14 a	862,00 €	542,00 €	1368,00 €	39,6 %
Couple, two children below 14 a	1.077,00 €	619,00 €	1696,00 €	36,5 %
Couple, two children above 14 a	1.221,00 €	619,00 €	1840,00 €	33,6 %
Couple, 3 children under and above 14 a	2.154,00 €	705,00 €	2858,00 €	24,6 %

Source: SenIAS Berlin

4.7 Quality of housing and neighbourhood

‘Especially in those Länder that are still producing access and rent controlled housing, it is important to develop targeted home for special needs groups. Whereas the concentration on ownership social housing often is a hidden mis-subsidy for emerging middle classes, single parents, older residents and people with health and similar problems are in need of affordable homes. For them often new access and rent controlled housing is still unaffordable. Too often targeted new housing has to be offered on the market, as it is over-priced for the target groups. (Focus Group National Homelessness Organisations)

To identify poverty-related differences in the quality of housing, poor and non-poor individuals are compared. If the income poor are also the housing poor, there should be significant differences in housing and neighbourhood quality. The following tables – relating housing quality criteria to poverty status, tenure and in one case household type - show problems of individuals with regards to housing as well as neighbourhood qualities, local facilities and utilities.

Overcrowding is relatively low, especially in comparison to only 30 years ago. It is related to the poverty risk status as table 4.12 shows. 7 per cent of poor individuals live in overcrowded accommodation according to EU-standards, but only 2 per cent of the non-poor individuals. The percentage of individuals reporting a subjective ‘shortage of space’ albeit is considerable and of concern to poor as well as non poor individuals. However, the different regional development trends amplify the income related disparities. Whereas in some shrinking regions, space is easily available at low cost, overcrowding is significantly higher in the growth regions.

Table 4.12 per cent individuals living in overcrowded accommodation

	Poor	Not Poor	All households	Ratio Poor: Not Poor
EU ‘overcrowding’	7.0	2.0	2.7	3.6
Subjective standard : reporting ‘shortage of space’	12.9	7.5	8.2	1.7

Base: all individuals/ Source: EU-SILC

Also the relatively high standard and quality of housing is reflected in the SILC data. At present, 3 per cent of Germans judge their homes as in need of fundamental rehabilitation, while about 27 per cent see partial needs for improvements and a majority of 70 percent sees no need for upgrading (TNS-Infratest; SOEP 2010). Various aspects of housing deprivation according to EU-SILC data are provided in table 4.12 and in general support these figures. However, the share of individuals reporting physical standard problems differs considerably between the non poor and the poor, who generally report about twice the case-number of deficiencies. ‘Heating/cooling problems of the dwelling¹⁷’ are reported as a major problem despite the relatively high environmental standards. Almost every third individual (29 per cent), 42 per cent of the poor and 27 per cent of the non poor are reporting this problem, which will be partly a reflection of constantly rising heating cost, adding an incalculable burden on households as a ‘second rent’.

Concerning each indicator, more poor individuals report the respective problems than the non-poor. 61 per cent of the non poor residents are not claiming deficiencies, while only 40 per cent of the poor are reporting no problems. A big difference between poor and non-poor individuals arises in households affected by more than one deficiency, although the general share of residents affected by a number of problems is generally low and there is only a small group of individuals, where income poverty also means housing poverty according to the technical status of flats and buildings. This small, but severely deprived group refers to a specific household and tenure type. Individuals living in the below market rent sector are deprived more than twice as much as owner-occupiers (56 per cent to 25 per cent), which may be a reflection of the ownership structure with some small owners as well as some privatisers reducing maintenance (Knorr-Siedow 2008). Working age single persons in the below market rent sector, lone parents (68 per cent) living in market rental housing and working age couples with children in market rental housing (62 per cent) by multiple deficiencies. In contrast, only 25 per cent of all individuals living in owner occupied housing are deprived on one or more alternative housing quality indicators.

Table 4.13: Quality of housing facilities

Per cent individuals living in households reporting:	Poor	Not Poor	All households	Ratio Poor: Not Poor
‘leaking roof, damp walls/floors/foundation, or rot in window frames or floor’	20.2	12.0	13.1	1.7
problems with the dwelling: ‘too dark, not enough light’	8.3	3.8	4.4	2.2
‘no bath/shower and no indoor flushing toilet’	0.4	0.2	0.2	2.7
‘inadequate electricity or plumbing’	14.1	7.3	8.3	1.9
‘dwelling not comfortably cool in summer time or not comfortably warm in winter time’	41.8	26.6	28.7	1.6

Base: all individuals/ Source: EU-SILC

¹⁷ In Germany heating and insulation are the main problems with good insulation often leading to damp housing.

Table 4.14: Per cent individuals living in households deprived on one or more alternative housing quality indicators by tenure

	MR	BMR	Rent Free	Owner-occupier	All households	All renters
Single (working age)	61.8	67.2	52.3	34.8	55.9	62.4
Working age couple (no kids)	56.3	58.9	[36.9]	24.5	41.3	56.5
Working age couple with kids	61.8	59.5	68.2	26.7	38.5	61.5
Lone parent	67.5	64.2	[52.2]	36.6	58.5	67.0
Pensioner	38.5	47.3	15.6	17.8	26.7	39.4
Other	60.5	[62.2]	[-]	22.4	32.7	60.8
Total	56.4	59.5	45.0	24.6	39.0	56.8

All individuals/ Source: EU-SILC

4.8 Neighbourhood quality

“Despite low statistical counts on average, in B. the housing market analysis and the government’s socio-spatial monitoring show that the city is falling apart. Even though technically most housing is above a decency threshold, areas have developed, where investors get a high yield even for neglected housing, as people are locked in there. There is a market overhang, however these dwellings are either totally run down, badly situated, or increasingly above marketability.” (Interview market analyst for public investment bank of a Land)

Constraints in neighbourhood quality exist for poor and non-poor households (Table 4.15) ‘Noise’ is the most reported – and so far least dealt with - problem (27 per cent of all households) and ‘crime, violence, vandalism’ is reported by 12 per cent of all households. The share of individuals living in households in poverty and reporting environmental problems is slightly higher than the share of individuals living in a household not in poverty.

Table 4.15: Per cent individuals living in households reporting...

	Poor	Not Poor	All households	Ratio Poor: Not Poor
‘noise from neighbours or from the street’	35.3	25.8	27.1	1.4
problems with the dwelling: ‘pollution, grime or other environmental problems’	25.9	21.2	21.8	1.2
‘crime, violence or vandalism in the area’	18.8	11.4	12.4	1.6

Base: all individuals/ Source: EU-SILC

Table 4.16 allows a closer view of the neighbourhood quality: In general two thirds of all individuals report no neighbourhood quality problem (64 per cent). The ratio between poor and non-poor households is almost balanced on the national level, al-

though the socio-spatial monitoring in some agglomerations shows a different picture. The poorer neighbourhoods are also those with the gravest socio-spatial deficits as was reported in the focus groups and shows up in various examples of a differentiated urban monitoring (Soziales Stadtmonitoring Berlin, Sozialatlas Hamburg, Stadtmonitoring Munich). Throughout Germany there are over 350 outstandingly problematic neighbourhoods, which have been included in the joint programmes for neighbourhood improvement that were developed by the federal state, the Länder and municipalities to curb further polarisation and respective socio-spatial consequences (Bernt/Holm 2009; Bundestransferstelle Soziale Stadt 2010).

Table 4.16: Per cent individuals living in households reporting 1, 2 or 3 neighbourhood quality problems

	Poor	Not Poor	All households	Ratio Poor: Not Poor
0	55.2	65.6	64.2	0.8
1	19.2	16.1	16.6	1.2
2	18.4	14.0	14.6	1.3
3	7.3	4.2	4.7	1.7

Base: all individuals/ Source: EU-SILC

4.7 Accessibility to neighbourhood services

It is assumed that accessibility of neighbourhood services is an indicator for the quality of the neighbourhood. Problems are experienced with postal services (26 per cent) and public transport (22 per cent). The share of those reporting difficult accessibility to other services is considerably lower, and differences between the poor and non-poor individuals are small.

More than half of all individuals report no problem in accessing neighbourhood services (54 per cent) and only 1 per cent of all individuals report difficulties in accessing each of the services. The ratio between poor and non-poor households is almost balanced, showing no special disadvantage of the poor in their neighbourhoods. However, also these data, representative for the country as a whole, need correction on the small scale level, where service quality in neglected neighbourhoods is often markedly worse.

Table 4.17: Per cent individuals living in households reporting some or great difficulty accessing:

	Poor	Not Poor	All households	Ratio Poor: Not Poor
grocery services	11.0	8.4	8.8	1.3
banking services	14.5	12.7	13.0	1.1
postal services	27.5	26.1	26.3	1.1
public transport	17.8	23.1	22.4	0.8
primary health care services	13.7	11.0	11.4	1.2
compulsory school	9.3	10.8	10.6	0.9

Base: all individuals/ Source: EU-SILC

Table 4.18: Per cent individuals living in households deprived on one or more quality problems by tenure

	MR	BMR	Rent Free	Owner-occupier	All households	All renters
alternative housing quality indicators	56.4	59.5	45.0	24.6	39.0	56.8
neighbourhood quality indicators	44.6	52.0	27.9	28.5	35.8	45.5
access to services indicators	39.4	40.7	57.4	50.3	45.8	39.5

All individuals/ Source: EU-SILC

4.9 Overall satisfaction with the housing situation

Taking the overall good housing situation into account it is not astonishing that a large majority of residents is satisfied with their overall housing situation. But while 15 per cent of owner-occupiers are generally critical towards their housing situation, about 20 per cent living in rental dwellings are not satisfied; not a negligible figure. Comparing poor and non-poor individuals (table 4.18), there is a clear tendency of the poor at 22 per cent being critical in contrast to 16 per cent of the non poor. These data are an indication that, albeit on a relatively low level, negative aspects of the housing situation of the poorer are culminating in a slightly higher rate of dissatisfaction.

Table 4.19 per cent of individuals living in households not satisfied with their housing conditions

	Poor	Not Poor	All households	Ratio Poor: Not Poor
not satisfied with their housing conditions	21.8	16.0	16.8	1.4

Base: all individuals/ Source: EU-SILC

4.10 Conclusion

The overall good housing situation in Germany is reflected in the provision of homes by the varied markets and also in the opinions about the quality of the homes and the housing environment. Satisfaction rates are considerably high as well as technical standards. At the same time, there are significant differences in the housing and neighbourhood quality for the various income groups and housing of the poor is judged as markedly inferior to that of the middle classes and better off groups. It is evident that the poor are not housed as well as the better off, but finally satisfaction differs only lightly and in the judgement about the physical quality of the homes, the not poor are even more critical than the poor, most probably a consequence of the higher quality demand expressed by the non poor.

It is a major question, of this section, whether there are direct links between housing provision and the material status of residents and whether the housing market and

housing related policies have worked to uncouple income from the provision of decent housing, or, in the worst case, even contributed to inducing poverty.

The figures are strongly indicating that the income poor, especially those income groups living on the benefits according to the Social Code are also strongly overburdened with housing cost. However these figures need to be commented. They do not as such indicate a housing market or housing policy induced poverty. For those with an income making them eligible for social benefits according to the Social Code, the high overburden rates are rather a consequence of the German benefit system, which allows for relatively high maximum rent/housing cost to be paid in addition to the subsistence payment. For single eligible persons, e.g. a housing burden exists of 51 per cent. This is not as a consequence of a high housing levy, but of the relation between the approved subsistence contribution and the accepted maximum rent/housing cost, which should allow the beneficiary of social benefits to acquire decent housing on the markets. Thus, a high housing cost burden for the receivers of social benefits may probably be an indicator for low subsistence payments, but does not in itself mean a reduction of disposable income below the subsistence level that is set according to the Social Code¹⁸. In fact, not those poor who are beneficiaries of social benefits suffer most from excessive housing cost, but those who are just not eligible for either the Housing Benefit (Wohngeld) or rent inclusion in social benefits: They are under a threat of a considerable housing induced limitation in their everyday livelihoods.

Caution is needed in interpreting the high affordability risk that shows up in the data due to the fact that the major element of housing assistance for the poor is not reflected in SILC. But despite this problem it is still clear that housing is a costly element of livelihood of large groups and that those with a low elasticity within their income are comparatively burdened. However, it seems that there is no directly housing induced poverty, but more of a tendency for a housing induced budget squeeze for the earning lower middle classes, who belong to the working population with a 'normal' income and the receivers of lower pensions slightly above the poverty line. Whereas the poor have their housing cost covered through the inclusion into the social benefit system, the Housing Benefit has only lead to a marginal improvement for those lower income residents who pay for their own rent or housing cost before 2009. Whether this has changed after the changes in Housing Benefit in 2009 is unclear, as some of the improvements have again come under threat in 2010; notably with debates about cutting the benefit inclusion of some elements of housing cost, namely energy. At present, a direct poverty risk through the net housing cost, topped up by the 'second rent' of services, water and energy cost, which might lead to housing induced poverty in the sense of a need to change household behaviour against reason – saving on food and health and culture spending – appears most with those slightly above eligibility for the social Benefits according to the Social Code.

¹⁸ As a consequences of a Constitutional Court sentence a debate about whether subsistence payments according to the Social Code are adequate to allow a decent life, is going on in the political arena.

A severe housing induced poverty risk also affects those who are eligible for benefits and help, but do not claim. The largest groups among these will be lower income pensioners and people with individually or socially induced difficulty in claiming benefits, amongst them considerable groups of the homeless and those directly threatened by homelessness.

Chapter 5

Employment and Housing Outcomes

5.1 Introduction

This chapter aims at identifying the relationship between loss or absence of employment and housing. The major question is, whether the loss of a job directly or indirectly leads to a rising danger of housing poverty and, in extreme cases can, lead to homelessness. Again, like with regards to the relation between income poverty and housing poverty, in addition to the housing consequences of precarious job-relations, the two stages of support for the unemployed will have to be taken into account. The basis of the analysis are EU-SILC data, which confronted with the results of the focus groups.

A close relation between poverty risk and unemployment is confirmed by the data. While among not poor households in most cases someone is in safe employment (90 per cent; table 5.1), only in 46 per cent of poor households someone is in work now or has been during past 12 months. The share of low-paid workers in poverty even increases about 10 points, if the income is recalculated with housing costs. In contrast, the share of poor individuals in households where no one was in work during past 12 month decreases from 37 per cent to 29 per cent, if housing costs are taken into account as a consequence of housing cost being part of the benefits for the long term unemployed. The indications are that the working poor are more the housing poor than (long time) non-working.

Table 5.1 Length of time out of work and poverty before housing costs

	Someone in work now and during past 12 months	Someone in work now but for less than 12 months	No one in work now but someone was in work for 6-12 months	No one in work now but someone was in work for 1-5 months	No one in work during past 12 months	No one ever worked
Not poor	90.0	2.4	1.4	0.4	5.5	0.3
Poor	45.8	9.3	4.0	2.0	37.4	1.5

Base: all individuals who live in households with at least one potential worker/ Source: EU-SILC

5.2 Employment Status and Tenure

Only since the 1980s all adults in German households are in work (65 per cent), while in 23 per cent of the households only some adults have a work related income. In 12 per cent of households no adult is in work. The highest share of workless households is in the below market rent sector (24 per cent), while among owner-occupiers most are in work (66 per cent). Analysing the tenure status by employment

pattern (Table 5.2), the distribution of unemployed individuals becomes clearer. The tenure type with the highest percentage of households where all adults are unemployed is the market rental sector, while most households with some adults in work are the owner-occupiers, indicating that there 'the male bread-winner with children family' still prevails.

