

The housing industry: An important partner in implementing integrated urban development concepts

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Challenges of the Berlin housing market

- Demographic change → Change in housing needs
 - Increase in the proportion of the elderly and the very elderly
 - Increase of small households
- Climate Protection
 - The building sector has a 20 percent share in the total
 - German CO₂ emissions
- Not generally applicable to the entire Berlin housing market
- A differentiated review of individual sub-markets is required

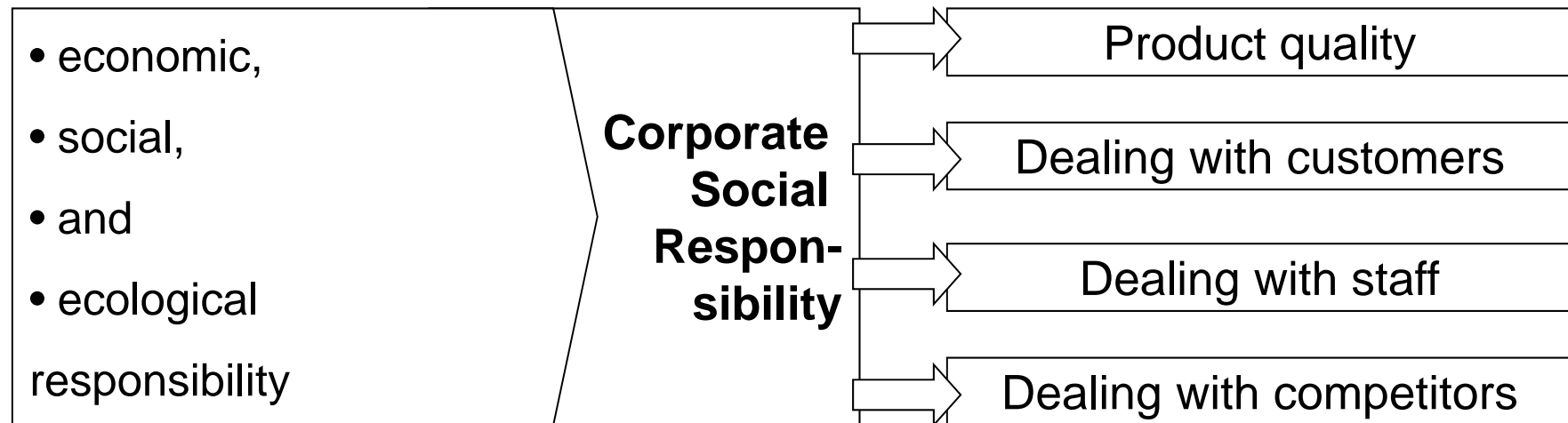
Tension fields in Berlin sub-markets

- Integration of ethnic minorities,
- Change in purchasing power and rent levels,
- Generation of social problems,
- Migration phenomena:
 - Population growth or shrinkage trends
 - Increase in mobility, etc.

In close cooperation with cities and municipalities the housing industry or rather the **municipal housing companies** intervene in market segments and stabilize them, using integrated urban development concepts and concerted action.

Municipal housing companies

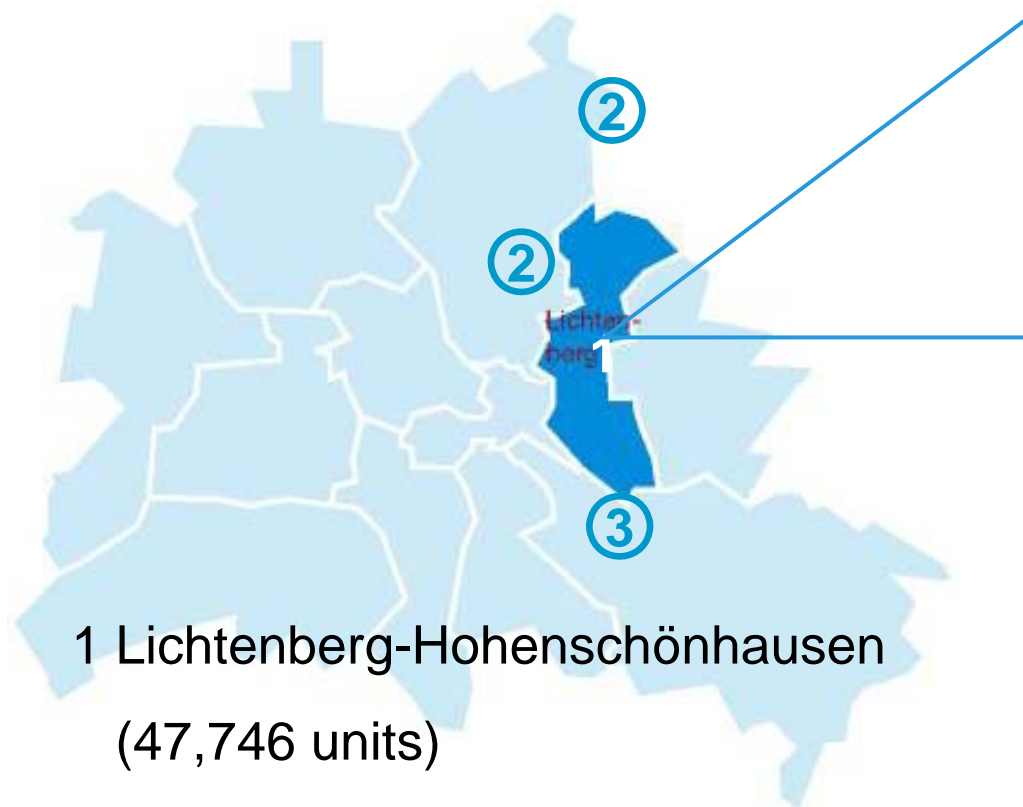
- In German cities have market shares of up to nine
- percent which results in a **considerable control potential**
- Apart from the financial revenue, they generate an enormous
- economic added value for municipalities → **City return**
- They assume



