

GERMANY

Organisation: Deutscher Mieterbund, DMB, German Tenants' Association

Rapporteur: Heike Zuhse

E-mail: heike.zuhse@mieterbund.de

Tenure structure, in % of total stock (2013)

Owner occupied housing: 45%

Social rental: 4%

Private rental, market rent: 51%

Initial rent – free or regulated?

Initial rents can be freely negotiated and agreed upon when a new tenant moves in.

But, the rents are limited to reference-rents in the official lists of representative rents, rent mirror, or *Mietspiegel*.

However, the landlord can be fined, if in a time of limited housing accommodation (tight housing markets), he/she demands rent in excess of 20% above the rent charged for comparable premises.

Since 2015 there is a new cap, a ceiling, which limits rent increases for new leases in the private rental market, called *Mietpreisbremse* - rent brake. As of June 2015 the Federal States can set up a capping limit for rent increases.

The capping limit for rent increases only applies to tight housing markets, which have to be determined by the Federal States. The rent increase may not exceed 10% of the reference rent customary in the locality. The *Mietspiegel* serves as a benchmark for possible increases. The first renting of newly constructed dwellings will however be excluded from this regulation. The capping limit now applies in almost 300 cities.

Can tenants challenge the initial rent? Yes, in District Court, if the rent is too high, as described above about the *Mietpreisbremse*.

Rent increases

For the first 15 months, the rent cannot be increased.

Then, at the earliest, 1 year after the last rent-increase, in writing.

Rent increases for sitting tenants are limited, capped, by the *Kappungsgrenze* - capping limit for rent increases in existing tenancies.

The landlord may demand approval of an increase in rent up to the reference rent customary in the locality. And the rent may not be raised by more than 20% within 3 years.

Rent increases in regions with ‘a tight rental market’

Since 2013, the Federal States are legitimized to determine regions *with a tight rental market* in which the rent in existing tenancies may not be raised by more than 15% within 3 years.

Renovation measures or changes in operating costs are exempted from this regulation.

As of today, eleven Federal States have determined areas, where the capping limit for rent increases in existing tenancies is reduced to 15%.

Motives for rent increases?

Yes, but only according to the official lists of representative rents = rents according to the *Mietspiegel*.

The landlord can also increase the initial rent if he/she would like to renovate/modernize the house, in order to save energy for example. The landlord may increase the annual rent by 11% of the costs he has incurred for the apartment.

Challenge rent increases?

Yes, with the District Court, if the increase is too high. The Deutscher Mieterbund can represent the tenant, and it is then free of charge if the tenant has an insurance that covers legal expenses.

Duration of leases

Unlimited leases, in time, are the norm.

But, a tenancy agreement may be concluded for a 'limited' or 'unlimited' period, and the landlord and tenant negotiate this term between themselves. However, unlimited terms are the norm.

Limited contracts can only be limited terminated for very good reason e.g. that the landlord will, at the end of the contract, need his property for himself or his family or that renovations will be done at expiration. There is no maximum period for 'limited' agreements.

Any contract that lasts more than a year must be in writing.

Notice periods

For landlord: Between 3 to 9 months - depending on the historical length of the lease.

For tenant: He/she must generally give 3 months' notice.

Security deposit

The security deposit must not exceed 3 months' rent.

The deposit must be paid directly into the landlord's savings account, with interest rates common for such savings accounts, and with a 3-month termination period.

Landlord should return the deposit upon leaving the flat, when handing in the keys, or at a maximum within 6 months.

Problems? Yes, it is difficult for German tenants to get their deposits back. Because if the landlord does not release the deposit, the tenant has no choice but to raise a formal claim for repayment.

Dividing the costs for energy efficient modernization

The landlords are able to increase the rent annually to the amount of 11% of the costs for modernization. To prevent households with low and middle incomes from having to move out due to high rent increases, it is very important that rent increases should be reduced after energy renovations and modernization.

The ministerial draft of a second tenancy law amendment provides that the apportionment to the tenant of costs for energy efficient modernization measures shall be reduced from 11% to 8%.

Within a period of 8 years' rents should increase at most 3.00 Euros per m².

Tenants, who have to pay more than 40% of their income for housing after modernization, can invoke a case of hardship regulation.