Table 5.2 Employment status and Tenure (column per cent)

	MR	BMR	Rent Free	Owner-occupier	All households	All renters
All adults in work	65.7	52.2	68.7	65.7	65.1	64.0
Some adults in work	18.8	23.4	19.4	26.5	23.4	19.4
No adults in work	15.5	24.4	12.0	7.8	11.6	16.6
Row per cent	36.8	5.2	2.2	55.9	100.0	41.9

Base: all individuals who live in households with at least one potential worker¹⁹ / Source: EU-SILC

To obtain a differentiated view on the relationship between labour market participation and tenure type, graph 5.1 shows different employment patterns by the length of (un-)employment. The 'work poor' households (short-term in work now resp. workless now, but in work some time ago) are predominately living in rental housing, while the 'work rich' households (in work now and during past 12 month) are predominantly owner-occupiers²⁰. Unemployment and short-term employment is clearly higher among tenants than among owner-occupiers, most probably because amongst them self employed and qualified workers, including the public sector, are more dominant. Also, prospective home-buyers with unsafe incomes and without a robust down-payment are often not successful in obtaining a mortgage.

Figure 5.1: Length of time out of work and Tenure status

¹⁹ Potential workers are defined as respondents whose current economic status is not 'pupil, student, further training, unpaid work experience'; 'in retirement or in early retirement or has given up business'; 'permanently disabled or/and unfit to work'; or 'in compulsory military community or service'. Adults are those aged 18-65.

²⁰ The relatively high share of owner-occupiers where no one ever worked (40per cent) cannot be explained.



Base: all individuals who live in households with at least one potential worker/ Source: EU-SILC

‘Not only the data are showing that working poor are more the housing poor. ... This is generally a tendency, as often also the incomes of the working poor, who are ashamed of claiming benefits, have lower family incomes than those not in work, when there are more than two children in the family’ (Interview housing analyst, Berlin Public Investment Bank)

5.3 Employment Status, Housing and Neighbourhood Outcomes

The figures about the long-term unemployed often spending more than half of their overall income on net housing cost²¹ (table 5.3: 52 per cent, while households in work pay about one-third less (37 per cent) relates directly to housing cost affecting the poor and the non poor, but must be seen under the same systemic influence of the two stage unemployment benefit system (compare pt 4.4). However, the burden of housing cost in comparison to overall income clearly increases with the length of unemployment due to the smaller amount available after the first year. There are more than twice as many individuals living in long-term workless households than in households in work, who reach the housing overburden rate (net housing costs > 40 per cent of net income), which is not fundamentally changed by the Housing Allowance (Wohngeld).

Table 5.3 Average per cent net income spent on gross/net housing costs by employment

Average per cent net income spent on	Households in work	Households not in work (<1 year)	Households not in work (>1 year)	Ratio not in work (<1 year): in work	Ratio not in work (>1 year): in work

²¹ Taking into account that they receive a sum for subsistence and a sum for housing cost.

Average per cent net income spent on	Households in work	Households not in work (<1 year)	Households not in work (>1 year)	Ratio not in work (<1 year): in work	Ratio not in work (>1 year): in work
gross housing costs	36.8	46.1	53.0	1.3	1.4
net housing costs	36.7	45.7	52.0	1.2	1.4

Base: all households/ Source: EU-SILC

The long-term workless households are also living in lower housing quality than households in work; reporting deficient sanitary facilities and heating as well as overcrowding on a considerable level (table 5.4). Fewer individuals in short-term unemployment are reporting problems with the flat than individuals in long-term unemployment; which probably reflects the need to turn to lower quality dwellings after the change from the first year of unemployment to the second stage of benefits according to the Social Code. However, the data do not explain why short-term jobless experience more difficulties with overcrowding.

The share of individuals reporting neighbourhood problems is only slightly higher among long-term unemployed than working individuals, whereas almost the same neighbourhood conditions are experienced by short-term jobless and working individuals. The pattern concerning access to neighbourhood services does not provide a clear picture. According to the data, workless households are not more disadvantaged with regards to access to neighbourhood services. But concerning dwelling and neighbourhood quality in general, especially long term unemployed households are experiencing poorer housing conditions than households in work and also households out of work for less than 12 months. Housing conditions are experienced as deteriorating with the duration of unemployment. These data and especially the occurrence of 'crime, violence or vandalism in the area', by those not in work, can be seen as an indicator for the solid urban socio-spatial polarisation that has not been averted despite the intense programmes of the Socially Inclusive City typology.

Table 5.4 Quality of housing facilities, neighbourhood quality and accessibility to neighbourhood services by employment status

	Households in work	Households not in work (<1 year)	Households not in work (>1 year)	Ratio not in work (<1 year): in work	Ratio not in work (>1 year): in work
per cent individuals living in overcrowded accommodation:					
EU 'overcrowding'	2.3	7.8	5.5	3.3	2.3
Self-reporting 'shortage of space'	9.3	13.9	12.4	1.5	1.3
per cent individuals living in households reporting problems with the flat (Alternative housing deprivation indicator):					
'leaking roof, damp walls/floors/foundation, or rot in window frames or floor'	13.5	18.1	18.9	1.3	1.4
'too dark, not enough light'	4.4	4.5	7.8	1.0	1.8
'inadequate electricity or	8.0	10.8	13.1	1.4	1.6

	Households in work	Households not in work (<1 year)	Households not in work (>1 year)	Ratio not in work (<1 year): in work	Ratio not in work (>1 year): in work
plumbing'					
'dwelling not comfortably cool in summer time or not comfortably warm in winter time'	29.4	33.3	37.1	1.1	1.3
per cent individuals living in households reporting problems with the neighbourhood:					
'noise from neighbours or from the street'	26.4	27.6	32.8	1.0	1.2
problems with the dwelling: 'pollution, grime or other environmental problems'	21.4	20.7	24.1	1.0	1.1
'crime, violence or vandal- ism in the area'	11.6	16.6	17.9	1.4	1.5
per cent individuals living in households reporting some or great difficulty accessing:					
grocery services	7.7	10.7	10.9	1.4	1.4
banking services	13.1	11.4	12.7	0.9	1.0
postal services	25.9	22.3	25.0	0.9	1.0
public transport	25.0	21.6	17.4	0.9	0.7
primary health care ser- vices	11.3	12.1	12.2	1.1	1.1
compulsory school	12.4	7.9	9.7	0.6	0.8
per cent individuals living in households:					
not satisfied with their hous- ing conditions	16.8	13.8	22.9	0.8	1.4

Base: all individuals/ Source: EU-SILC

5.4 Housing problems emerging at the intersections between work and unemployment

With regards to employment and housing outcomes, three groups are considered most at risk. Households with a low and especially with a continuously changing income are in danger of not fulfilling market requirements and are highly vulnerable to rent increases. For those unemployed, during a first year of unemployment in the household²², a reduction of the unemployed earners' income by app. 40 per cent (33 per cent with dependent children) must be compensated. If eligible, the household can claim additional the Housing Benefit (Wohngeld) within its general limits. Those long term not in employment or handicapped and not eligible for Unemployment Benefit I are subject to support according to the Social Code, which means that their housing cost, within the accepted limits (cost and size), are fully covered.

Whereas the payment of housing cost for those unable to work or long term unemployed according to the Social Code provides them with generally secure housing on a long term basis, debating the vignette about the relation between loss of income

²² Taking into account the length of employment and the age of the unemployed. Generally one year if employed previously over 24 months, older unemployed may get Unemployment Benefit for longer periods.

and the danger of homelessness with the experts showed that the time which follows the loss of employment is a period of increased vulnerability. On the one hand, the decrease of income by approx. one third can bring about affordability problems for the year of unemployment insurance payment (ALG I), especially when housing cost, as rent or as mortgage repayment and services, had been at or over the affordability benchmark even before the job-loss. A wide margin opens between those with low housing cost and those who had their income over-stretched even when earning. The latter is often the case, when high housing cost coincides with high accumulated debts for other purchases, as they often appear during the start up of families. When, like in some old-industrialised regions, more than one person in the household and their supporting networks have lost their job, the financial problems even become more urgent. Especially during the first year of unemployment, when only the relatively marginal Housing Benefit (Wohngeld) can be claimed and the unemployed are depending on savings and are, in a financial crisis, at the mercy of financing institutions (mortgage banks etc.) it can happen that housing related debts are mounting up to a level, which finally can lead into the loss of a home. Repossessions are generally rising noticeably during periods of high unemployment. Whether this leads into homelessness or back into rental housing then strongly depends on the individual case.

In principle this precarious situation changes, when the second stage of unemployment benefit starts and housing cost, within the specific limits, become part of the claimable rights according to the Social Code. However, it was reported that at the intersection between the two systems, often long periods of uncertainty emerge that endanger the payment and respectively housing even though un-denied claims for support exist.

Renters as well as owner-occupiers are equally affected by the overall problems of having to cope with reduced incomes early on in unemployment. However the situation becomes especially precarious for owner-occupiers in those regions, where over the last decades, house prices have fallen well below buying prices of previous times. Then the emergency sale of a dwelling that has become unaffordable can lead into a financial disaster. At prices down by half (or investments not reflected in the price) it can easily happen that the loss of the family home is accompanied by high debts to be repaid into the future.

During the focus groups, the experts remarked that whereas in some regions affordable housing according to the set criteria is easily available, in regions under pressure of economic growth, the market is often so tight that affordable dwellings are hardly available to reduce housing expenditure. This is especially aggravated in regions, where rent and access regulated dwellings have become scarce after massive privatisation of publicly owned housing stock and the quantity of rental housing for lower income residents does not meet the demand; a problem even greater for those anyway discriminated against on the market, namely migrants.

The focus groups also dealt with the problems of first time or re-entering the housing market with a changing income and housing related problems of re-entering labour.

For these groups 'acceptability' (Focus Group Local Housing Providers) of the tenant is essential, be it on the limited access and rent regulated market, or in private rental. Whereas the housing provision experts are claiming that, as long as documented, any reasonable income would lead to a contract, the social-experts and interviewees from the client side are claiming that increasingly 'water-tight' (Focus Group Local Housing Providers) financial arrangements must be presented.

5.5 Loss of employment - High risk of entry into dependency on public support

'10 years ago this person would have been able to work without social assistance and Housing Allowance, but with the steady loss of net income over the years, in 2009/2010 an increasing number of untrained labourers are in need of permanent public alimentation. And this is reflected in all milieus, in housing and in society.' (Focus Group National Homelessness Agencies about a first time renter with small income).

Experts from housing companies considered particularly the group of low-income earners to be the most problematic target-group. The low-income earners, who "earn too much to receive state benefit, but not enough to actually afford their flat" are in claimed to be in deepest trouble, even though they are "hard-working target-groups." According to the focus groups, a strong risk is involved especially in the cases, who before taking up work, have claimed the full rent/housing cost. When after taking up work, they are only marginally above the threshold, often having a lower disposable income than before. Considering this, "the large number of people entering low pay jobs above claim thresholds shows the desire to work, which is partly independent of the income generated" (Focus Group Social National Homelessness Organisations)

5.6 Conclusions

With the increasing marketisation of housing and the privatisation of large lumps of the municipal housing stock, formerly available means to overcome pressure in the relation between labour and housing have been drastically reduced over the last decades. Formerly common housing or housing finance provision by employers, especially for key workers, has become a negligible quantity and social housing as well as special 'starter flats' for young people and families at lower market cost have also been drastically reduced in most regions.

The general links between labour market and housing are not so clear, even though the long term unemployed are clearly also living in lower quality housing than those in employment.

The major risk factors for housing related to employment are:

1. The length of unemployment in connection with the status of the unemployed.
While long term unemployed have their housing cost permanently covered within

certain limits, short term unemployed have only the Housing Benefit to compensate for their income loss. Especially towards the possible turn from the unemployment insurance (ALG I) to the benefit according to the Social Code (ALG II) households can get into a fix that endangers their rental or ownership housing.

2. The situation of the working poor with incomes marginally above the limits for rents being covered according to the Social Code (Aufstocker) is critical. For them, the portion of income paid towards housing not covered by any subsidies may be greatest. For low income workers, entering work can have the consequence of less disposable income than in long term unemployment, if they leave the full coverage of rent/housing cost.
3. Administrative problems as they are often occurring in the periods between employment and receipt of unemployed benefit (ALG I), and later between ALG I and receipt of ALG II, are partly producing an arrear risk. As expert knowledge of the benefit system and claimants' rights is necessary, those most in need and in danger of building up debts are often failing to claim their legal rights, putting housing in jeopardy.
4. During the phase of accumulation and repaying mortgages, while a very high proportion of housing cost in relation to income is spent, owners are often highly vulnerable to income reductions. In cases of a tight budget, this leads to an increased danger of repossessions. For owners, especially those who have earned above average incomes before becoming eligible for unemployment benefits according to the Social Code (ALG II), a problem arises almost regularly, when the property is above 'a small family home', which is not covered by the housing cost cover of the Social Code and either has to be sold or financed (partly) from the subsistence benefits.
5. The regional differentiation of markets leads to a trap for those unemployed, who have to sell in declining markets due to unemployment either because they want to leave the region or are forced to do so by the municipal administration as a precondition for receipt of the social benefit according to the Social code. In the first case, the price received does not provide adequate funds for acquiring a dwelling in high price regions. Often even long term debts remain after selling or leaving the house. The second case often also leaves former owners with long term debts, even though the cost for the smaller/lower quality dwelling is covered by the social benefits. Also regional market differences make an entry into labour difficult, if no affordable homes are available for low income starters.
6. Variable incomes often are posing more of a problem when seeking a dwelling than a long term dependency on benefits according to the Social Code, which covers rent/housing cost and provides landlords with a high income security.

In the relation between labour and housing, a set of disincentives to leave unemployment are included, if the prospective income is not considerably above benefit level. This is clearly not the case for short-term unemployed, for whom any rise in income above benefit level leads to a growth of disposable income. In contrast, for long term unemployed, there is a risk of a loss in disposable income due to the possible loss of housing cost coverage within the social benefit according to the Social

Code. Housing related incentives to take up labour do not exist and, according to the Focus Groups, for lower income residents the high number of low paid jobs accepted can be interpreted as a proof of the “not economic importance of work for the individual self esteem and pride”.

PART III: HOMELESSNESS AND THE WELFARE REGIME

Chapter 6

Homelessness – Definition, Scale, Nature and Causes

6.1 Introduction

This chapter reviews the nature of homelessness in Germany, and in particular how housing, welfare and employment policies are influencing the development of homelessness. It draws on existing evidence and data from focus groups and interviews conducted with national and local policymakers and practitioners dealing with homelessness.

6.2 Definition

The European typology of homelessness and housing exclusion (ETHOS) covers 11 operational categories of homelessness ranging from people living rough to people living in extreme overcrowding (ETHOS quoted by FEANTSA 2009), incorporating those who do not possess a rent contract for housing; who are 'roofless' [obdachlos], 'houseless' [wohnungslos] or 'in urgent need of housing' [Wohnungsnotfall], including those living in inadequate and illegal types of housing or who are severely threatened by eviction or domestic violence. Although partly equal, the widely used definition of the German National Association of Service Providers for the Homeless [BAG W: Bundesarbeitsgemeinschaft für Wohnungslosenhilfe] makes a clear distinction between those actually without a secure rent contract (or other right to use a home, e.g. homeownership) and those threatened by eviction (ETHOS category 9), which are not included in its numbers.

The BAG W definition includes people living rough or in emergency accommodation and specific institutions for the homeless (ETHOS categories 2 and 3), in temporary shelters and non conventional housing (ETHOS category 11), and those who have found shelter informally with peers or friends without a contract²³. It also refers specifically to those living in shelters or other accommodation subject to ordinances on public order, as well as immigrants and repatriates living in special accommodation and those about to leave institutions without a secure housing option. Amongst experts it is contested, whether women living in secure shelters (Frauenhaus) as a consequence of domestic violence should be included, as many women's organisations argue that escape from domestic violence constitutes a special form of need other than homelessness.