Contents of Corporate Social Responsibility

- Social housing provision to all social classes
- Shaping of the living environment
- District management and social management
- Neighbourhood management
- Climate protection and environmental protection
- Merger of the municipal housing companies with other public companies in the “Added value for Berlin” initiative
- Stabilization of the economic area (e.g. by way of social projects, district management) beyond sub-markets
- HOWOGE Wohnungsbaugesellschaft mbH as the largest municipal housing company in east Berlin is one of the partners

Introducing HOWOGE



1 Lichtenberg-Hohenschönhausen
(47,746 units)

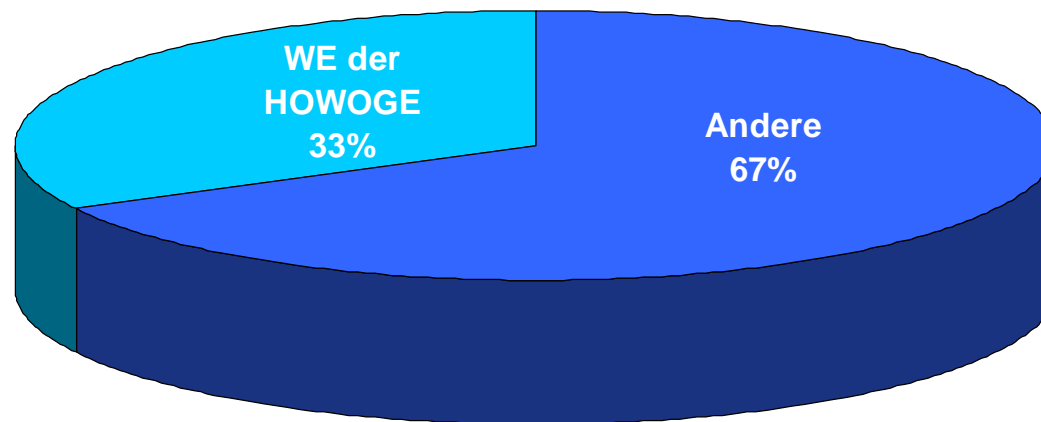
2 Pankow-Weißensee (3,208 units)

3 Treptow-Köpenick (306 units)



Introducing HOWOGE

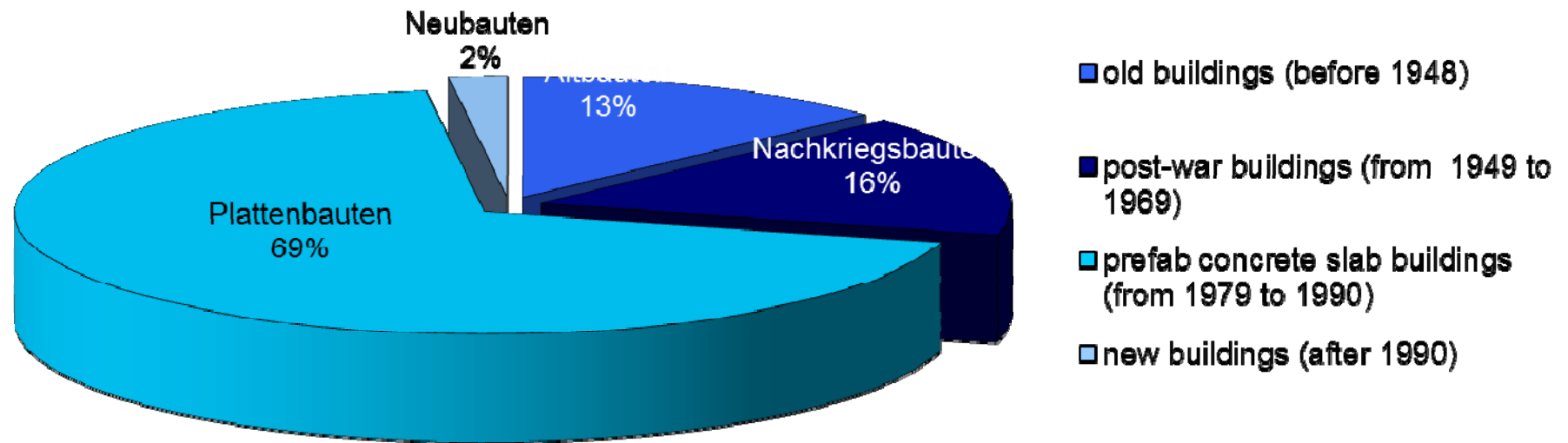
- In 2008, 1.97 million units were registered in Berlin
- of which 145 600 were located in Berlin-Lichtenberg
- HOWOGE has a share of one third



