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Gas shortage and price explosion:

9-point plan of „Deutscher Mieterbund“ for more legal certainty & relief for tenants

Gas and oil prices are at record levels and many energy suppliers have significantly increased their tariffs in the first half of 2022. With the declaration of the gas emergency plan alert, further increases are imminent, especially if the price adjustment mechanism of the Energy Security Act is implemented - because then the price jumps on the gas market can be passed on directly to the end consumers. The absolute majority of tenants use gas as heating energy and would be directly affected by the tariff increases - either through an immediate contract adjustment for gas floor heating systems¹ or in the context of the service charge settlement through increased advance payments or additional payments to the landlord. This scenario looms if the Federal Network Agency determines a significant reduction in the volume of gas imports and is realistic with the planned maintenance and feared throttling of the Nord Stream 1 gas pipeline from 11 July 2022. Tenants are already facing a doubling of their gas bill for 2023². The consequences of an immediate market price adjustment regardless of the type of contract (long-term, price guarantee) and over several months are incalculable and must be legally regulated and socially cushioned: For example, no one should lose their home if the costs of the price adjustment cannot be shouldered immediately or the additional payments cannot be settled within 30 days. Legislation must also ensure that the costs passed on in the course of the price adjustment clause are regulated, as otherwise there is a risk of social distortions. An additional relief package should in particular address tenants who are overburdened by their housing costs, which includes about half of all tenant households in German cities.

The German Tenants' Association (Deutscher Mieterbund) therefore demands immediate measures from the traffic light coalition:

Notice moratorium

What is urgently needed is a moratorium on terminations, which ensures that no one may be terminated who cannot pay their service charge bill or high price adjustments on time because of a sharp rise in heating costs. At least six months' time must be given to tenant households to settle their energy debts, as 30 days is completely insufficient in the case of a doubling to quadrupling of the gas bill.

Preventing electricity and gas disconnections

The social and economic consequences of energy disconnections can be devastating for those affected and are unacceptable during the heating season. For this reason, energy debts must be avoided and energy disconnections prevented. Energy freezes should be completely suspended for the duration of the energy crisis.

Make landlords more accountable

In the context of possible price adjustments, landlords must provide their tenants with the tariff adjustments and bills with the respective energy suppliers without being asked to do so, as landlords are usually also contractual partners. A blanket reference to increased energy costs is insufficient and should be legally excluded. In addition, landlords should provide evidence of economic efficiency and

transparently explain why they did not make use of their special right of termination in the context of the price adjustment of the Energy Conservation Act. Likewise, landlords must be legally obliged to take efficiency measures such as optimising the heating system, which can effectively and quickly save 15 % to 20 % energy.

Protect tenants from massive tariff adjustments & change price adjustment law

Exploding market prices must not be passed on 1:1 to tenants. A gas price cap, which only allows price increases up to a certain point, can legislatively prevent end-customer prices from rising immeasurably. Against the background of the increases that have already occurred and the imminent doubling of gas bills, it is urgently necessary to introduce a price cap. Moreover, tenants are facing cost increases that will last for months, if the price adjustment mechanism were to be activated as early as summer - i.e. before the start of the heating period from October to April. The fact that energy suppliers can pass on their purchase prices to the end customer across the board and in full, regardless of how the company's solvency is affected, seems disproportionate and open to abuse. Energy suppliers should also immediately reduce their tariffs when the gas supply situation has improved, instead of insisting on doing so for 4 weeks. In addition, energy suppliers should only be allowed to increase their prices after four weeks instead of one. Further price adjustments should only be allowed after three months.

Permanent heating cost subsidy for all low-income households

Tenants who can no longer pay the high energy costs out of their own resources need state support in the form of permanent heating cost subsidies, at least for the duration of the energy crisis. Because in the lowest income decile only a good half of the households receive social transfers. The monthly subsidies should be paid across the board and tax-free, especially for low-income households, and should also include pensioners, students and trainees.

Increase housing benefit - include energy costs & implement climate component

The calculation of housing allowances must be geared to the real costs of those affected. This includes that the basis for calculating rents becomes the local comparative rent instead of the average rent of all housing benefit recipients locally. The maximum rent amounts may only be reduced if local rents actually decrease. The real energy and heating costs must be taken into account when determining the rent to be taken into account or the maximum amounts, for example through a dynamic heating and energy cost component differentiated by energy source. The climate component of the housing allowance, which has been discussed for years, must finally be introduced so that the significantly higher rents for energy-efficient housing are adequately subsidised.

Suspend CO2 price in the rental housing sector

Tenants are penalised several times over by the CO2 levy. Even now, the heating costs in an energetically poorer residential building are on average more than twice as high as in an energetically good one. The CO2 pricing in its current form widens this gap considerably at the expense of those tenants who cannot afford a flat in an ecological house with a climate-friendly heating system. The additional costs due to the CO2 levy for an average flat in a multi-family house amount to about 67 euros (gas) or 98 euros (heating oil) per year in 2022 and rise to 125 euros (gas) or 180 euros (heating oil) by 2025. Up to now, 100 per cent of the CO2 costs have been passed on to the tenants, which means that the effect of CO2 pricing in the rental housing sector is lost. From 1.1.2023, landlords are to share in the costs proportionately, but the CO2 price component, which encourages energy-efficient renovation, accounts for less than 5% of the total heating costs. How this is supposed to have an incentive effect on landlords remains completely unclear. The division of the CO2 price into

stages has not yet been taken into account, so that the landlord's real share of heating costs according to the stage model is more likely to be 2.5% or less on average.

Nationwide rent freeze

Both existing rents and rents for new leases have been rising massively for years, and by 2023 at the latest there will be additional payments of 2 months' rent and more. Therefore, tenants must also be protected from further increases in (cold) rents, as the housing cost burden limit has already been exceeded for many households. The minimal lowering of the cap from 15 to 11 percent in tight housing markets, as provided for in the coalition agreement, has so far neither been implemented nor been sufficient to protect tenants in Germany from ever-increasing rents and the associated enormous housing cost burdens. In order not to overburden tenant households even further financially, rent increases in existing tenancies must be more strictly limited for 6 years, differentiated according to housing markets. In addition, the rent brake must be tightened up considerably and apply nationwide. The sanctioning of usurious rents and the exclusion of index-linked rental contracts in new and re-letting must also be implemented by law.

Increase the social housing stock to 2 million by 2030

The housing construction targets of the traffic light coalition in this legislature - 400,000 new flats per year, 1.6 million flats by the end of 2025 - are in danger of failing miserably, as less than 300,000 flats were already completed in 2021. Whether the planned 100,000 subsidised flats per year will ultimately become social housing remains unclear. However, since around 65,000 social housing units fall out of the binding each year, the public housing stock urgently needs to be increased in order to secure affordable housing in the long term. This means that the stock of social housing must increase from the current 1.14 million to at least 2 million by 2030. To achieve this, 100,000 new social housing units must be built per year and price and social commitments must be created for 75,000 existing units. The introduction of a new non-profit housing scheme announced in the coalition agreement must take place immediately.

1 About 10 % of all flats have gas heating. Cf. BDEW: Wie heizt Deutschland 2019? BDEW study on the heating market, link.

2 The average gas price for households in apartment buildings doubled by April 2022 compared to the previous year, from 6.47 cents/kWh to an average of 13.26 cents/kWh. This means that tenants' heating costs will roughly double for the same gas consumption. Namely from about 71 euros a month to 147 euros, or from 852 euros a year to 1764 euros with a consumption of about 13,300 kWh/year.