Despite often blurred overlaps, all forms of rooflessness and houseless without a contract will be referred to as homeless in a narrow sense, whereas an urgent need

²³ 'Wohnungsnotfälle': housing emergency cases according the BAG W

for housing, e.g. due to the threat of eviction, will be addressed as homelessness in a wider sense.

6.3 Figures and trends in the development of homelessness

As there are no official statistics about homelessness in Germany (Busch-Geertsema / Ruhstrat 2009), most welfare actors as well as the federal government (Bundesregierung 2008, p 117) are generally referring to the estimates of the BAG W as the most robust data.²⁴

The BAG W estimates an overall number of 227,000 homeless people in Germany (BAG W 2009) on the basis of annual prevalence²⁵ for 2008²⁶. 91,000 of these are living in multi-person households and 132,000 are single-persons. Eleven percent of the homeless are children, most of them living in emergency shelters with one parent or in a family. Paegelow estimates the gender relation at 23 percent female and 77 percent male (Paegelow 2006, p. 49). He points at a considerable rise in the quota of women and young adults over the last years.

As a special group, app. 4,000 homeless ethnic German migrants from Eastern Europe and former USSR central Asia are included in the number of 227,000 homeless. They are often living in interim accommodation before acquiring a home of their own. In addition to these figures, there are an estimated number of 103,000 people or 53,000 households who are in urgent need of housing with a contract contested in court (2007: 108.000), e.g. due to legal disputes over rent arrears, of whom only app. 30,000 people were in contact with public or private organizations assisting the homeless (BAGW 2006).

App. 24,000 people are estimated to be living rough or 'in the street' [roofless] or are referred to emergency overnight shelters on short notice. Without any permanent shelter they are depending on emergency shelters and thus are homeless in a narrow sense. Of them app. one quarter is below 28 years and another quarter above 46 years, with rapidly declining age cohorts above 55 years (Nothbaum e.a. 2004). A large majority (95 per cent according to Nothbaum 2004) are single, divorced or separated from a former partner, but there is a gender difference: women are more likely to live in a partnership. In addition to these figures, there are an estimated 5,000 to 7,000 children and young people without a home (BMAS 2008, p. 119), who are generally not counted as legally homeless, but as children and young people

²⁴ Other figures do exist and indicate smaller or larger numbers (Paegelow 2006), but are generally not seen as reliable as the BAG W estimates.

²⁵ As estimates are based on an annual prevalence, i.e. the number of persons being homeless at some stage within a year, comparison to countries are problematic, where the numbers of homeless are counted in a fixed date (Stichtag).

²⁶ The BMI (Federal Ministry of the Interior) estimates overall app. 500.000 to 1 mio illegal migrants, who are often living in housing without a formal contract (BMI 2007, p.16 f), mostly with peers. As such, they are not counted as roofless.

‘with specific difficulties’ subjected to specific youth assistance laws (SGB VIII, Kinder- und Jugendhilfe).

The homeless with a contact to service providers show a lower educational profile (school qualification) than the average. 85 per cent are without employment (54 per cent documented, 31 percent who have not reported to the labour agency and are not claiming benefits according to the Social Code. Only 3.4 percent were in work at the time of contact with service providers, half of them with insecure contracts. Generally, the period spent on jobs was short and many jobs were taken on over a limited period, down to day labour. Of the unemployed 55 homeless per cent had no social security relevant job for more than one year, a higher quota than amongst the not homeless unemployed (43 percent). Of the small number in employment, a quarter had a lower qualification, while only 13 per cent were employed with a higher qualification with the rest often in training.

Also the health status of the clients is considerably lower than on the average, which is reflected in an extensive literature on homelessness and health dealing with considerably typical somatic (often infections, drug and alcohol dependency) and psychic diseases.

Table 6.1: Educational profile

	Basic school	Higher schools	Without any final exam
Homeless	54	26	12
Non homeless	39	60	3

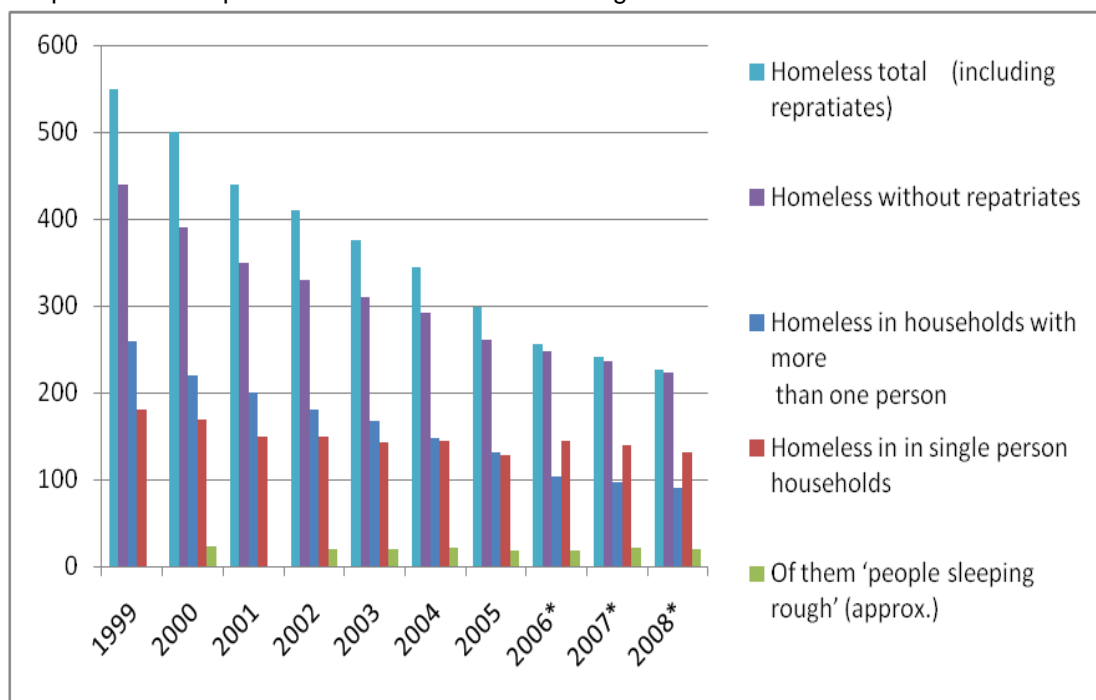
Sources: Nothbaum 2004; SOEP 2008

The quantitative development over time shows a marked and steady decline over the last 15 years from 930,000 in 1995 to 227,000 in 2009. Four reasons are unanimously quoted by the BAG W and governmental sources for the quantitative decline of the homeless over the last decades:

1. At constantly app. one million empty dwellings in Germany housing markets pressure is reduced to the growth areas. In many regions of relaxed housing markets it has “become easier to find a new home after a loss of tenancy” for the homeless as well as service providers. Even precarious renters are seen as an opportunity by many landlords (Focus group national service deliverers for the homeless). However, in growth areas access to housing is especially difficult for customers with an unclear housing biography or financial problems. Also the declining number of smaller and affordable homes due to the melt off of Social Housing and privatisation reduces the availability of homes open to a negotiated access for people in housing need or homelessness.

2. In many parts of the country, the population is continuously shrinking as a consequence of internal migration and demographic change (ageing and low birth-rates). Also in 2009 for the first time, remigration has outnumbered the Immigration of foreigners. Even though the number of households is still growing due to changes in household structure, the country is near a turning point, which will lead to a reduction of demand from later in this decade on.
3. A drastic decline of immigration by ethnic Germans from Central and Eastern Europe (Repatriates/Aussiedler) since the mid 1990s has reduced the number of these in transit housing.
4. The awareness of politicians and administration as well as of the service providing organisations has risen to the reasons for homelessness and to success factors, and practices have been enhanced in a mutual learning process. Over the last two decades, new methodologies of working with the homeless and those in precarious housing have proven highly successful in many cases, however making the remaining 'cases' often more challenging to assist.

Graph 6.2: Development of homelessness according to BAG W data between 1997 and 2006



Source: BAG W, Bundeszentrale f. politische Bildung 2008.

But even with the overall decline in homelessness, the estimated number of those 'sleeping rough,' has remained at an almost steady level. App. 24,000 were oscillating between living in the street and emergency shelters in 2000 with numbers falling to 18,000 at the peak of the economic recovery in 2007. But numbers rose again to 20,000 in 2008, indicating a close link to the development on the labour markets for those with a lower qualification.

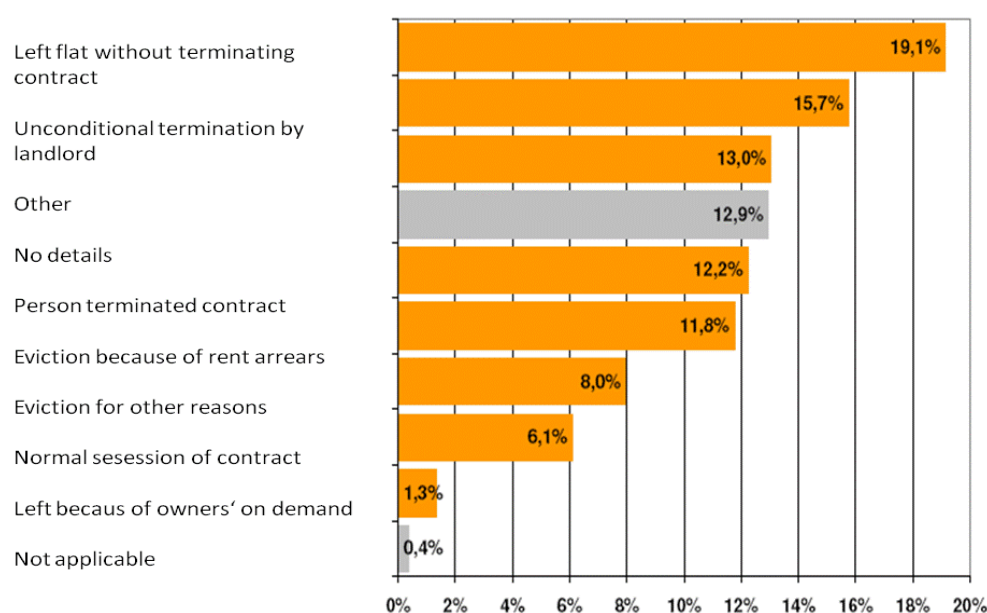
6.4 Causes of homelessness

There is a longstanding debate about the causes of homelessness with explanations divided into two broad categories. On the one hand, individual, social and cultural causes are described, including disposition acquired over time and ways of coping with housing and the socio economic relations surrounding housing. Besides individual elements, cultural codes and milieus are seen as important denominators. On the other, structural causes are seen within housing, on the labour market, within the welfare system and, especially with respect to those living rough, the health system.

Looking at the causal connections from the perspective of those affected, “almost always” (Focus Group Service Providers national) a complex overlay of different individual and social, as well as structural reasons can be found. These often constitute a self-accelerating vicious cycle over a time before, as a result of stress, homelessness develops.

With the most often reported triggers for homelessness, it is difficult to clearly separate between the individual and socio-cultural causes and structural causes. Whereas conflicts/quarrels within family relations (18.4 per cent), separation and divorce (14.8 per cent), leaving the parent’s dwelling (7.5 per cent), violence in the partnership (3.4 per cent), or another person moving into the dwelling (0.7 per cent), are more on the individual and social side, seemingly structural causes are also interlinked with individual and social elements. The change of location without finding an adequate home (10.5 per cent), leaving prison without moving into contracted housing for a longer period (7.6 per cent), leaving other institutions and former hospitalisation (9.5 per cent) incorporate individual factors as well as structural elements. The same applies to leaving problematic labour relations (0.7 per cent) or the termination of informal housing (6.6 per cent) and the former rent level (9.7 per cent) (all data: Nothbaum et al 2004). These data imply that problems in coping with individual crisis situations are outnumbering the structural elements (e.g. rent-rises), but the connection to systemic triggers of homelessness e.g. in connection with leaving a situation of hospitalisation without prior provision of a secure home, are obvious. Violence or force majeure were only mentioned by a small group, however played a major role in the focus group debates, explicitly mentioning very young and elderly homeless persons.

Graph 6.3: Formal reasons for loss of housing, several answers possible



Source: Nothbaum e.a. 2004

The most frequently named legal reasons for the final/last loss of a home was “leaving the dwelling without terminating the contract” (19.1 per cent), followed by “eviction by the landlord” (15.7 per cent), mostly due to rent arrears and “court evictions due to rent arrears” (12 per cent). Another 12 per cent had terminated the last contract themselves.

The homeless have different types of housing biographies. More than three quarters moved into homelessness from a flat/house of their own, while app. 15 had no independent household before. They had often moved out of parents' homes directly. The length of homelessness also varies considerably. While a majority of those in contact with service providers had been without a dwelling for less than a year, 25 per cent reported a homelessness of 2.5 years and 16 per cent of more than 6 years. Directly before claiming assistance, 16 per cent had a dwelling of their own, a quarter had lived with partners or friends, 20 per cent had been sleeping rough and 13.5 per cent had been living in institutions from emergency shelters to prison or young peoples' homes (Nothbaum e.a. 2004).

6.5 Homeless in the wider sense

Due to an almost total lack of data it is even more difficult to assess the number and life situation of households in Germany, who are in urgent need of housing. The National Association of Service Providers for the Homeless, BAG W, pointed out in a press release (3 June 2006) that despite the decreasing number of homeless persons there is an increasing number of persons and households who are immediately threatened by homelessness. In an interview (legal advisor to public social service in Berlin), this statement was reiterated and it was mentioned that the current economic crisis, though not supported by robust data, has its share in this rise.

An urgent demand often occurs, when fundamental changes happen in the life situation. Households splitting up, a sudden demand for special services due to age or other disabilities, or a first time demand for a separate home, are the major non economic reasons.

An imminent threat for the existing contract usually occurs, when a court eviction order is issued. This can be the result of a second time in debt of more than two net rents within a year. While, the termination of contract because of rent arrears can once be averted by paying the outstanding sum by the tenant, or if landlords or banks claims can be satisfied through the social service provider (according to the social code), a second rent arrear case usually ends in eviction. Other eviction reasons are, but to a much smaller degree, behaviour against the basics of the contract. Anti social behaviour or crime by German law cannot be a reason for a court intervening in the private law rental contract. As described before social benefit claims according to the Social Code for the unemployed are usually accompanied by rents being paid as part of the benefit. For these renters and owners of small homes, either the existing dwelling is secured, or alternatives are searched and usually found. In a small number of cases alternative housing is organised in emergency shelters, but especially for households with children, usually permanent homes are found, if no special conditions are accompanying the termination of the contract. In a large majority of cases, a first time loss of home due to a financial crisis can be solved in a satisfactory manner. On the other hand, the Focus Groups made it clear that the homeless in the narrower sense have often gone through this phase as a first step into homelessness, if accompanied by other adversities.

The number of repossessions usually reflects economic cycles, which is also reflected in the current statistics, which are reporting 58,800 forced sales/repossessions in 2009; an all time high. The amount of repossessions leading into homelessness is estimated as small; however a considerable number of the homeless report repossession as part of their housing biography (Focus group Housing/Exclusion, local).

6.6 Conclusions

The quantitative basis for assessing the quantity and the situation of the homeless in Germany is weak, as there are no clear legal definitions of who should be counted as in severe housing distress. It is especially problematic, that partly contradicting forms of statistics need to be taken as a basis for assessments and evaluations of measures. A comparative and clearly structured body of basic statistical data as a common source of knowledge does not exist. As demanded by the actors providing services for the homeless and many municipalities, a combined initiative should be made in collaboration with the federal government to provide clearer data.

Clearly the number of homeless people in Germany has gone down over the last decade, continuing a longer trend. Due to the housing surplus in many regions, the development of homelessness has, if not uncoupled from labour market developments, become more independent from economic cycles, which proves especially in the current crisis. On the other hand in the growth regions, the coupling between housing market and homelessness become closer again.

