Rising rents in Germany plunge many into poverty

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In addition to skyrocketing food and energy prices, rising rents are driving more and more people into poverty. The high rents are already unaffordable for millions. The proportion of affordable housing and social housing on the housing market is falling rapidly. In 2025, there will be a total shortage of 700,000 apartments nationwide, with the trend growing.

Not even two years after the coalition government's grandiose promise to build 300,000 new apartments and 100,000 social housing units annually, new housing construction has almost come to a standstill due to high interest rates and the profit lust of the housing corporations. The result is rapidly rising rents in a heated housing market.

According to the Federal Statistical Office, 58 percent of the population living in almost 20 million single- and multi-person households (so-called "main tenant households") had to pay an average of 27.8 percent of their net household income in rent last year. For 3.1 million households, rent even swallowed up at least 40 percent of their income.

The limit for "affordable rents" (30 percent mark) unanimously invoked by politicians and associations is pure eyewash. It says nothing about disposable income after deducting housing costs and has "socially unacceptable effects," according to the Berlin Tenants' Association. A rent of 30 percent of income is perhaps still manageable for a household with two low-earning adults. But after deduction of rent costs, families with more than three children would not even be left with the minimum welfare rate per head at their disposal.

Because of the lack of affordable housing, some 8.6 million people (10.5 percent of the population) were jammed into overcrowded apartments in 2021.

Single parents and families suffer the worst from the housing shortage. In 2021, nearly one in three families with at least three children and 28.4 percent of single parents lived in overcrowded housing. In addition, 11.9 percent of single people lived in apartments that were too small. Among other households without children, the overcrowding rate was 6.5 percent.

A comparison between urban conurbations and the countryside shows that the overcrowding rate in larger cities is disproportionately high at 15.5 percent. In smaller cities and suburbs, 8.6 percent of the population live in apartments that are too cramped and in rural areas that figure is 4.9 percent.

In Lower Saxony, with its 8 million inhabitants, there was a shortage of 100,000 apartments. In North Rhine-Westphalia's metropolitan areas along the Rhine, rents rose more sharply in 2022 than on average over the past 10 years, despite the rent cap in force there. In the Berlin-Brandenburg conurbation, with its more than 5 million inhabitants, in 2019 there was a shortage of 345,000 apartments for one-person households alone, according to a report by the Berlin Senate (state executive).

Certain population groups are particularly likely to be affected by the housing shortage. For example, nearly 18 percent of minors are crammed into apartments that are too small.

Among older people aged 65 and over, the figure is only 3 percent, but this says nothing about their household situation. Pensioners, widowed or divorced people and single parents in particular often face the insoluble problem of not being able to rent a smaller, less expensive apartment on their reduced household income because there are simply too few of them.

Behind the statistical figures lies the struggle for sheer survival.

Social welfare organizations and food banks are sounding the alarm and reporting an almost unmanageable rush of people in need, many of them pensioners and families. They cut out even the most basic necessities and sometimes go hungry in order to be able to pay the monthly rent and provide for their children.

As early as 2021, the VdK social association had warned: "Those who are widowed often fall into poverty. Older women living alone are financially overwhelmed by the rising rents. But they also cannot move into another apartment because there is no affordable housing. Out of

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shame, they do not apply for basic benefits, and the poverty spiral continues. We are talking about old people who have to save on food and medication because of the high cost of housing."

Klaus-Dieter Gleitze of the Lower Saxony State Poverty Conference warns, "The poor are partly resigned, frustrated, are busy with bare survival in the meantime, because they have to worry about how they can even heat or feed themselves." The fear of social decline has also reached into the middle social layers of society.

Hundreds of thousands of students are affected by the same existential worries. Without the support of well-earning parents, the overpriced rooms in shared flats or student dormitories can hardly be afforded. Jobs alongside studies are often underpaid. There remains hardly any money for food or even books. "Neither basic subsistence payments nor housing allowance or student loans have been adjusted by the federal government to the actual costs of rent, energy and food," criticizes the Paritätische Wohlfahrtsverband charity umbrella organisation.

In the Berlin state executive, where alternating coalitions of Social Democrats (SPD), Left Party, Greens and Christian Democrats (CDU) have systematically organized the housing shortage for 25 years, it has long since reached better-earning layers. In 2021, more than half of Berliners voted in a referendum for the expropriation of large housing corporations like Vonovia. Nevertheless, the (now outgoing) SPD-Green-Left Party state coalition under Franziska Giffey (SPD) refused to implement the decision. Giffey, the future building senator (state minister) in the new Berlin government, has made it clear she will continue to ignore the referendum.

As is the case throughout Germany, the state government in Berlin has failed to implement its promise to build new housing. While too little affordable housing is being provided, thousands of social housing units are falling out of social provision and are being transferred to the general, overpriced housing market.

In Berlin, the number of social housing units fell from 115,000 to 96,000 in five years. Nationwide, 3 million social housing units were still available in the early 1990s; now there are only 1 million.

Increasingly, people are giving up their homes completely to live on campsites. According to housing researchers, camping vans (RVs) instead of apartments, as is familiar above all in poor regions in the US, could also become "the new normal" in Germany.

Last year, according to the German government, at least 37,000 people lived on the streets and another 263,000 people, including many refugees, had no place of their own and lived with friends or in emergency shelters. The number of unreported cases is many times higher. Housing associations speak of up to 417,000 people without their own home.

To counter the extreme housing shortage, the head of the Pestel Institute, which specializes in the real estate sector, Matthias Günther, is calling for the creation of a special "social housing fund" of €50 billion throughout Germany.

But the federal government will not sacrifice a single cent to counter the massive decline in new construction plans and investments in social housing. While investors are withdrawing from housing projects (for normal earners) because construction costs have risen so sharply, Federal Construction Minister Klara Geywitz (SPD) tries to talk her way out of it with the excuse that "politics" has little influence on such circumstances as "high material costs, supply bottlenecks, high interest rates—triggered by the coronavirus pandemic and the Ukraine war."

Of course, that is a lie. The federal coalition government, which single-handedly spent hundreds of billions to "rescue" the financial industry and large corporations during the pandemic and now arm the Bundeswehr (armed forces), is not investing billions into distressed social housing, education or other socially relevant areas. Instead, Federal Finance Minister Christian Lindner and his government colleagues, who categorically reject tax increases for the rich, are looking for ways to save €70 billion in order to comply with the debt ceiling.

While the cost of living is exploding, the employers' associations, with the support of the unions, are imposing pay freezes and cuts in real wages across the board, as is currently the case at Deutsche Post and in the public sector. The scale of the social crisis will lead to fierce class struggles, as in France, where millions have been protesting for weeks against pension cuts.

The struggle for affordable and adequate housing must be based on this. It can only succeed if it is led by an independent working class movement and advocates a socialist program that includes expropriating the rent sharks without compensation.

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