Housing vacancy management in buildings made from prefabricated slabs in financial, technical and social terms

Summary

Research objective

At the moment, approximately 1.3 million flats are vacant in the new federal states due to migration, the demographic development and large-scale building of new flats. The housing vacancy is especially focused on the old parts of towns and on the residential estates with buildings made from prefabricated slabs. But with the restoration and gentrification of the old parts of towns the main vacancy focus shifts more and more to the residential estates with buildings made of prefabricated slabs. Especially housing companies that have to manage considerable financial strains as well as the remaining dwellers are affected by the housing vacancy.

Within the framework of the research project,
- the running costs in different vacancy phases,
- the view of the dwellers on life in districts with high housing vacancy as well as their willingness to co-operate within the framework of the vacancy management,
- the available practical knowledge in vacancy management as well as its social, technical and financial prerequisites and consequences

are analysed.

On this basis, strategies are shown how to manage the housing vacancy with as low as possible financial expenditure and social burdens.

Research undertaking

By means of examples, the research project deals with the practical knowledge of vacancy management. For this, conversations were held with representatives of housing companies in all new federal states. Deepening studies were conducted in the towns of Schwedt (Brandenburg), Leinefelde (Thuringia) and Stendal (Saxony-Anhalt). In addition, inhabitants of these three towns were interviewed on their experience with housing vacancy.

Results

The vacancy causes high costs for the housing companies. On the one hand, there are losses of rent, and on the other hand, funds for the operating costs and old debts for the vacant flats have to be raised. Thus, many housing companies get into serious financial difficulties. Housing vacancy above 15% threatens their existence. This proportion is reached in many residential estates with buildings made from prefabricated slabs. The vacancy is often even clearly still higher, especially in residential estates that came into existence in connection with East German industrial plants.

For economic reasons, the decrease of the vacancy costs is badly needed for the housing companies. The most effective measure to do this is the concentration of the vacancy and the shutdown of entire buildings. With a vacancy above 50% most housing companies strive for a building shutdown and start actively emptying the houses. With the shutdown running and operating costs can be reduced to a minimum. However, old debts have to be paid off furthermore. So far, debts can be written off only after the demolition of the house at the earliest.

The shutdown of residential buildings is not aimed at preserving them for future demand. Due to the ongoing population decline one can start from the assumption that there will not be such a demand and that the houses will be permanently vacant. The shutdown is the initial stage and preparation for the final demolition and partial debuilding so far. For this, development funds are provided within the framework of the programme "Town Reconstruction – East". At the moment, the period between shutdown and demolition of the houses is comparatively short. It becomes apparent that in view of the dimensions of the housing vacancy the financial funds will not be sufficient despite support. Therefore, the phases between shutdown and demolition will extend. However for cost reasons, most housing companies would then also strive for a shutdown even if they did not have any chance for demolition in the foreseeable future.

The demolition of residential buildings is carried out in all areas on the basis of town development plans. To assess them was not subject of the research. But as per our results, it speaks more for an area-wise demolition on the estate's periphery than for the removal of single houses or house blocks. Thus, the cohesion and structure of the residual estate are better preserved. Furthermore, with "thinning out" the estates fallow areas arise there, which are not assigned to be utilized, or the arrangement and maintenance of which incur additional costs. However, the removal of single house makes sense in formidably condensed areas in order to improve the housing quality for the surrounding buildings.

In the meantime, there is wide practical knowledge about carrying out demolition and partial debuilding (horizontal levelling down of storeys or vertical removal of building segments). The methods are tried and tested as well as technologically optimised in such a way that both can be realized mostly in short periods. The costs for the complete demolition of residential houses are generally lower here than the ones for a partial debuilding. Here, in addition to the higher debuilding costs extensive costs for renovation and modernization for the remaining stock are also incurred. They are partially more expensive than the ones for a normal restoration and cannot be refinanced by the rents either. Nevertheless, partial debuilding measures are also taken in many residential estates because dwellers can be tied to the area and new prospective tenants be won. But due to the high costs this is mostly possible only selectively.

In connection with the demolition and the debuilding of residential houses the reconstruction of the technical infrastructure, especially of the supply and disposal pipelines for heating, water and sewage, is almost always necessary. Also from this point of view, the systematic area-wise demolition from the estate periphery is the most effective way since the pipelines have mostly to be cut only. If houses are demolished in the midst of residential estates an increased conformity demand arises since pipelines have to be re-laid and the surrounding buildings be integrated again into the supply system. The measures are especially cost-intensive because the pipelines were used to be laid through the basement passageways of the residential houses.