There are strong hints that as a side effect of the quantitative reduction of homelessness, the remaining homeless, except for the many only in a short term and routine contact with the help-system before their problem is solved, have often deeply rooted problems and constitute an extreme challenge for the help system.

The comparison of quantitative data and qualitative information shows that it makes sense not to take the perspective of the average and see the homeless as deviant, but to deliberately take an empirical perspective from the life-situation of the homeless. Whereas homelessness is not so often directly triggered by housing or labour market development, those homeless very often report having been affected by housing market developments like the becoming unaffordable of a dwelling, or the lack of affordable housing. The same seems to apply for the effects of the labour market on homelessness. Whereas not a large number of those made redundant becomes homeless due to the relatively generous provision of housing cost for the long term unemployed, many homeless are reporting job losses as a direct trigger for their turning into the loss of a home. This directly leads over to how responses to homelessness need to be structured not from an institutional perspective, but from the life-world of the individuals affected by homelessness and that the participation of the homeless and the case workers that are dedicated to the work with the homeless as bearers of the knowledge about causation in developing responses to homelessness is a fundamental demand not to benefit the homeless, but to make the systems of assistance functional.

7.1 Introduction

In this chapter the aim is to identify how homelessness policy works in preventing and tackling homelessness and to identify problem areas where public policies, i.e. administrative delays increase risks for homelessness or reduce the opportunities for a targeted resolution. The chapter draws its information mainly from literature, the focus groups and interviews. At the same time, examples / fields of action with good practice are highlighted.

7.2 Features of homelessness policies and service delivery

As described in chapter 2.4, German homelessness policies have developed in an interplay between central government regulations and forms of service delivery on the regional and local level by the local state and a variety of nongovernmental organisations. The recent changes in the social benefit system, mainly prioritising getting as many to work as possible through support and demanding compliance, are reflected in the structures of services provided for those homeless or in urgent need of housing.

In Germany, there is no unitary help system for the homeless who are eligible for welfare support, but a broad spectrum of services and legal responsibilities addressing target different groups (e.g. with a priority on gender, age, residency status, migration) and requirements (employability, overcoming special life-circumstances, qualification, training). Thus, services in addition to direct help for the homeless are provided, e.g. for people affected by health problems, relationship breakdown or those leaving institutions within other pillars of the social support system. For example, family mediation is mainly the responsibility of family and youth welfare agencies where the prevention of homelessness is only a minor part of their tasks. Services for victims of domestic violence are also considered to be a separate part of the support system, even though this is often accompanied by the loss of the home (Busch-Geertsema/Fitzpatrick 2008, p. 15). Municipal youth departments are working with other methodologies and means for households with children, than social departments that are taking care of single persons. On the one hand this segmentation leads to a high demand for coordination and inter-organisational contacts, which is often not met sufficiently. On the other, specialisation has led to self-confident and well qualified organisations that jointly can provide a holistic help in those municipalities, where “someone, be it a work-group amongst the helping organisations or the municipality itself, has put the hat on and got the organisations around a table” (Focus Group Homelessness/Housing Exclusion, local)

In the Focus Groups communication deficits and the different value systems between the institutions were seen as often problematic. Whereas the help system for the homeless is usually focused on providing assistance to individual cases and refers to the situative living conditions, the Job Centres are often focused on job integration and even when they are providing personalized help, the target is to make people employable – housing being rarely on their agenda, even if “not having an address” is making employment difficult (Focus Group Homelessness/Housing Exclusion local). Whereas over the last decades, supported by research and the universities as well as quality oriented professional organisations, the helpers in the homelessness field have reached a high professional standard and a reflexive and case oriented practice, many of those working on the Job Centres are without a competence with respect to housing or homelessness. Suffering from continuous reorganisations within the system, many of the Job-Centre case managers are themselves working under precarious conditions (Focus Group Housing and Employment). “This is a critical issue with the labour services dealing with the homeless, which is definitely not their personal fault, but makes collaboration across institutions often difficult” (Focus Group Homeless Organisations National).

According to experts from the Research Institute of the Federal Employment Agency, the problems of organisational non-fit “ between services for special groups with highly complex life-stories ... leads to a growing minority of the poor to fully opt out “(Focus Group Housing and Employment National).

7.3 Homeless service provision on the local level

The implementation of services takes place on the local level. In general, services for people in urgent need of housing are characterized by strong regional and local differences in the modes of delivery, although it must be acknowledged that over the last two decades the legal and institutional framework for the work with the homeless has been made more consistent and unified than in the past. Services and material provision according to the Social Code have been homogenised, while the direct interfaces between clients and helping organisations have been differentiated and thus often opened up to the differentiations within the clientele. But still, the German help system is described as “very confusing” (Paegelow 2006, p. 9) with regards to all involved – the helpers across the institutions, the public administrations involved and the homeless as clients. In an interview with a high ranking official from a Länder ministry for Integration, Employment and Social Affairs dealing with service provision for the homeless, it was stressed that developing a highly integrated system had been achieved in many large cities, but that the standards reached were not representative. It was stressed that in some urban agglomerations, there was even a tendency of smaller municipalities to keep up segmentation as a hostile environment for the homeless in order “to fend off the homeless who are, from the administrative perspective, a very costly clientele” (Interview with departmental head, Länder Ministry). It was seen as a consequence of the relative poverty of municipalities that “non essential services” were often reduced and that the municipalities as well as the con-

tracted service providers were under constant scrutiny to cut cost, and respectively services to those “least seen as contributing to society”. “Building interfaces in the complex system between regions, the municipalities, the NGOs and the homeless clients, is a constant and major task to ensure that the undeniable successes in dealing with homelessness can be kept up and developed further (Focus Group Service Providers national).

7.4 Emergency help by administrative regulation/police law [Obdachlosenhilfe]

German municipalities are by law responsible for temporary accommodation of homeless people under the regulations of the Laws on Public Order and Security. Basic assistance is provided through provision of temporary accommodation in emergency shelters, often incorporating food and sanitary facilities as well as other primary help. The municipalities or the contracted service providers are delivering these services in night shelters, guesthouses, hostels for the homeless, collective accommodations mostly for single-persons, or emergency dwellings for families. In addition, counselling aims at leading the homeless into permanent accommodation within the regular housing stock. The aim is social reintegration and empowerment for participation in regular housing. However, in some cases, according to NGO service providers in the Focus Groups, accommodation in emergency shelters, supposed to be for a short time, can turn into long term homelessness provision because of lacking quality or availability of permanent housing and personal support. This then turns out to be a “quasi enforcement of homelessness” (Focus Group Local Help Providers) and may even lead into rooflessness.

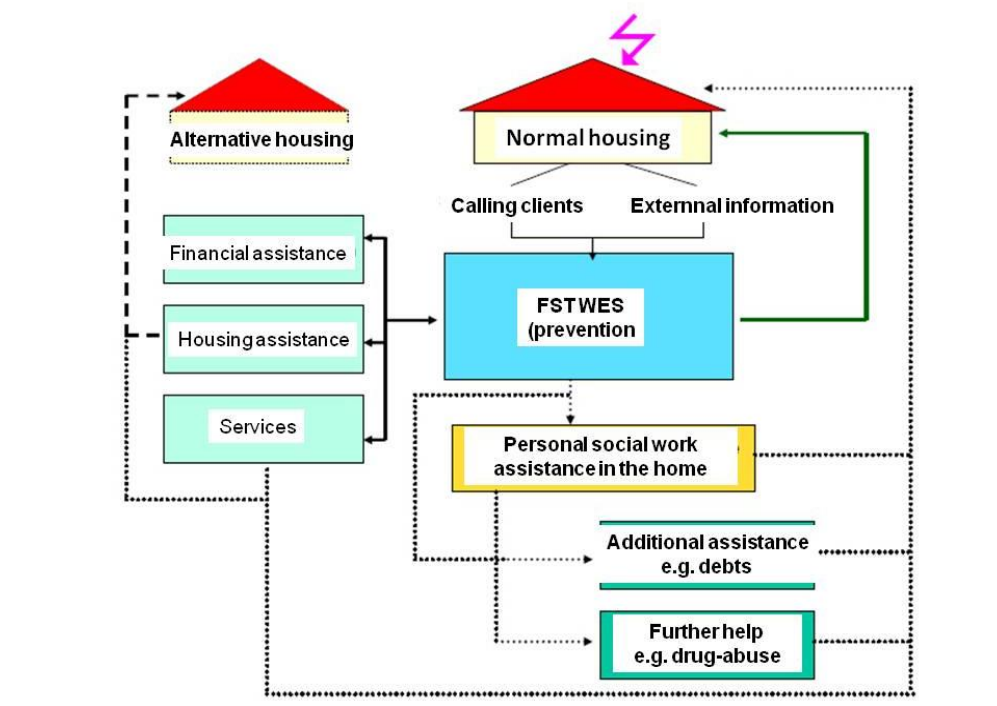
Major municipal partners in the network of work with the homeless are the municipal housing authorities (a term stemming from the post-war period, when these offices had strong regulating powers). It is their task to oversee that the rent and access regulated dwellings are provided in a targeted way. They “help citizens with rent- and housing problems, especially with the provision of rent- and access controlled flats, in preventing or reducing homelessness, in fending off the illegal conversion of homes into alternative uses [offices etc.], provide legal advice and help in cases of suspected rent-excess.” (text Stuttgart municipality). In some municipalities, these organisations are central in building up communication between actors as entry gates to the help-system in cases of urgent need of housing. However, in the case of the provision for the homeless, they usually act in second line to the specialised service providers.

7.5 Non-governmental organisations as social service providers for homeless [Wohnungslosenhilfe]

Local NGOs play the most important role in providing direct support services for the homeless in most municipalities. Three-quarters of all organisations providing help are associated with the Roman Catholic or Protestant churches, which see work with

the homeless as a priority field (Paegelow 2006, p 31). However other organisations from the spectrum of the non-governmental social service providers are also active in this field. Amongst these, an increasing part is related to professional self-organisation and civil society (compare 2.4). Under special local and regional contracts all these organisations provide the obligatory and, where especially contracted by the municipality, non obligatory tasks of working with the homeless. The expenditure is refunded by the municipalities by up to 90 per cent with the rest coming from benevolent sources, including the Church Tax. The organisations providing services for the homeless (see also 2.4) are usually networking across organisational boundaries to ensure targeted services for different demands, e.g. women, released delinquents, families with children etc. Major associations, are the Evangelischer Fachverband Obdachlosenhilfe e.V./EvO [Protestant Professional Association for Homeless Service], the Katholische Arbeitsgemeinschaft Wohnunglosenhilfe, Wohnen, Arbeiten, Lebensperspektiven [Roman Catholic Working Group of Service Providers for the Homeless, Housing, Work, Prospects of Life].

Graph 7.1: Pathways out of homelessness



Source: Evers/Ruhstrat 2007

The services provided by the NGOs is often characterised by an integrated approach taking the clients' perspective on the necessities for help. This leads to a wide variety of different approaches and 'products', including specialised consultancies, job training and the provision of labour in different forms and intensity from day structuring to the integration into the first labour market, when possible. Also many of the NGOs are providing a parcours into housing with different types of accommodation from shelters to cooperatively organised housing under normal contracts. A strong asset of the NGOs is an often existing networking capacity across actor boundaries (see the

Good Practice Example of SOZPEDAL), although there are also highly specialised organisations providing services in a secure space for special groups. A wider realm of action fields is covered by the NGOs, including experimental approaches like people sleeping rough building their own homes by converting unused houses, being trained for the building industry, but also traditional ways of providing an almost unconditional safe shelter as a basis for the development of self-conscious decisions, or even a place to come to peace at the end of a life living rough.

7.6 The role of housing companies in the provision of homes and services

Although housing companies are said to be crucial stakeholders in the fight against homelessness, only a small number, mostly municipal but also private housing companies and some individual landlords explicitly collaborate with homelessness service providers. Especially the municipal companies are playing a significant role in the provision of dwellings for the homeless and during the period of potentially becoming homeless. In the first instance, dwellings are provided either through a normal contract or through special tri-party agreements between the housing company, the service provider and the client, who is helped to the contract and to the other benefits that might be available; e.g. Housing Allowance, rent take-over according to the Social Code or personal assistance about the reasons that brought the person into homelessness. This will often be housing from the reservoir of social or other access and rent controlled housing, but by no means always. In the case of housing being endangered because of rent arrears, many companies are collaborating with the municipalities (Wohnungsamt, social service providers) or directly with service providers for the homeless to avert a pending homelessness.

Depending on supply and demand on the market and the local awareness of homelessness, municipal as well as private housing companies act more or less restricted in letting to housing applicants under special social difficulties. "Where there is an overhang of vacancies, the chances of getting a dwelling are of course higher than here, where the landlords can choose between applicants" (Focus Group Housing Providers local). "The companies' are providing housing and it is not their prime target to provide social care for these tenants." In fulfilling their task towards the municipal shareholder, „we can't provide much help – this would be the task of other societal help systems" (Focus Group Housing and Employment national). In some cities, however, some municipal housing companies do to a certain extent take on responsibility, for example through employing social workers in an understanding that investing into the stability of housing and the prevention of homelessness saves in other fields of public expenditure.

For the municipal housing companies "dealing with the homeless and providing for them is always a precarious business. On the one hand, we are owned by the municipalities who want a return on their shares. On the other we are providing services for our owners, who have the legal obligation to house the homeless. ... There is a

debate about the non-financial benefits that are related to municipal housing companies being involved in providing social services, not only for the homeless. The basic idea of the current discourse on a special social-profit of public investments is important in this field. Accounting over all types of cost, lower shareholder income in municipal housing can mean lower expenditures in social assistance and municipal payments according to the Social Code. In the end, not going for the highest profit can lead to a positive balance for the local authority. Looking at what formerly was non profit social housing, it is probably the only *raison de être* for municipal involvement in housing, if they provide another type of services” (interview ex-manager of municipal housing company).

A special problem with a first access to rental housing or re-entering rental housing after homelessness lies with the financial trustworthiness of residents. A majority of them does not have ‘clean records’, which often was the reason for becoming homeless in the first place. Whereas private landlords in some case are “not so serious” about checking the trustworthiness of future renters, according to welfare sector experts, private as well as municipal housing companies often exclude applicants with debts (indebtedness entry at SCHUFA²⁷), which is considered a major obstacle to get a contract: „Then one does not have any chance to get a contract “ (Social worker for homeless, P7, national FG Housing and Employment). However, a practitioner from a private housing company asserted, that as long as the explanation for the indebtedness seems to be reasonable, a negative SCHUFA record would (in his company) not necessarily be a reason to refuse potential tenants.

7.7 The view from the ‘cases’

The view from the cases shows that a clear systematic definition of homelessness, covering a wide reality of cases is necessary to organise well targeted and successful help in cases of homelessness and housing emergencies. Some of the vignettes that were relevant in other countries as cases of homelessness were not belonging to this realm in Germany.

7.7.1 Single men

Vignette: Middle aged man (50 years old) is due to leave prison after 5 years. At present, he has no housing or job organised for when he leaves and no family to turn to. He has a history of homelessness and alcohol abuse.

Looking at the case from the perspective of laws and regulations, no prisoner should leave without a serious preparation organised from within prison, which includes provision of work or substitute income and a home, usually a rental flat, or otherwise in a serviced installation which is not earmarked for the homeless. “Structurally these people should benefit from a very differentiated

²⁷ SCHUFA (*Schuldenfahndung*) = debt tracing; SCHUFA was founded in 1927, is the oldest credit information agency in Germany and holds today 440 million datasets about 65 million citizens providing data to check a client’s financial status.

help-system that starts early during the prison-period according to the Penal Law" (Social Worker with housing company). However, it was stated in the Focus Groups that "the devil is in this aspect" that often either leads into homelessness or even back into prison. Especially when people decide to leave the municipality of their imprisonment and/or former home without a prior notice before being released, they might "fall into a dark hole between all systems" ... that leaves them "without any financial assistance, if they are not able or willing to contact helping organisations." If preparations have been made, transfer to the social services and especially the Social Housing Help of the municipal Housing Authority (Wohnungsamt) should open up opportunities to acquire a rent and access controlled flat, usually with a municipal housing company. "The problematic phase is between the systems."