Group figures as of 31/12/2009

Nº. of registered housing units	51,260
Balance sheet total	€2,198mn
Fixed assets	€2,060mn
Equity	€973mn
Average net rent	€/m ² 5.16
Average operating costs	€/m ² 1.97
Annual surplus	€32.6mn
Apartment vacancy	2.0 %
Tenant fluctuation	9.9%

Asset structure as of 31/12/2009



- Since 1990, investments in complex refurbishing works amounting to 1.2 bn. → refurbishment rate = 98.6% (without Berlin-Buch)
- Shift of focus:
 - Customer relations management
 - Target group marketing
 - Development of the Berlin-Buch site

Quote from HOWOGE's corporate motto

"We guarantee affordable housing.

Economic responsibility

We are economically strong and use this strength to the benefit of our tenants.

Social responsibility

By means of energy-efficient renovation and by optimizing operating costs we provide clear cost benefits. As compared with others, our tenants pay much lower operating costs."

Ecologic responsibility

Perception of economic responsibility

- Responsible rental policy leads to a stable and social mixing of housing units
- Nearly half of the stock meets the requirements of appropriateness to German welfare conditions (Hartz IV)
- Low operating costs due to the progressive and forward-looking cost management
- Average costs for heating and hot water in 2008:
 - municipal housing companies: 0.85 €/m²
 - HOWOGE: 0.63 €/m²

Perception of social responsibility

- **Neighbourhood management:**
 - Projects for young adults from disadvantaged social conditions
 - Arrangement of and participation in street and neighbourhood festivals, sports and game events
 - Financial support of schools, daycare centres, clubs and social entities

Perception of social responsibility

- Development of its own **services:**

- mobile caretakers
- concierge services
- neighbourhood assistants



Perception of social responsibility

- **Home conditioning**, particularly for
- elderly people and people with disabilities:
 - walk-in showers
 - handrails, smoke detectors etc.
 - home conditioning catalogue
- Development of **alternative housing concepts**:
 - elderly people's living communities, particularly for people suffering from dementia
 - service apartment blocks, such as Volkradstraße 8



Perception of ecologic responsibility

- **Reduction of CO₂ emissions** by energy-saving improvement of buildings and energy management:
 - 108,000 tons between 1990 and 2006
 - 807 tons by refurbishing 475 rental units in 2007
 - 86 tons by refurbishing heating units in 2008
 - According to the **Climate protection agreement** with the State of Berlin, additional 8,000 tons shall be saved by the end of 2010

Perception of ecologic responsibility

- Operating costs for heating and hot water went down from 48 to 30 percent
- Species protection:
 - Installation of nest boxes on buildings to protect birds breeding on buildings to prevent the loss of species

Successfully implemented Green Economy projects

1. Erection of Germany's largest **low-energy residential high-rise building**
2. Installation of an energy-saving model apartment
3. Energy advice for tenants
4. Publication of a manual about how to save energy
5. Use of green electricity
6. Waste water heat recovery
7. Waste management

Successfully implemented Green Economy projects

8. Use of smart electricity meters
9. Ecological roof restoration
10. Use of photovoltaics
11. Installation of an air-water absorption pump
12. Equipment of all buildings with energy saving lamps
13. Display of energy passes in all residential buildings

Outlook

- HOWOGE remains a strong partner of Berlin, its districts and local citizens
- Citizens' involvement to the benefit of the urban community

In Focus:

- Further implementation of energy-efficient refurbishment and redevelopment projects as well as maintenance activities,
- Neighbourhood management,
- Environmental protection and
- Customer retention

...MEHR ALS GEWOHNT