The willingness of the still remaining dwellers to co-operate is an important condition for a successful housing vacancy management. The majority of them has been living in these residential estates for many years and feel themselves deeply rooted there. For most of them it is difficult to move out of their flats if the house is scheduled to be demolished and shut down. But they also experience the housing vacancy mostly negatively and feel interfered with their housing quality by it. Thus, after initially very emotionally charged protest the housing companies now meet with the tenants' approval if the vacancy

should be concentrated and the houses be demolished. However, the acceptance has risen where, first of all, the positive effects are easy to recognize and the image of remaining estate parts are upgraded. It is very important that the own housing quality improves by moving. That was almost always the case so far. This experience has got about. So, despite all strains most tenants are mostly willing to co-operate if they are offered with adequate substitute flats and, apart from this, supported by a good move management.

Move management is a new task field for housing companies in which they have already gained much experience and act very successfully for the most part. They want to keep the tenants with them as satisfied customers and, therefore, support in the best way possible if the latter have to move out of their familiar flat. First of all, that takes financial support, but also practical aids and a good care during the preparation and implementation of the move. Suitable manners of communication and public relations work, goodwill in contractual issues as well as the possibility for the tenants to have a say in getting the new flat ready are also important. A good move management is also important for business management reasons. Emptying the flats makes only sense if 75% of the dwellers in shutdown houses can be removed in other vacant flats in stock. Most companies succeed in doing this. That speaks for their good move management. The high rate of satisfaction amongst the dwellers after having moved completely underlines this. But along with the intensive work the housing companies have to invest also considerable resources into the move management.

Missing substitute flats in many residential estates are the reason for slowing down the process of emptying the houses. Actually, many flats are vacant but with regard to size, situation and restoration state they do not correspond to the demand. Since predominantly older and therefore small households remain in the residential estates with buildings made from prefabricated slabs especially two- and small three-room flats on lower floors are looked for. The number of such flats is limited at the outset. In addition, the tenants ask for flats that are restored or partially restored at least. Non-restored flats are hardly accepted as intermediate flats. But many housing companies are not in a position to get enough ahead-of-schedule restoration because they lack the resources for it.

Thus, in the end the financing is the key issue of the housing vacancy management and for demolition and debuilding:

- As per the existing planning the financial support for demolition is scheduled up to 2009. This much is certain that one will not be able to demolish then the whole surplus stock on the basis of the resources at disposal.
- Due to the tense budget situation it is difficult for many local authorities to raise the necessary own funds for subsidies to upgrade the state of the residential estates since the adjustment of the technical infrastructure has also to be paid with them.
- The housing companies do not have enough equity capital resources to modernize their remaining stock. That is intensified by the missing old debt relief.

Even if the subsidies are further increased the situation will not change fundamentally.

That means that the housing vacancy will accompany the residential estates with buildings made from prefabricated slabs in many years to come. Because of the age structure of the dwellers living there today a new vacancy wave is even expected from 2015 on. Therefore, an effective vacancy management, i.e. the vacancy concentration and the shutdown of entire houses will remain an important task for the housing companies in future since otherwise the costs for the housing vacancy cannot be kept under control.

But new tasks also arise in addition to that. If house and entire blocks of houses are vacant for some time one has to analyse where it is as compatible as possible for the residential estates and neighbourhoods. Plans are necessary to decide which residential area parts (if necessary, also whole residential estates) should be given up and which core stocks be kept. Demarcated areas for the vacancy have to be determined and organized. The current emptying and demolishing strategies have to be aimed at that. High-standard restorations as well as the expensive partial debuilding should be reserved for the core stocks. In the other areas the current rentability can be ensured with cost-intensive measures and at the same time the option for a later demolition be kept up.

In addition to the demolition as the "big solution" for the vacancy elimination, other measures should also be checked that could reduce the housing vacancy partially. This includes the putting together of flats and modifying the floor plans as well as utilizing the flats for other purposes. Although floor plan modifications are not just easy in residential estates with buildings made from prefabricated slabs examples demonstrate that it is nevertheless possible in even considerable numbers. Such models can also be transferred to other residential estates with great certainty. To organize the exchange of "best practices", e.g. in a data bank, would contribute to better exhausting such possibilities.