The persons' alcohol, drug and homelessness history, according to the experts would make any help very difficult in cases, when in prison preparation does not work, or the client "ducks away". Otherwise he would, considering his history probably be accommodated in a serviced flat, either for a group or individually. "With this history, there is a great chance that the guy would lose contact with his helpers and then homelessness could restart. For many of these people, fostered homes with intensive care for a long time are often a good option, where a long term relation can be established" ... "which would not be the right choice for younger people. But that needed to be seen in the individual case" (Focus Group Homelessness/Exclusion local).

7.7.2 Young people

Vignette: 17 year old young man is living at home but his mother and step-father have asked him to leave. He is not in work, education or training and has a low level of educational qualifications.

According to the experts, this case would be simple from the perspective of service providers for the homelessness. "He would, until the 18th birthday just not be a case according to homelessness legislation, but according to the Youth Welfare organisation (Jugendamt) and provided for by them." Housing could be made available with organisations providing serviced accommodation for young people. "The problem for us starts, when he gets 18 and from one day to the other, he is in urgent need of housing." Again, the danger of interface problems between the help systems are possible, which could the young man without assistance for a while on the "difficult parcours between the systems. The situation might become precarious at the night of his birthday, when he not only has to get engaged in new administrative relations, but according to the Social Code might lose his dwelling due to recent regulations, that under normal circumstances young people below 25 years of age who are depending on Social benefit for the unemployed will not be financially supported in acquiring a home. "And at a certain point this young guy loses his head. There are additional problems in education, he lacks finance, if only for a month and he does not seriously search for work or training. And when he then moves in

with friend, who themselves are in a problematic situation, it could end up on the train-station stairs begging and rejecting all assistance” (Focus Group Housing local).

7.7.3 Women fleeing domestic violence

Vignette: A woman with two children (aged 2 and 4) is fleeing domestic violence. She is currently living in a refuge/temporary relief centre. She was financially dependent on her partner and has no independent income.

In many municipalities this woman and her children would not be understood as homeless, but as a household who would be helped by NGOs caring for women in distress. “All the bad options, like hostels etc. would be avoidable if she were in a secure home and the organisation would help her to a flat, which she would get under the conditions of the Social Code, rent paid. Usually the family would be assisted through the system and as soon as the danger of violence would be banned, she would move into a flat, or be helped back into her old flat with her partner being banned access” (Focus Group Housing System local). Also there would be no financial threats to subsistence and rent, as without an income, the women and her dependent children would be eligible for the full benefits of the Social Code. “After a while and with the children in day care, she would be offered job training and jobs, which she would have to take to keep the support.” ... “Not really a problematic case, she would be fine within a week.”

7.7.4 Families with mortgage arrears

Vignette: A couple with two children (aged 10 and 12) are living in an owner occupied dwelling. The man has lost his job in the economic downturn and they are struggling to pay the mortgage.

During the first year, the family would be getting app. 60 per cent of the former income and, if that were below the margin, be assisted through Housing Benefit. Households above this benchmark would have to manage without assistance, households below the benchmarks of the long term unemployment benefit according to the Social code would get additional support. The situation changes after the end of Unemployment Benefit I and entry into the lower Unemployment Benefit II. Then the family would get mortgage interest and services paid, if the house were “a simple family home” and they had an opportunity keep on paying the part of the mortgage which is saving up (usually 1 to 3 per cent of the mortgaged sum). If this is unaffordable and/or the house is, as often happens, a bit over the simple family home, the case would be problematic and often disastrous for family. The service provider would force the sale of the property and the family, especially in shrinking regions could lose the home and still remain indebted; “a likely basis for household break-up and, especially for the man leaving homelessness.” “However, after the sale and using up the revenue, the family would again be eligible for Unemployment

Benefit II and respectively rent payment for a flat, which often would be access and price controlled (Social Housing).

7.7.5 Migrants

Vignette: A 35 year old single male immigrant/member of an ethnic minority group has been undertaking casual work but this has declined with the economic downturn. He can no longer afford to pay the rent in his flat from his earnings and has accumulated rent arrears.

If the person has the same rights as a German, if he has permanent residency rights. Then he could claim either full or additional benefits, if his income were below the Social Code's benchmarks to keep the flat. In many cases, the serviced provider would provide assistance by equating the debt in the form of a low interest credit repayable in very small installments. The situation were entirely different in the case of limited residency rights. Then, at the latest towards the end of the period, the person would be asked to leave the country and moving into illegality and informal housing would be one of the options he could choose.

7.8 Conclusions

In general the help system was seen as well spanned out between public and non-governmental services. Work with the homeless can be described as a success story with some loose ends. The proof of success is that despite a rise in cases of housing emergencies and urgent need of housing, the cases of homelessness have dropped. Together with the development of the housing market, the help system has played the predominant role in reducing homelessness in Germany over the last decades. It provides best in the local cases, where administrations open to the problem of homelessness are collaborating with strong nongovernmental players.

At the same time, some problems remain, which are impeding the success of the work with the homeless.

Overcomplexity

While the local collaboration, despite an often high institutional complexity was seen as well oriented towards the respective complexity of the cases, the majority of external experts and actors perceived the legal and regulatory framework as partly over-complex. Especially with regards to the interfaces between the various elements of the help-system gaps and problematic connections were discovered, which could be bridged, if a more open system were installed that allowed an even better case orientation. The good practice examples are showing that with great effort a holistic case orientation can be reached, which is necessary to respond to the different life-worlds and milieus of the clientele.

Whereas also advantages of the thematic division between youth-work, prison social work, the work with people in urgent need of housing were pointed at, it was stated that especially for the actors at the fringe of the help system, the high complexity of laws and regulations, also reflected in the difficulty to understand the financial logics of the various assistance, meant a strain on the possibilities for actor collaboration and overtaxed the clients abilities to act in their own interest. Clear definitions were demanded as a basis for organizational interaction, especially by the experts at the fringe of the help-system, e.g. from housing companies and employers.

Lack of data

There is a clear need for the provision of robust and homogeneous data about the whole complex of housing in distress and homelessness on a national level, including data on access and rent regulated homes. These would provide a base for a better and more timely design of policies and would help countering the scapegoating of people in need of solidarity and help, which was increasingly seen in arguments against a sufficient material provision for those in urgent need of financial assistance and housing.

Better exchange of good practice and experimental clauses

Despite intra- and inter-organisational cooperation about the modes of work, the Focus Groups revealed that many successful action models were unknown within the professional community. It was suggested that well documented experiments should be started in the work with the homeless covering all aspects of their demand-structure. The BMVBS's (Federal Ministry of Transport, Building and Urban Development) programme for Experimental Urban Projects, which in the past had a model project for municipal work about homelessness, was seen as an example of a federal involvement in designing good and transferable practice. Experimental projects should target at a better understanding of collaborations across actor boundaries and include especially the field of integrating housing provision and job creation for the homeless and for action on demand-oriented interventions.

Focus on prevention

Evidence of a highly successful prevention of homelessness over the last two decades is provided by the statistical uncoupling of the development of poverty (growing) and homelessness (dropping). Welfare interventions and good service provision have broken the relation 'high rate of poverty means high rate of homeless'. Especially regional (Länder) policies have proved that a methodology of preventive work guaranteeing the provision of adequate homes and services for those in urgent need of housing is able to help homeless people into safe and persistent housing (North-Rhine Westfalia: Avoiding Homelessness – Advancement of the help system in cases of urgent need of housing [Obdachlosigkeit vermeiden – Weiterentwicklung der Hilfen in Wohnungsnotfällen]. Busch-Geertsema/Fitzpatrick have stated that the approaches to proactive prevention (e.g. the reorientation of municipalities to reduce

their facilities for temporary accommodation and to re-house homeless households in normal rental housing with a targeted provision of personal services) has been highly successful in overcoming the key “triggers’ for homelessness (Busch-Geertsema/Fitzpatrick 2008, p. 4).”

It is suggested that a tri-level formation of prevention leads to the best results from the perspective of the service deliverers as well as from the perspective of the clients and their self-determination.

- Primary homelessness prevention aims at the reduction of general causes of homelessness through general housing policies (supply, access and affordability) and the overall welfare system (availability of income benefits, housing benefits, employment protection etc.).
- Secondary prevention wants to identify imminent threats of homelessness and to prevent homelessness in particular cases, e.g. those with an institutional care background, those threatened with evictions or relationship breakdown. These interventions focus on people facing a high potential risk of homelessness. Recent public programs and activities focusing on secondary prevention measures were dedicated, e.g., to the implementations of Central Professional Units [Zentrale Fachstellen] in municipalities. provided by a network of different professions. (Example of good practice: City without a Shelter – Integrated Access-Points)
- Tertiary prevention tries to avoid exacerbation of existing homelessness, respectively to reintegrate the homeless into normal housing. (Example of good practice: Protected Market Sector in Berlin)

Part IV: Housing and Employment

Chapter Housing Impact on Employment Outcomes

8

8.1 Introduction

While relations between employment and housing outcome were described in Chapter 5, the aim of this chapter is to identify factors within the housing system that help or deter employment. The housing system can either bind residents or be closed to those changing a job and location and thus deter employment, or it can make taking up employment easier through a flexibility that is comparable to that, which is demanded on the labour market. Special attention is given to the relations between housing, the labour market and homelessness. The qualitative information is derived from focus groups and interviews.

8.2 Employment and Tenure – an Overview

Despite the fact that renting is a common form of tenure across different income groups, the numbers of owner-occupiers out of work is smaller. Labour market exclusion tends to be more common amongst renters than owners on average (tables 5.2 and graph 5.1). However, for the last 20 years at least, also owners have been affected by joblessness while unemployment remained high.

In the case of renting, leaving a home to take up a job elsewhere is not much of a problem since the rental law allows the renter to leave at a three months notice, while the landlord's notice period for any termination prolongs with the rent-period up to one year. In both cases there are no differences between rent and access controlled and market housing. Leaving a home as an owner is usually more difficult on two grounds. There are the sales risks and waiting period until a buyer is found. In addition there is the traditional bond of 'once in a life-time' homeownership. As house price and rent developments have been regionally developing highly asymmetrical for the last two decades, owners as well as renters have to check out, whether labour mobility is affordable for them from the housing perspective. On the move towards higher income regions, for renters, the question is, whether a new job pays for the extra rent demand. For owners, the extra questions arise, whether a probably higher income can compensate for the loss made selling the old property, whether a higher priced ownership home is affordable, or even whether a rental flat is affordable under

the conditions of high-rent regions. If this calculation leads to a negative result, the present home might become a trap preventing labour market movement and taking up a job.

Vignette: an owner-occupier, who lives with wife and two dependent children in a small town with low house prices, is offered a better paid job in the capital city. He is not sure, whether it is worth moving. Commuting will take three hours a day.

In a case of a jobless person, twice 1.5 h commuting daily would be seen as acceptable according to the regulations, if the person should not endanger the unemployment benefit. In this case, there “would not be a question, whether the person would accept the job.” If it is about improving out of additional benefits (Aufstocker), the same would apply. As there is no financial assistance to move in most instances, in the case of a working person wanting to improve labour related income, the choice would be between accepting the job and moving house, or commuting. “Tens of thousands are commuting over a 1.5 h distance, which is often appearing in larger towns and their sprawl.” (Social services worker) “People would usually opt for shifting home if the distance is longer and housing is affordable in the target regions. But every Monday morning the east-west Motorways are full of those commuting to the growth areas, leaving their families behind for the week.” (Regional development agency) This scenario was seen as problematic after a longer period, but often after a few years, people either settle in the high price region or return to a job, when the situation improves or their gained qualification has made them interesting for employers.

As described in Chapter 4, this is especially the case for those, who leave the relative security of rent being paid as part of benefits for the long term unemployed according to the Social Code. Also those low income earners who receive additional benefits (Aufstocker) and those slightly above the eligibility line in the new job and can only refer to the relatively marginal Housing Benefit (Wohngeld) will have to make these considerations. A special risk period occurs for those who would enter or change within the labour market. As a large part of newly available jobs are on a temporary basis and in general, a waiting period of up to six months has to be accepted before any labour contract becomes permanent (i.e. can only be terminated again after a waiting period), any change in work that is connected to a change in housing is accompanied by a high risk period. From the perspective of homeless people, the failed attempt to improve income had been the entry into homelessness and family failure.

Whereas the aforesaid in many cases leads to a lock-in in declining regions, the option to move to declining regions may be interesting for unemployed or underpaid workers. Rents and house-prices are lower and, for the last years and in certain regions, an above average job growth is noticeable for well qualified working people.

8.3 Additional information from vignettes

Vignette: Single unemployed women living in a flat in a peripheral estate in a large city is offered a low paid job with flexible hours in the city centre. She has no car and is dependent on public transport.

The general remark about this case was that the person would have no choice but to take up the job. If unemployed, she needs to accept any 'reasonable' job or lose at least parts of her unemployment benefit. The described job would be seen as fitting for short term unemployed, if they were not highly qualified. Anybody not accepting the job and on long term unemployment benefit according to the Social Code would endanger being paid the rent from her Social Code benefit. The women would, however be eligible for additional benefits on top of her pay, if her income were below the benchmark. The interviewees were unanimous in stating that living on a peripheral estate would not be seen as a discriminating factor, if no other personal issues were hindering employment. "This is not a case that would be seen as a problem case in any way. The legal rules are clear and this is the everyday life situation of many." It was described as positive that in most agglomerations, public transport serves the regions well. "In the countryside, the same case could be more problematic."

Vignette: A single woman with one child (aged 7) is living in a private rented flat. She has been out of work for some time but has been offered a temporary job which may or may not become longer-term. She is concerned about paying the rent if she comes off unemployment and housing-related benefits and about the delays in receiving the benefits if the employment contract is not renewed and she has to apply again for benefits.

Also temporary jobs should be taken by jobless persons, if acceptable and not complying leads to the threat of loss of benefits, especially with the chance of the job turning out to become permanent. As mentioned before with regards to different interface-situations, this vignette describes a case, which "according to the regulations should not be a problem, but often is due to problems of maladjustment within and between sectors of the social services" (member of a service providing organisation for the homeless). It was reported that at the connecting points between the different help systems the clients are in a high risk period. "This can really become disastrous, if for any departmental reason, the rightfully paid money doesn't come and rent arrears are building up. Then it is often a matter of believe or not, whether landlords or other helping agencies are willing to wait or pay." "Often things get sorted out only after the case has moved to be problematic". Such things happen, but with children involved, usually no loss of a home will occur, if the person keeps in contact with the landlord and/or service provider".

8.4 Homelessness, housing and employment

With the homeless the question arises, whether their specific housing situation can reduce the chances for a new job. This was judged to be certain in cases of sleeping rough without an explanatory assistance from service providers, who often have built up relations to employers. The main point for an entry into the labour market is, whether a person can provide proof of a permanent address, which is documented (Focus group service providers national). Especially homeless in a relation to service providers are often able to start work and remain in serviced accommodation. Benefitting from a long time service for many homeless opens up opportunities to enter work and a home, however, there are groups within the homeless who can neither accommodate in normal housing, nor normal labour. For them, low entry barriers to various forms of day structuring work are a vital precondition for re-entering labour.

