

Die zweite Miete

Strategien zur Eindämmung der Betriebskosten
insbesondere in großen Wohnanlagen der 60er und 70er Jahre

The Second Rental Payment

Strategies to keep down overhead costs -
Especially in the case of the large housing estates of the 60's and 70's.

- English Abstract -

2008

Prof. Dr. Rotraut Weeber
Dr.-Ing. Hannes Weeber
Dorothee Baumann, M.A.
Dipl.-Ing. Simone Bosch-Lewandowski

This abstract is based on a study which was grant-aided by
the Federal Ministry of Transport, Building and Urban Affairs (BMVBS), represented
by the Federal Office for Building and Regional Planning (BBR), Bonn.
Sole responsibility for the content of this report rests with the authors.

WEBER+PARTNER

Institut für Stadtplanung und Sozialforschung
- Planung und Forschung im Bauwesen und Städtebau -
Mühlrain 9 70180 Stuttgart Tel. 0711 / 62 00 93 60
wpstuttgart@weeberpartner.de
Emser Straße 18 10719 Berlin Tel. 030 / 861 64 24
wpberlin@weeberpartner.de
www.weeberpartner.de

English Abstract

of "Die zweite Miete. Strategien zur Eindämmung der Betriebskosten insbesondere in großen Wohnanlagen der 60er und 70er Jahre"

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The Research Project

A high "second rent" is burdening resident's budgets and impairing the rentability of housing assets. The sharp increase in overhead costs has become a social, economic and housing industry problem. How and with what success the companies involved could lower overhead costs or at least keep them in check, has become a key question for the rentability and social stability of housing estates. This research project brings to light the complex problems of the different types of costs and the factors that affect their levels and also identifies strategies that can be used to effectively confront the problem.

Besides an evaluation of the relevant literature, a number of our own inquiries form the main part of this research project. These inquiries served to gather solution-orientated knowledge and experience from practice, which could be used to work them through. Of particular interest was, how much of a difference there is between different companies and housing assets and each of their diverse overhead costs. In order to analyse the variation in the costs in more depth, data from an overhead cost benchmark provider and the overhead cost data from the housing assets of two big Berlin housing providers were evaluated. Extensive interviews with experts presented causes for high and low costs respectively, as well as effective strategies to do with cost management on this topic. Our respondents came from housing providers, housing industry organisations and housing industry service providers.

Many Reasons to Save on Overhead Costs

- ▶ **Competitiveness:**
Providing that one is indifferent to the quality of service provided, saving on overhead costs strengthens competitiveness between companies.
- ▶ **Constitutional and Socio-Political Impact:**
In market regions with a housing surplus, a correlative vacancy rate becomes imminent when the housing costs are no longer affordable and competitive.
- ▶ **Public Interest:**
As a topic of public interest it impacts above all on the potential for the saving of energy and the preservation of resources involved. Energy efficiency has become highly important topic in today's politics.

- ▶ **Consumer Interest: Transparency of Structural Energy Characteristics:**
With the introduction of the energy pass, the energy performance of a building has also become an important market factor for proprietors and vendors of residential property.
- ▶ **The High Rise in Overhead Costs:**
Overhead costs – due particularly to the inflation of energy prices and the increased price for supply and disposal – have continued to rise steadily over the past few years and have more recently become rapidly expensive.

Strategies and Courses of Action

In the face of high overhead costs, housing providers are trying all kinds of remunerative measures to lower them. The problem has become so significant, that they have had to concede to it becoming a matter of top-importance. Standards have therefore also increased and changed. Previously, overhead costs were often only perceived as an administrative task, in particular to legally add the incurred costs up together with the rent. Today, the monitoring and management of overhead costs has become a fastidious task, one that is increasingly being seen in a much more professional light.

For housing providers, overhead cost management is no one off project, but instead a long term field of work. Whereas some companies are already classed as "overhead cost pros", others are only just starting to amplify their efforts to confront the facts of overhead costs. Overhead cost management has become a challenging long term task, with which the companies can strengthen their market position and competitiveness. This also requires apt work capacities grounded in all the different company divisions. Technical development is marching rapidly forward, resulting in potentially more new overhead cost savings, as well as alterations in fees, prices and markets. And with that also changes in the assessment of costs and the use of provisions.

The spectrum of approaches for the control and saving of overhead costs is broad:

- ▶ Improvements to the energy performance of buildings: Renovation and modernisation, building services.
- ▶ Contract management for the optimisation of expenditure and prices.
- ▶ Provisions for influence over resident usage and consumption behaviour: User-pays measurement and billing, information, active occupancy policy.
- ▶ Provisions to strengthen the acceptance of overhead costs with the tenant: Information and Service.
- ▶ Integrated overhead cost monitoring, management and benchmarking.

Investment measures taken in relation to buildings and technical systems are moving to become the focus of efforts, after the exhaustion of possibilities in other areas. The problem is, that the investment in comprehensive renovation needed to result in the reduction of energy consumption and overhead costs, is of mostly no return to proprietors themselves. Hence the greatest capacity, to push for savings on energy and overhead costs though energy efficient modernisation (also in the case of rental property assets), lies with government policies, which further extent influences in this area.

How to quote:

Weeber+Partner: Die zweite Miete. Strategien zur Eindämmung der Betriebskosten insbesondere in großen Wohnanlagen der 60er und 70er Jahre. English abstract of the study. Stuttgart 2008.

The study "Die zweite Miete. Strategien zur Eindämmung der Betriebskosten insbesondere in großen Wohnanlagen der 60er und 70er Jahre" has been aided by grants from BMVBS, the Federal Ministry of Transport, Building and Urban Affairs, represented by the Federal Office for Building and Regional Planning (BBR). The content is the sole responsibility of the authors only.

The main report contains about 144 pages.

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