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Boosting Funded Housing Using Innovative Ideas

Gerd Hebebrand, CEO of P+B Group, advocates going down unconventional paths

Funded housing, which has almost stagnated at a low level for years despite many funding programmes, requires new solutions. Project developers also have targeted ideas in this context.

If developers make advance payments voluntarily and without coercion and realise larger projects with several hundreds of apartments in funded housing, local authorities can support this and provide land for funded housing and accelerate approval procedures.

In return, developers get a "credit account" with funded apartments for projects in privately financed housing, which can then be "redeemed" for fulfilling the funding quota. From a purely model perspective, it would be like a quarter garage in which parking spaces for adjacent buildings can be provided.

From a project developer's perspective, this model corresponds with the proposal of a "social account" which was presented in the real estate newspaper, Immobilien Zeitung, on 13.02.2020 by Sigrid Wienhues, lawyer at the law firm Graf von Westphalen.

She notes that the "balance" between privately financed and funded housing can be established in a different location with the same legal certainty as the compensation for interventions in nature and landscape that has been practised for a long time.

To give these concepts even more power, residential quarters with many hundreds of units in purely funded housing can be realised in joint ventures of two or more developers. Joining forces across company boundaries results in synergies. Resources for project processing thus do not have to be provided completely but only for a few apartments. For example, urban

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and architectural planning and, above all, elaborate development plan procedures and the processing of funding applications which are often very different and complex depending on the region can be tackled together. Project implementation is then divided by construction sites, for example.

Those who now use the supposed "killer argument" of "formation of ghettos" through projects in purely funded housing construction misjudge two things: On the one hand, it is estimated that in most metropolitan areas almost every second household is entitled to a housing entitlement certificate. And this large social group is very heterogeneous – it not only includes low-income population strata, but also young families with children, single parents, pensioners, and, depending on the marital status, also administrative staff, daycare centre staff or nursing staff etc. – really a wide variety. On the other hand, it is overlooked that modern funded housing is of very high quality in terms of architecture, structural quality and energy efficiency due to the requirements and differs from privately financed housing only in terms of amenities.

Developers are ready for this offensive for funded housing, also in a concerted action in joint projects. The model provides a classic win-win situation for apartment hunters and local authorities on the one hand and investors and developers on the other hand. An from the legal perspective, such a model seems feasible as the lawyer explained.

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