8.5 The influence of poverty neighbourhoods

The Berlin case provides hints on the logics of socio-spatial polarisation that has become more common over the last two decades. While certain attractive areas are being upgraded after leaving the period of lock-in (after public subsidies have made many dwellings quasi social housing and reduced rent below the local market level for a certain time), lower income residents are leaving these arewas and especially the quantity of informal housing (living with friends) is drastically reduced as rents rise. "In M, a neighbourhood of 150.000, everybody who is leaving has a higher income and education than those moving in. The opposite scenario can be noticed in N., which is becoming hip after having been a poverty neighbourhood for decades. The city has been able to prevent this as long as public money was available for private rehabilitation... Now there is the threat of a free-for-all" (Urban Administrator).

"Living in a poverty neighbourhood has two sides, when you are out of a job. First, you will most probably belong to the residents' typology: Migration background and low education. The second element is that often you have no incentives as in some neighbourhoods only a minority is in regular work. For many, a mix of dole and drug peddling cannot be beaten with respect to income. And for a small minority job or training offers are just not interesting" (Youth worker, Focus group Social Service Providers Local). The interviewees agreed that this is only the case with a minority, but that especially for younger male residents from poverty neighbourhood see an attraction outside formal and dependent labour relations. This, not only for migrants, poses a problem, when at a later age they consider to start a family. Well established low-key social provisions then prove a vital help to break out of the culture of poverty that has its "secondary benefits" (Social worker, Focus Group Housing Actors).

8.6 Conclusions

As with other items it is not that statistically the German housing system deters from work, but that looking from the perspective of the workless, an influence can be found in many cases, where elements of the housing system, often in combination with elements of the system of social provisions for the long term unemployed are seen working against entering employment.

There is also a negative interplay between the loss of access and rent regulated dwellings and the social benefit system and the general downgrading of income and work security for the lower skilled work-force, which narrows the pathways to work. With the improvements in the forms of local care, some added incentives to work in the social benefit system the barriers to take up work have become lower for many. However, those with a stable biography in dependence on benefits, often find it more difficult to make themselves free of public support, as the barriers to better paid jobs have been raised for lower qualified workers and formerly decent jobs have been downgraded to low-pay work and job insecurity.

PART V: CONCLUSIONS

Chapter Conclusions

9

This report has examined the German welfare system and the services provided for people in housing distress in relation to the housing system and the labour market. In this chapter, the relations of the theoretical framework described in figure 1.1 are taken up and debated.

9.1 The framework of subsidiarity

Germany as a federal state has a history of subsidiarity as a major constitutional principle, which has been strengthened during the last decade. It has contributed to the strength of the non-governmental sector and the local level and has influenced all spheres of society, namely the welfare system, housing and municipal self-determination. On the other hand, federal government has, while retreating in many fields of action, provided strong and robust legislative frameworks for local and case-oriented action, especially in welfare delivery. Especially since the partial withdrawal of state actors, on federal and Länder level, civil society has taken on a self-conscious role in local politics and welfare provision, acting as a counter weight to public sector dominance, while still in a strong interdependence, characterised by mutual public-private contract relations.

9.2 Welfare Regime, Labour Market and Poverty

The German welfare regime has been under constant change over the post-unification period in an attempt to adapt the former corporatist structure, still under the Bismarckian influence, to a changing economic environment, the aging society and a spatial restructuring of the country. Elements of liberal welfare regimes, the marketisation of former state welfare obligations and a devolution of welfare delivery to the local level, are the main elements in a combination with stronger means-testing of benefits and a decisive turn towards orientating the welfare system towards labour market inclusion.

The welfare system in its present form, though cuts and restrictions have been introduced, provides for the livelihood of a large majority of those in need and delivers the constitutionally demanded opportunities for a participation in society and the socio-cultural minimum subsistence, even though levels of support are under constant review from the political realm and the constitutional court. A major element is the division between income related quasi-insurance elements (pensions and the first level

unemployment benefit) and the support for subsistence and housing cost provided on the second level of social benefits for those in long term unemployment or permanently unable to work. Covering housing cost (after termination of the insurance period) proves a vital element in providing housing security and preventing homelessness, although especially at the interfaces between the assistance elements problems are occurring, which can endanger housing security.

The reforms have contributed to an opening up of employment to the unemployed in a sticks and carrots strategy of support and demand for compliance. This opening has proved rather invulnerable to economic crisis cycles, however, at the cost of the development of a large and growing sector of low paid jobs and working poor, who are despite work dependent on additional social benefits.

The reformed system may not have contributed to growing income inequality, but is has not played a role in averting the socio-spatial polarisation of the country and the growth in poverty.

Generally, the German welfare system has proved to be successful in limiting the effects of societal change and positive effects are attributed to the reforms. However, the system in its present state has not stopped the growing income polarisation and the strong growth of income poverty, even though it has helped curbing unemployment. A consequence of the marketisation and liberalisation of the system is a tendency of abandoning Keynesian strategies, which were especially activated in the past in the triangle between the labour service (unemployment), housing (social and alternative housing subsidies) and the welfare system (provision of work and housing solutions for special labour market needs groups). Even though these are re-surfacing, e.g. in the environmental projects of CO₂ reduction as part of the current crisis package of the federal government and the Länder, the former understanding of the integration of housing and labour market effects in, e.g. urban renewal, seems to have moved from the agenda.

9.3 The Housing System

Also the housing system, which has been built up to a considerable quantitative and qualitative standard, reaching large parts of German society, has been affected by a liberalisation and marketisation. However, the highly diverse ownership structure and the strong and regulated private rental market acts as a counterweight to an outright marketisation by large private investors, who are concentrating on shareholder value above provision of housing. They are playing an increasing part in shaping the market, but find it difficult to reach a dominating role due to the small-owners influence and the, although weakened through a decade of privatisation, municipal housing providers. Their prime target continues to be the provision of homes for 'major parts of society', including lower income and special needs groups. Social services in a strategy of reinvesting the 'social yield' into the housing stock and the social structure have only recently entered practice and are proving an important element in preventing homelessness at an early stage. With app. one million empty dwellings and a re-

gionally declining population, the housing market is oscillating between an overhang in shrinking regions and a tight market in growth regions.

Generally housing in Germany is provided by the different market players at a relatively good quantity and quality, which helps a majority of residents to decent housing. Even though elements of housing are criticised, overcrowding and severe deficits play only a minor role; however the link between poverty, unemployment and deficient housing has become apparent in the project.

Social housing, once an undisputed strong element in providing for the low middle classes (key-workers) has lost much of its importance of physical provision of housing, even though in the growth regions it still plays an important role. Where still strong on tight markets, it however is increasingly turning towards a provider for poorer households with the danger of contributing to socio-spatial segregation. A major element of change over the last three decades has been the virtualisation of social housing through changes in financing (contracting access and regulated portions on the market) and the growing importance of rent paid within the benefit system according to the Social Code. This has contributed to unemployed and poor people (e.g. low income pensioners) being able to act on the normal housing market and has proved a partial barrier to the further development of poverty neighbourhoods.

Home-ownership plays an increasingly important role even though Germany remains a renters' domain. The research shows that, especially for lower income residents, home-ownership is overestimated as an element of social security, as first during the mortgage repayment period and secondly in declining market regions, a financial risk is connected to home-ownership which reduces its welfare element as saved up old age income. Alternatives to home-ownership, like cooperative housing could be serving the welfare element of ownership housing and at the same time the flexibility demand of the labour market.

The inclusion of housing cost in the social benefit system in general has been an important link between housing and the welfare system, playing a major role in providing investor as well as user security at a time, when rising poverty could contribute to the deterioration of housing. However, these opportunities are, as seen in policy debates about the welfare system, not utilised in a coordinated manner to the benefit of both systems.

9.4 The Housing Outcomes of the Income Poor

There is strong evidence that the income and work poor are also the housing poor, even though the differences in housing to lower income groups in work are moderate (and in part even contradictory).

Affordability is a problem for a large group of households who suffer from being near or above the EU housing overburden rate. However, it is not the poor living on benefits according to the Social Code and whose rents are included, who suffer most, but

the income benchmark households just above the benefit benchmark, whose disposable household income is squeezed most by housing cost. Also a special risk exists for the unemployed below one year, who have to cope with reduced income without coverage of rent, except for the marginal support by the Housing Allowance. High overburden rates of the receivers of benefits according to the Social Code are a statistical fabrication, as the system of rent provision is not reflected in SILC data.

Overcrowding is a problem mentioned by the income and work poor more often than by the non poor. As a consequence of the partly relaxed housing markets, the overcrowding levels are moderate and cannot statistically be made responsible for an urgent need of housing or homelessness.

Physical quality of housing in Germany being overall good, the amounts of technical deficiencies in housing and *neighbourhood quality* for the poor and the unemployed are remarkable. Poor households are more often struck by problematic quality elements with an unclear relation between rent and access-regulated and private market housing, with even the poor faring best in the technical state in ownership housing. With partially low quantities, a direct link between deficiencies in the neighbourhood and poverty is difficult to make, partly contradicting domestic research and the knowledge accumulated in the programme of the Socially Inclusive City. Only to a limited degree, a direct influence of poverty neighbourhoods can be measured, even though local evidence proves the detrimental effects that precarious neighbourhood situations can have on education, health, social status and finally employability.

Satisfaction levels reflect the relatively good standards of German housing, even though also here, poverty effects are obvious.

9.5 The Impact of Employment on Housing Outcomes

In all aforementioned fields, there is a relevant, but not very market effect of employment on the housing outcomes. Whereas short term unemployed are usually not experiencing a rapid decline in housing and neighbourhood quality, the situation of those in long term unemployment is, even though not markedly, worse. The second level benefits according to the Social Code are playing a major role in preventing a turn of the unemployed into becoming cases of problematic housing and neighbourhood, even though a large minority of the long term unemployed are living under conditions that are worse than those of the non poor and the short term unemployed.

9.6 Homelessness and the Welfare Regime

In concluding upon the research it becomes clear that taking the appropriate perspective is an important basis for judging the relations between welfare, housing and labour market consequences and the design of strategies and actions to prevent or manage homelessness in a manner that serves the needs of the clientele. Many of the relations are not explanatory in both ways. While statistically not large numbers of residents, who are encountering problems of bad housing, non effective treatment in

hospitals, by social service providers or unemployment are becoming homeless, almost all homeless can describe causal chains that include systematic problems in the housing and other parts of the welfare system, unemployment and poverty; usually topped up and interrelated with by traumatic personal experiences on the way to becoming homeless.

The German welfare regime with its subsidiary actor relations spanned out between state and nongovernmental organisations has emerged as a highly efficient help system oriented at the diversity of the life situation of the clientele. Over the last decades the interplay between public and nongovernmental actors has led to a high level of professionalization and political representation.

Accordingly the numbers of the homeless has gone down by about half over the last decade, partly also as a consequences of the widely relaxed housing markets making access to different types of homes easier. However, a result of the decline in homelessness is the more and multiple problem affectedness of those remaining homeless, proving a continuous challenge for the agencies working with the homeless in therapy and prevention. Also there are strong indications that the help system is challenged by an increasing number of residents in urgent need of housing or housing consultancy averting homelessness.

As mentioned before, loss of employment and length of unemployment or housing market effects alone can rarely be seen as immediately causal for homelessness. But from the case-perspective, these elements are often causal, making integrated approaches to homelessness and housing emergency cases imperative for the future, despite the apparent success of lowering the numbers of the homeless.

9.7 The Impact of the Housing System on Employment

There has been the hypothesis in the research that the housing situation has a supporting or detrimental effect on employment. Proof of this on the level of data in Germany is difficult because of the highly differentiated housing system with a variety of different landlords (with different strategic interest) and blurred housing typologies between private rental, municipal rental, cooperative and owner-occupied, which all but the last mentioned have elements of market and access and rent controlled parts included. The understanding was that the rent system including strong renters' rights and a permanence of contracts plays a major role in providing the residents with the long term stability that allows them an equal access to the labour market.

While outright home-ownership plays an important role in making households income elastic to answering to changes on the local labour markets, mortgaged ownership and ownership in declining regions was seen as highly problematic with respect to labour market inclusion.

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CITY WITHOUT AN ASYLUM' – INTEGRATED MANAGEMENT / INTEGRATED ACCESS POINTS

Development, implementation and evaluation of a comprehensive and cross-actor action concept (Fachstellenkonzept) for households threatened or affected by homelessness in the city of Herford (Land North-Rhine-Westphalia; NRW; 60,000 inhabitants) as a local policy within the framework of the NRW programme 'Avoiding Homelessness – Securing Permanent Housing' (NRW Ministry of Generations, Family, Women and Integration).

2. The aims and objectives of the policy/practice

Between 2004 and 2007 an experimental project was initiated with the aim to improve on the traditional concepts of dealing with homelessness in Herford. The task was to develop an integrated and cross-actor system of help for those actually homeless, threatened by homelessness or living in a precarious housing situation. A wide definition of homelessness was used, which was not strictly related to the legal and sectoral definitions. It included young people, people with health and dependency problems and the long-term unemployed.

Under the leadership of the municipal Department of Education, Social and Youth affairs, the local collaboration for the prevention of unemployment and assistance for the unemployed (ARGE Herford), the protestant 'Diakonie Foundation', the 'Herford Lunch Table', Herford rural county, the 'Social Services of Roman-Catholic Women' (SKF), the 'Association for Labour and Consultation', WWS housing and economic consultancies, and the 'Collaboration for Innovative Social research and Social Planning' (GISS), developed a 'joint consultancy scheme' to provide all homeless with decent and demand-oriented housing and to abolish all four of Herford's hostels for the homeless. The policy was developed during a time of radical change within the German system of social security and social work and was also understood to be a pathfinder for all actors in this situation of institutional change.

3. Factual description of the policy practice

The project, aiming at a new integrated approach for the homelessness, was developed over four stages.

Phase 1: Analysis of the relevant reasons for homelessness and the actions taken against people losing their home and living in precarious housing.

All institutions dealing with homelessness were identified and all cases were structurally documented and the pros and cons of the help they received were analysed. A strong 'parallelism' of different and partly contradicting forms of help was recognised as the main problem. In addition, gaps between the different help systems were identified as leading to problems for the clients in interim periods between age benchmarks (from assistance for children and young adults and off age clients) and between different life-situations (employment, unemployment, different forms of benefits). This was contrary to the demand for cost-effectiveness, for clearly structured and comprehensive help, and for satisfactory relations between helpers and clients, amongst the helpers and the respective institutions.

Phase 2: Reaching an understanding about targets, means and measures to curb homelessness in Herford. In a series of workshops and thematic conferences open to all organisations dealing with housing problems, the structure of a comprehensive and integrated approach was developed and contracts between all actors were drafted and entered, providing clear information about the structure of the joint help system,

about decision making, information and financial relations between the actors.

The main elements of the new joint system were developed taking a number of key decisions into account:

- *General guideline:* It was the general target and guideline to reach a persistent provision of housing for all housing emergency cases in Herford on the basis of agreements between all actors, combining mandatory help from public bodies and of the social work actors (subsidiarity) as well as self-help organisations. As a framework, a comprehensive definition (BAG W) of homelessness was chosen that incorporates all those without a home or in a precarious housing situation.
- *Guideline 1 - Prevention:* The threat of an oncoming homelessness is to be met by a joint effort of all actors through individually targeted prevention and the provision of the material and social assistance to all cases, regardless of the reasons for the threat of homelessness. Prevention and case-assistance is offered to all, independent of different legal and institutional background (social assistance, long term unemployment, youth assistance, health problems, educational and training problems).
- *Guideline 2 – Provision of normal housing/re-integration:* All homeless are to be provided with normal housing with municipal and private landlords, which also implies abandoning the clusters of special home for the homeless.
- *Guideline 3 – Provisions for homeless households:* Should the loss of the present home be unavoidable, any interim housing should be limited to a period as short as possible and in de-central housing of sufficient quality, connected to a high standard of assistance. Ideally the dwellings should be fit to be changed into normal housing.
- *Guideline 4 – Integration of prevention, provision of housing and re-integration:* In order to establish stable housing integration, every homeless person shall receive the necessary personal and social assistance as well as material help. An integrated provision of help from different sectors across actor boundaries should be designed for each case.
- *Guideline 5 – Co-operation:* All public and private/civic organisations concerned with the provision of services for the homeless shall organise their work in order to reach the main guideline and are accepting the concept of the joint professional approach (Fachkonzeption) and the ruling form of the organisation of help.
- *Guideline 6 – rights of the clients towards the system of help:* All homeless shall be respected in their rights and helped to receive the full material and social benefits they have a right to. Their status as partners on the housing market shall be secured or re-established and, with respect to the individual help and housing, their individual choice within the existing opportunities shall be respected.
- *Guideline 7 – Regional approach:* As a considerable number of clients are from the region, the Herford integrated system invites surrounding municipalities to take part in the system and to provide a targeted offer to the homeless in the region.

The structure of the system of the joint agency with two integrated access points (Fachstellen) in Herford and coordinated help across actor-boundaries was designed.

1. *Access and service point for the homeless (Fachstelle für Wohnungslose, FST W)*
2. *An access and service point for those in precarious housing and in danger of losing their homes (Fachstelle für Wohnungserhaltung und Sicherung, FST WES)*

Overall, the model has four institutional levels:

- a) A central cross actor steering group under the auspices of the municipality, however guaranteeing the independence of the individual actors within the joint framework
- b) The actual level of case work in the two central access and service points, which are structured along

the same principles of a 'one stop agency' for people in housing distress.

c) The level of de-central services helping the clients to a new lodging or securing the existing home.

d) The level of provision of additional assistance for the stabilisation of the life situation of the clients outside of the realm of the assistance in housing problems.

All assistance for those in precarious housing or under threat of losing their home is organised in a manner that should lead to securing the present dwelling, or to an alternative housing situation, if for whichever reason – unsafe housing, unsafe housing situation, no sufficient contract reachable etc. – the present housing cannot be turned towards a satisfactory solution.

Whereas the structure of the system was changed fundamentally by the integration and improved interaction of different actors who in principle rearranged their existing offers, a new joint focus was introduced on prevention to avoid the danger of homelessness – also by providing alternative housing models – and on an intensive cross-actor after-care to prevent the often occurring 'turning door' situation. The comprehensive list of 'products' of the housing assistance puts a strong emphasis on the work-items *'visiting assistance in crisis situations, in preventing homelessness especially for single persons' (families were generally visited in the attempt to avoid the loss of a dwelling)'; 'advice and counselling in matters of household management in stabilising families threatened from homelessness'; and 'measures to better consider the socio-spatial effects of problematic neighbourhoods through on the spot-social work offers'.*

With the joint agency and the access and service points, the clients have a single point of access or are referred to this access point by e.g. the landlord, the courts-of-law, the employer etc.. The FST WES (prevention) either carries out the assistance measures or organises them 'around the client' with the other public or private actors. The access point is a low level open agency and ideally, the clients also should have one mentor, helping them along the process. This can happen either at the access point, at other organisations with the consent of the clients, e.g. at educational or consulting points of the different actors, who are specialising in the provision of services for special groups – e.g. migrants, women, drug-users etc. Thus, a comprehensive help, covering the usually varied layers of material and personal problems leading to the danger of a loss of housing, can be offered. Also, on the side of the system of help, the process and delivery of services for the client can be monitored and arranged in a way that benefits the clients most.

The system of assistance for those actually homeless follows the same rules of the game and ideally also leads the clients into a permanent home with a rent contract. In these cases, more institutional assistance is often needed which can be best delivered through special help within an interim system of housing provision. A point of 'first aid' is an interim overnight stay. Other people seeking help are referred to a clearing-institution (non permanent housing for a period of developing a tailor-made strategy – or to interim housing, if the way to be followed is clear, but no sufficient home is available on the very short run. Especially for the actually homeless, individually targeted personal assistance usually plays a greater role than for those in housing distress, because of the usually even deeper biographic traces homelessness has left.

Phase 3: Collaborative implementation of the measures across actor boundaries leading to the joint action system (Gesamthilfesystem), including the development of working materials, cross actor agreements, implementation of the new structures and management methods, with regards to the new system of help for the homeless. During the period of experimental implementation, all cases were documented and clients requested to air their opinion about the help they received. The feed-back from the cases was used to fine tune the system and to find out about fields that needed additional attention. A continuous feedback from the steering group helped to assure a high level of information with all actors.

In contrast to the departmentalised and parallel approaches of the past, the new policy is oriented at an integrated delivery of services.

Other elements of service delivery are the development of documented tools for the everyday work, an approach towards the public through intensive public relations and the participation of all actors in a social-policy debate in the city and further on a Land and federal level.

Phase 4: Evaluation of the structures and measures took place in an overlap with phases 2 and 3, leading to a feed-back during the process, which cumulated in the final evaluation report. The positive evaluation report has led to the municipal decision to change from experimental to the establishment of the new practice as routine for the homelessness policy of Herford and some of the surrounding municipalities.

4. Evidence of good results of the policy/practice

The policy was evaluated in a mix of a summary and a formative evaluation. This method, commonly used in policy and project evaluation allows for a process of en-route learning. Defined benchmarks are developed, the process of work is analysed and it is measured, to what degree the benchmarks are met. In the form of a revolving process, then follows the next evaluation phase. The method of formative evaluation does not allow for an 'independent' evaluator, but follows the concept of immersed action research (K. Lewin, S. Alinsky et. alter). Especially during the last phase of the project, the elements of a formal summative evaluation became more prominent.

- Nothing published in English

5. The transferability of the policy/practice

The local policy and project have been widely debated and adopted by many municipalities in Germany, even though the concrete forms are differing according to local demand and also the administrative structure, which varies from Länder to Länder.

Especially the concept of a 'one stop agency' has been a full success and seems easily transferable into different national / local policy contexts.

THE 'PROTECTED MARKET SECTOR' IN BERLIN

A cooperation contract about the 'Protected Market Sector' [*Kooperationsvertrag Geschütztes Marktsegment*] was agreed between the Berlin Länder Department for Health and Social Affairs (*Landesamt für Gesundheit und Soziales*, LAGESO) and public and private housing providers aiming at affordable housing and its provision for households in urgent need of housing. Berlin has 3.4 mio inhabitants; the housing market is under stress from high demand for lower priced housing.

2. The aims and objectives of the policy/practice

The three main objectives of the 'Protected Market Sector' are:

- Allocation of housing for homeless people or residents in a precarious housing situation
- Protection of supply for the target group
- Adjustment of claims arising out of rent arrears of the tenants contracted under the treaty through a guarantee fund.

The contract between Berlin's public administration and housing companies aims at the joint provision of permanent housing for homeless people and households in urgent need of housing. Within this contract, the access to and protection of housing for disadvantaged groups is guaranteed by binding agreements between the city of Berlin and the providers. Its concept aims at a cross-departmental cooperation and comprises all Berlin districts and the involved housing providers. The strategy considers the special kind of support needed by the target groups to get access to 'normal housing'. Also, it takes into account the interest of the housing companies to minimize their risks, such as the lack of rental revenues or effects of individual or neighbourhood behaviour, conflict or overuse of the premises. The 'Protected Market Sector' took on the principles of the 1995 Berlin 'Strategy against Homelessness':

- „Prevention of further homelessness
- Reduction of existing homelessness
- Strengthening municipal responsibilities in the field of housing provision and Protection
- The housing companies' commitment to meet their social responsibilities“ (Contract)

Furthermore, there is a strategic aim for integrated urban development: dispersing people in socially difficult situations to different parts of the housing stock is being understood as a contribution to social mix in housing/urban development and the prevention of poverty neighbourhoods. Whether this target is achievable with a decrease in the social housing stock and the present regulations for people depending on state transfer/unemployment benefit (ALGII rent level regulation) remains open.

3. Factual description of the policy practice

The concept of the ‘Protected Market Sector’ goes back to the late 1980s, when the Berlin housing market got increasingly tense and possibilities to provide for cases in urgent need of housing were lacking. The Berlin Senate entered into a contract with public housing companies to provide affordable flats for 3,500 urgent cases per year ‘(Cooperation Treaty for Urgent Allocation / *Kooperationsvertrag Dringlichkeit*). The contract fixed the number of required flats, but left the responsibility and decision-making on allocations with the companies. Housing provision was less successful than expected, the number of homeless people increased continuously from 5,577 in 1988 to 11,603 in 1993, partly due to the difficult transformation of the Berlin economy.

Based upon the 1989 model, the ‘Protected Market Sector’ came into effect in 1993. In return for the provision of 2000 dwellings the social care providers (NGO and municipal) committed themselves to out-patient treatment and after-care, and guarantees for the housing companies were allocated to prevent financial loss (so called ‘Protection Fund’/ *Schutzfonds*). In 2000 a revised ‘Protected Market Sector’ treaty came into effect. The following adjustments were made:

1. Individual contracts between the partners were substituted for a framework contract agreed upon by all cooperation-partners.
2. The housing companies insisted on the implementation of a ‘socio-pedagogical diagnosis’ to prove the ability of the applicants to live independently (social competence to live on one’s own in an individual dwelling after a period of care).
3. The districts committed themselves to provide (if needed) psycho-social support for the prospective tenant.

At present the twelve Berlin districts, (represented by their respective Departments of Social Affairs), nine public housing companies and two privatised former public companies and – as coordinating partner - the Berlin Land Office for Health and Social Affairs are partners.

Leaving the allocation of dwellings at the companies’ discretion is considered to be important for a socially compatible practice: the companies developed an independent, qualitative allocation policy giving the respective tenants the security not to be discriminated against and the other tenants the safety of not being outnumbered by problematic neighbours. Expert focus groups and internal discussions were implemented to tailor the instrument to changes in demand.

The support service/care for ‘Protected Market Sector-Tenants’ is often assigned to NGO providers, who in some cases rent flats for single homeless persons or larger flats to be used as shared (accompanied) flats, in order to prevent living rough in difficult cases or to bridge situations where the care status is not yet clear.

Target groups: „A-Eligibility“ and „B-Eligibility“

Eligible are people/households, who are not able to support themselves on the housing

market without assistance AND for whom other possibilities of housing provision do not exist anymore. The district authority distinguishes between two levels of eligibility for the 'Protected Market Sector' (*Marktsegmentberechtigung / M-Berechtigung*):

- People, who are immediately threatened by homelessness because of rent arrears/evictions and for whom the loss of existing dwelling is inevitable. Or homeless people after discharge from hospital, prison and other assisted institutions have the so called 'A-eligibility'.
- People who are currently affected by homelessness and accommodated temporary in emergency shelters, according to the Law on Public Order and Security (*Allgemeines Sicherheits- und Ordnungsgesetz*) provided that the person's stay in Berlin is longer than 1 year) – so called 'B-eligibility'.
- B-eligibility is also possible for asylum seekers if their residence permit status allows a stay of more than 6 months.

The allocation of housing is being ranked according to the priority of *prevention*. As the target here is not the elimination of homelessness, A-eligibility has priority. A person only is allowed access to the 'Protected Market Sector' once - if he/she leaves the flat, there is no second option. It needs mentioning that the target-groups' own dynamics and kinds of social networks need to be taken in account: e.g.

- it is particularly difficult to find appropriate accommodations for single parents because they should stay in the area where (if given) their children's infrastructure is located;
- sometimes especially people being released from institutions or people who lived rough can't cope with the social environment and would without social support/counselling just leave ...
- there is a mental barrier between the east (where the majority of flats in being provided) and the west of the city and in some cases the dwellings provided are criticised to be of minor quality and thus discriminating.

In 2005, 60 percent of the allocated persons were men, 40 percent women. The allocation of women who were homeless or risked homelessness due to domestic violence has since 1995 been managed by a special association, "*Donna Castella*". The foundation of this association, taking on the allocation of the target group within the 'Protected Market Sector', was a reaction to the complexity of women's cases (safety, data-protection, situation of particular threat, necessity of socio-spatially sensitive allocation, etc), which could not be managed sufficiently by the Central Coordination Office's team.

4. Evidence of good results of the policy/practice

Research

The Darmstadt Institute of Housing and Environment (*Institut für Wohnen und Umwelt, IWU*) took part in the research project 'Homelessness and Help in Cases of Urgent Need if Housing' (*Wohnungslosigkeit und Hilfe in Wohnungsnotfällen*; coordinated by the Federal Ministry for Education and Research). Within the sub-project 'Principles for housing policies to provide housing for the income poor' the IWU conducted the case study "'Protected market sector' in Berlin. Concept, implementation, results and expe-

riences. "Final report, published in 2005. (in German, reference: *Mühlich-Klinger, Ilona (2005). Fallstudie „Geschütztes Marktsegment“ in Berlin. Konzept, Umsetzung, Ergebnisse und Erfahrungen. Abschließender Bericht. Darmstadt, Institut für Wohnen und Umwelt GmbH (IWU)*
http://www.bagw.de/forschung/_pdf/Berliner_Marktsegment_IWU.pdf).

5. The transferability of the policy/practice

The 'Protected Market Sector' has been selected as *good practice* because of the co-operative approach to provide regular housing for cases in urgent need and to link this up with social support / services under a contract within the welfare system. It is applied at a relatively early stage of intervention and has a preventive character: When the individual social / rent support fails, the measures usually come into effect before homelessness occurs.

The overall structure of the policy is transferable when there is a contract based access to publicly or privately managed rental housing markets.

SOZPÄDAL - SOZIALPÄDAGOGISCHE ALTERNATIVEN E.V.

Sozpädal e.V. is a non profit association of social-workers that runs a network of projects dealing with homelessness and poverty to support socially disadvantaged persons in and around Karlsruhe (280,000 inhabitants, housing market under stress of growing population) in the south-western Land Baden-Württemberg.

2. The aims and objectives of the policy/practice

Sozpädal is a self-organised network project organised by professional social workers, psychologists and (mainly) women members of civil society combining different low-entry level approaches towards helping men and women and their social environment in situations of homelessness. The aim is to provide tailor-made individual assistance for socially disadvantaged persons and social groups through a network of interlinked projects building upon their specific capacities. The targets of a socially and politically emancipating social work practice were central in developing a long term strategy of problem related innovatory practice. While some of the projects are open to men and women, others are specifically targeted at the life-situation of women. A special target is to reach people who are for different reasons out of touch or not reached sufficiently by the public systems of help and to open up links for the clients towards other public or private forms of assistance. In addition, the integrated approach of the project is dedicated to bridging the rifts between the different offers that the German social assistance system has across the different life situations and groups of the poor and the homeless population.

The project was founded in 1979 by a small group of freelancing social workers and follows a management concept of 'basic democracy' even now that it employs over 40 social workers. The project has been building on partnerships with the public and other sectors of social work in the region and is well embedded in local politics.

3. Factual description of the policy practice

Starting off from a small project, a landscape of interlinked projects has developed which at present covers a wide range of approaches towards the homelessness of women and the members of their households. The aim of the network is to provide a synergy of joint work amongst the clients as well as within the group of professional workers and their support from members of civil society. It is a special target, to open up links towards the public system of help and thus to allow the clients to benefit from the offers provided on the basis of individual capacity.

BOW – '*BürgerInnen ohne Wohnung* - Citizens without a home' rents out rooms and flats to formerly homeless persons. These are accompanied by social-pedagogical assistance according to the individual case. The aim is to provide persons who have lost their home, who are living in hostels or in the street with a home of their own again. BOW rents homes to then sub-rent these out to those affected by homelessness. At present there are homes for app. 200 persons available for persons who are recognised as homeless by the social administration of the city of Karlsruhe. The practice of assistance is linked to securing homes on the one hand, and to individual consultation for a better life self-management according to the rules of the *Landeswohlfahrtsverband Baden* (LWB, regional provider of public assistance).

BOW exists since 1983 and provides about 100 rooms in single and double room flats for a joint use

of the kitchen and bathroom. The flats are provided under market conditions by private and municipal landlords. Partly homes were also created – with municipal support – by converting non-housing buildings into housing.

The project addresses specifically those clients of the system of assistance for the homeless, , who for social and/or individual reasons have developed handicaps that render them without a chance on the housing markets and who would without this type of housing provision have to rely on special homes for the homeless or would live in the street.

The tenants are moving in directly from rough living, from municipal bed-and-breakfast accommodation, or they are offered a contact by the municipal homelessness prevention group.

TaFF – *‘Tagestreff für Frauen – Homeless women’s meeting point’* is an open and low level-access offer of integrated assistance for women in a situation of special social need and housing distress. The women do find a meeting point, they receive consultancy and an opportunity for structuring their days, for individual qualification and work. The target group are women, who find it especially challenging to take part in social life because of their individual situation and of homelessness. Day structuring, really taking a rest, washing and getting straight again, talking to other women in a secure atmosphere is a central feature as well as the offer of a postal address. A non violent space is provided. TaFF is a needed addition to Karlsruhe’s many offers for the homeless, which, however are mostly used by men and couples, repelling single women with their specific problems and demands. Because of the complexity of individual problems, TaFF allows for anonymity in their contacts.

The offer includes a coffee-shop and washing-space, lockers, provision of a postal address, consultancy in all matters of homelessness, a space for an exchange with other women, consultancy and support in cases of drugs-use, a reading room, access to PC, telephone, fax, washing machines and dryer, second hand clothing, and in addition to work and qualification.

The project has developed from a two-year model project *‘Women without Work’* supported by the Federal Ministry for Family, senior citizens, women and youth (BMFSFJ; *Bundes-ministerium für Familie, Senioren, Frauen und Jugend*) and is now fully funded as a non obligatory social practice by the city of Karlsruhe. One major aim is to provide contact or other offers for the target group and to individually help them to improve their situation – and to provide a safe haven for those, who need or want to remain within this sort of assistance.

DAY STRUCTURING “HOMELESS WOMEN ARE FACED BY SPECIFIC PROBLEMS LIKE INCOME AND MEANS POVERTY, EDUCATIONAL DISADVANTAGES, THE EXPERIENCE OF VIOLENCE, AN OVER-STRESS BY MULTIPLE DEMANDS AND DISCRIMINATION. THEIR OWN CONTROVERSIAL APPROACH TO THE FEMALE ROLE IS PROBLEMATIC, CUMULATING OFTEN IN DRUGS ABUSE AND HEALTH PROBLEMS, DEBTS AND A PERMANENT FEELING OF INSUFFICIENCY, LONELINESS AND ISOLATION. WOMEN ESPECIALLY ATTEMPT TO DEAL WITH HOMELESSNESS ON THEIR OWN (COVERED HOMELESSNESS). THEY MOVE IN WITH PEOPLE THEY KNOW OR FALSE ‘PARTNERS’, OFTEN CONNECTED TO FINANCIAL AND SEXUAL DEPENDENCY. THE DAY-STRUCTURING APPROACH OFFERS A SECURE SPACE, FROM WHICH OTHER FIELDS OF ASSISTANCE CAN BE APPROACHED WITHOUT ANY OTHER OBLIGATION TO TAKE PART IN ACTIVITIES. ENTRY PROBLEMS ARE EXPECTED TO BE REDUCED, IN ORDER TO ALLOW ACCESS TO OTHER OFFERS OF THE DIFFERENT MUNICIPAL AND NON PUBLIC HELP SYSTEMS. THE OFFERS OF TAFF ARE DAILY USED BY BETWEEN 25 UND 35 WOMEN, SOME WITH CHILDREN, WHO ARE THEN HELPED WITH REGARDS TO CHILD-CARE ASSISTANCE. THE WOMEN-BREAKFAST AND LUNCH ARE MOST ATTRACTIVE AND USED BY WOMEN FROM ORGANISED SHELTERS AND THOSE LIVING IN THE STREET.”

The women are of different age, family status and nationality. Even though TaFF is not targeted at drug-using women, it offers help to those women, who do not want to approach drug-care institutions. The aim for these women is to get them into contact with special offers of assistance.

WORK AND QUALIFICATION IN ADDITION TO ITS MATERIALLY SUPPORTING ASPECT ARE UNDERSTOOD TO BE A CENTRAL ELEMENT OF SOCIAL PARTICIPATION, WHERE SOCIAL CONTACTS ARE EXPERIENCED AND LIVED. THUS IT IS A KEY ELEMENT OF SOCIAL INTEGRATION ACCORDING TO THE GERMAN SOCIAL ASSISTANCE LAWS (ESPECIALLY SGB XII). THE PROJECT AIMS AT ACTIVATING EXISTING – AND MOSTLY PRESENT – PERSONAL RESOURCES, TRUST AND ENDURANCE AT WORK, AND TO PROVIDE A SPACE FOR DEVELOPING SOCIAL COMPETENCIES.

In a first step, the women are offered an opportunity to experience a work environment with minimal time and financial pressure. The assistance provided helps preventing experiences of failure, which otherwise often lead to cancelling the work.

Within their specific abilities, the women are learning about their physical and mental capacities, and where their deficits lie. The newly acquired potential is aimed at first at inclusion into the second labour market. For those women with permanent work inhibitions, a long term day-structuring approach is chosen in order to prevent a further loss of capacity. Other women are offered access to job training and other forms of paid labour. At present the labour opportunities are covering a washing service for female clients of the homeless-assistance, work in a second-hand clothing shop and cafeteria. This job offer is solely directed at those who need an especially low level access to the labour market; others are referred to other forms of job assistance. Offers for qualification are made in simple modules in collaboration with the educational organisation INITIAL e.V.

All offers can be used, until a link to another form of help is found. Times are flexible and demand for participation is linked to individual abilities. The training and education modules are an integrated part of the day-structuring work of the project. The pay is according to the hourly rates paid to receivers of social assistance and additionally covers a Karlsruhe public transport.

WisE WisE – ‘*Wohnen mit intensiver sozialpädagogischer Einzelbetreuung*’ - Housing with intensive individual consultation’ is an offer for girls from 16 years on, who for different reasons cannot live with their parents, other family members or in stationary institutions of educational assistance (‘*stationäre Einrichtungen der Erziehungshilfe*’). As such it is not part of the homeless care system of SGB II and SGB XII (unemployment and basis social security) but of SGB VIII (dealing with care for children and young people). WisE is a special offer within the youth assistance system, which is generally not interlinked with the services for the homeless and provides a preventive access to alternative homes. It aims at providing an alternative to the education in an institution for girls and young women. For an increasing number of young adults, the ‘classical’ institutions providing home and education has become unattractive. Especially for those with a career in institutions, an offer is demanded, which prevents them from fleeing institutions and choosing a life on the road or in precarious housing and social relations. It is an aim of WisE, to allow these girls and young women a self-organised life. Individual, differentiated social-pedagogic assistance related to their everyday life is the precondition for the girls’ and young women’ to develop self-consciousness.

‘*Frauenpension für alleinstehende wohnungslose Frauen und wohnungslose Frauen mit Kindern*’ – Women’s pension for homeless single women and homeless women with children’ is an institution of assistance for the homeless and provides special offers to single homeless women and homeless women with children. The location is the former Hotel ‘*Unter den Linden*’, which since 2004 offers space for 16 women in single rooms. Four of the rooms are offering space for women and their children. All women are housed according to the law on homelessness and are provided with social-pedagogical assistance. The stay at the womens’ pension is expected to be limited and should lead

into independent housing or an individually sufficient form of supervised accommodation. But most of all, the Frauenpension is a location, which allows women to settle after a phase of crisis.

The social workers of SOZPÄDAL support the women, to rearrange their lives and to develop perspectives of their own. Due to the fact that homeless women are usually affected by a multitude of problems and have often been unable to leave their difficult environment, they are in need of multiple forms of assistance as provided within the SOZPÄDAL network, e.g. helping to get an ID card or health insurance.

Other topics of assistance are mental illness, debt regulation, drug-abuse, child related matters and the contact to Länder organisations, job provision and more. Together with the women and as part of a consulting oriented relationship, an individual housing perspective is developed, often in collaboration with **TafF**.

Beratungsstelle für Frauen und Paare in Wohnungsnot – Consultancy for women and couples in a housing emergency is an ambulatory approach to provide homeless women and couples or households in a precarious housing situation with individual consultation and links to adequate help. This consultancy offers ambulant assistance to surpass a difficult social situation according to the legal system (*Hilfe zur Überwindung besonderer sozialer Schwierigkeiten*, § 67 SGB XII): provision of basic information about the rights of homeless people and clearing of the cases for further help. The project also aims at boosting the clients' motivation and help until a new dwelling is found. The help in finding and securing a dwelling is a central element as well as opening access to health care. The consultancy offers open hours for talks with professional helpers, visits the homeless at the place of stay, accompanies homeless people to public institutions arranges visits to doctors etc.

The consultancy also monitors the quantitative, qualitative and spatial development of homelessness and provides facts about homelessness in Karlsruhe. There is a close collaboration with the 'joint unit for homelessness' (*Fachstelle Wohnungssicherung der Sozial- und Jugendbehörde*), with the TafF and the women's pension, it takes part in providing accommodation for the homeless.

4. Evidence of good results of the policy/practice

Sozpädal is a member of various professional organisations from the *Paritätische Wohlfahrtsverband* (one of the five umbrella organisations of the NGO driven social work in Germany) to the BAGW (*Bundesarbeitsgemeinschaft Wohnungslosenhilfe*) and has been funded by the local authority for more than two decades proving the local acclaim for the project. Different sub-projects have been evaluated by the funding organisations through academic evaluators and an internal self-evaluation takes place regularly. Especially the project TafF, which was originally funded from ESF resources, was evaluated as highly successful by the methodology of ESF evaluations, which became the basis for a municipal decision to continue funding from municipal resources after the end of the experimental period.

The everyday practices are ruled by a strict methodology of collegial consultancy and a systematic form of self evaluation. All projects and work-fields are supervised a) in the project-working group and b) by an internal 'expert-group' (Fachgruppe) on a regular basis. As a member of the *Paritätische Wohlfahrtsverband*, Sozpädal can make use of the professional consultancy of the umbrella organisation.

Some French language reports exist, but no texts in English so far.

5. The transferability of the policy/practice

Sozpädal is a representative of projects for the homeless that have been developed in a partnership of social work professionals in collaboration with the clientele and local authorities under the guidance of a theoretical debate and a practice exchange. Despite the fact that the project is tailor-made for the local conditions and the demands of the clientele, as it is aired in the city of Karlsruhe, certain key elements are seen as transferable.

- A strict orientation towards the clientele's needs and opportunities
- A strong element of self-organisation within the professional staff
- A participatory management model
- A close network cooperation with the local authority that has transferred parts of its mandatory and 'free' tasks to the project
- A close link to professional politics and civic action in the field providing a certain independence from short-term political influences
- A mixed financing from various sources from targeted routine finance within a strict legal framework (SGB) to experimental projects financed by federal and EU funds

A wide range of comparable projects has developed over the last three decades in Germany and some other European countries - the structural elements of the project seem to be highly transferable and a knowledge transfer could be supported by the professional staff if adequate support were given to this task.

Appendix 2 Changes in welfare policies after 1990

• Policy field	• Law/date of change	• Responsibility	• Type of change
• Taxation	• Since 1990	• Strong federal responsibility, weak Länder and municipalities	• Lowering of many income related taxes (e.g. income, corporate) and raising taxes on consumption (VAT) structurally burdening the low income groups.
• Housing	<ul style="list-style-type: none"> • Since 1990: various; • Abolishing the 'Non Profit Housing Law' (Wohnungsgemeinnützigkeitsgesetz) (1990); Turn from '2nd Housing-Financing Law' (2. Wohnungsbau-förderungsgesetz) of 1956 to ' to 'Federal Housing Support Law' (Wohnraum-förderungsgesetz) • Since 2006 devolution of housing policy to Länder level 	• Framework responsibility on the federal level reduced to rent policy framework. Almost total evolution to the Länder and local level.	<ul style="list-style-type: none"> • Turn away from the support of housing for 'broad strata of society' to of support to 'households which are not able to procure decent housing by themselves and are in need of support'. Mentioning 'homeless persons and other persons in need of support' as target groups of state-subsidized housing' as an element of focusing assistance according to need. • Marketisation of the housing sector (privatisation of large parts of publicly owned and social housing to institutional investors) with, at the same time strong renters' rights against loss of tenancy and limitations of rent-rises in the civil code. • Reduction of federal intervention to research and model projects. Moving responsibility for housing to the Länder also shifts the responsibility for Social Housing to the Länder and, according to the individual Länder legislation, partly to municipalities. • Devolution of funds for social housing to the Länder, however without a demand to use them for this purpose resulted in some Länder abandoning social housing altogether.
• Pensions	• SGB IV since 1989	• Framework responsibility on federal level and a corporatist structure, rising demand for subsidies from budget (tax)	• Reduction of pension levels and raising of entry age from 65 to 67 over a longer period. Introduction of market elements (individualisation of responsibility) in a voluntary compensatory second strand of pensions. Introduction of an obligatory disability nursing system (Pflegeversicherung).
• Social as-	• SGB XII since 2005	• Structural responsibility and detailed	• Fundamental change in the legal build-up of the system introducing a two tier system of ba-

<ul style="list-style-type: none"> • Policy field 	<ul style="list-style-type: none"> • Law/date of change 	<ul style="list-style-type: none"> • Responsibility 	<ul style="list-style-type: none"> • Type of change
<ul style="list-style-type: none"> • Assistance 		<ul style="list-style-type: none"> • regulations about services on federal level. 	<ul style="list-style-type: none"> • sic social benefits for those unable to work and the long term unemployed in 2005. Localised structure of service delivery and local social governance. • Introduction of 'mandatory' elements introducing a strong conditionality of assistance based on clients' collaboration.
<ul style="list-style-type: none"> • Unemployment benefit 	<ul style="list-style-type: none"> • SGB II since 2005 / SGB III since 1997 	<ul style="list-style-type: none"> • Structural responsibility and detailed regulations about services on federal level. 	<ul style="list-style-type: none"> • Fundamental change in 2005. Change from a two level unemployment benefit system towards a stricter division of unemployment insurance (ALG1) and a means tested state social benefits (ALG2) for those unemployed for more than a year (exceptions for older unemployed). • Introduction of 'mandatory' elements introducing a strong conditionality of assistance based on clients' collaboration.
<ul style="list-style-type: none"> • Health 	<ul style="list-style-type: none"> • SGB VII since 1996 	<ul style="list-style-type: none"> • Framework responsibility on federal level for a regulated public and a corresponding private insurance system. 	<ul style="list-style-type: none"> • Rising health service cost. Individualisation of elements (Contribution to clinic cost, rehabilitation, visits to doctors), which puts a relatively higher burden on low incomes. (Since 2010: debate about a total change in the system.)
<ul style="list-style-type: none"> • Child care 	<ul style="list-style-type: none"> • SGB VII since 1990 	<ul style="list-style-type: none"> • Increased state framework responsibility with local delivery 	<ul style="list-style-type: none"> • Introduction of a right for kindergarten places for children up to three years; introduction of a pre-school year for the five-years old in an attempt to curb educational polarisation.
<ul style="list-style-type: none"> • Labour and income policy 	<ul style="list-style-type: none"> • Collective agreements – no state interference (in principle) 	<ul style="list-style-type: none"> • Weak federal responsibility for labour market structure, none on regional and local level 	<ul style="list-style-type: none"> • Partial liberalisation of labour market and rejection – with - exceptions – of minimal wage legislation. Emergence of a growing social benefits subsidised low income labour market sector.

Source: UrbanPlus
