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**ЕКОНОМІКА ТА УПРАВЛІННЯ НАЦІОНАЛЬНИМ ГОСПОДАРСТВОМ**

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УДК 351:322.8(430)

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**THE GOVERNANCE EXPERIENCE OF HOUSING SERVICE IN GERMANY**

**Abstract.** *The article analyzes the experience of reforming the housing service (HS) in Germany. It is shown that the purpose of reform is development of competition in the industry and successful balance between public and private interests in this area. The state passes the appropriate laws and regulations, subsidies for energy and resource saving technologies, allotment of assistance to low-income families. It is noted that the delegation of authority to local governments in the housing and utilities sector and the development of competition between the companies have led to the improvement of the quality and diversity of service accordance by housing and communal services.*

**Keywords:** *the German experience, reforming the governance of HS, improvement of service quality, satisfaction of customers' needs.*

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**ДОСВІД УПРАВЛІННЯ ЖИТЛОВО-КОМУНАЛЬНИМ ГОСПОДАРСТВОМ У НІМЕЧЧИНІ**

**Анотація.** *В статті проаналізований досвід реформування системи управління житлово-комунальним господарством (ЖКГ) у Німеччині. Показано, що метою реформування став розвиток конкуренції та вдале поєднання державних і приватних інтересів в цій галузі. Держава залишила за собою прийняття відповідних законів і норм, субсидування енерго- і ресурсозберігаючих технологій, надання адресної допомоги малозабезпеченим родинам. Відзначено, що делегування повноважень органам місцевого самоврядування у житлово-комунальній сфері і розвиток конкуренції між її підприємствами призвели до підвищення якості і різноманітності надання послуг ЖКГ.*

**Ключові слова:** *досвід Німеччини, реформування управління ЖКГ, підвищення якості послуг, задоволення потреб споживачів.*

**ОПЫТ УПРАВЛЕНИЯ ЖИЛИЩНО-КОММУНАЛЬНЫМ ХОЗЯЙСТВОМ В ГЕРМАНИИ**

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**Аннотация.** *В статье проанализирован опыт реформирования системы жилищно-коммунального хозяйства в Германии. Показано, что целью реформирования стало развитие конкуренции и удачное соединение государственных и частных интересов в этой отрасли. Государство оставило за собой принятие соответствующих законов и норм, субсидирование энерго- и ресурсосберегающих технологий, выделение адресной помощи малообеспеченным семьям. Отмечено, что делегирование полномочий органам местного самоуправления в жилищно-коммунальной сфере и развитие конкуренции между её предприятиями привели к повышению качества и разнообразия предоставления услуг ЖКХ.*

**Ключевые слова:** *опыт Германии, реформирования управления ЖКХ, повышение качества услуг, удовлетворение потребностей потребителей.*

**Background research.** *Overly centralized power in Ukraine caused the inhibition of political, economic and social life. Decentralization of power involves the increasing role of local government, which also depends on reforming the housing and communal services (HCS) and meets the immediate needs of the population. Market power constrains public services to improve living conditions in cities. Reforming the housing and communal services in Germany, which was based on a rational combination of centralization and decentralization gave positive results. This practice should be used in Ukraine.*

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**Problem definition in general.** Ukraine has a cumbersome and inefficient system of the governance of HCS, the companies of which have a monopoly in this area and do not use the opportunities of saving resources. Germany differs in the scale of HCS modernization programs and in a competitive and successful balancing between public and private interests. Its experience requires detailed analysis to implement the most effective ideas in the process of reforming HCS in our country.

**Analysis of recent research and publications.** The works of H. Akchurin, V. Heyts, A. Hrohorovych, I. Zapatrina, I. Lunina, O. Mylova, Ye. Momot, V. Fedosov, I. Chuhunova and others are devoted to the problem of reforming HCS in Ukraine. In their writings, they reviewed and analyzed various models of HCS in some countries.

**Assignment of the unexplored parts.** The question of adaptation the German experience of governance development of HCS to Ukrainian realities have not yet found its full reflection in the works of local authors.

**Main problem definition.** The main objective of this study is to determine the ways of the governance reforming of HCS in Ukraine by analyzing German experience.

**The main research presentation.** In modern Germany the role of state and local governments in the governance of HCS is efficiently combined. The state makes the laws and establishes the rules under which all market participants take part, necessarily taking into account the opinion of the Union of homeowners. The State also subsidizes energy saving materials and construction technologies, providing targeted assistance to low-income families. The existence of the state program of energy efficiency in the housing sector has allowed banks to lend to the participants of the program under privileged conditions. The local governments solve the entire problems of HCS sector.

To understand the roots of reforms in housing and communal services in Germany let's consider them in historical perspective. In the GDR buildings and land were in people's property. Under these conditions, the state invested in the housing sector by renting apartments to the population and providing them with minimal housing. Maintenance and repair of buildings were performed by communal companies. After the unification of East and West Germany the agreement on the distribution of land between the federal, municipal and local levels was signed. Under this agreement the housing stock was transferred to the ownership of municipalities.

The analysis of housing stock in East Germany in the 90s of the twentieth century showed that its improvements needed a lot of money. For example, only the energy needed readjustment of 70% of existing dwellings. The government developed a national concept of dwellings comprehensive readjustment. The sociologists were involved to explain the facilities for citizens of the need for such work. For example, updating a building of 11 floors was conducted for 5 days with 8-hour mode without relocation of tenants. Public services were provided during the evening, night and morning hours. Remediation of the building included the modernization of technical equipment but without its alteration, repair of facades, entrances, etc. Moreover, all rehabilitation measures aimed at saving energy were divided into two groups: the energy required and energy optional. The first included: insulation of roofs, attics, basements, facades; replacement of windows and balcony doors; upgrade of heating, hot water and ventilation. The second: waterproofing of roofs; replacement of equipment; revetment the kitchens and bathrooms with tile; upgrade of power supply system; update of apartment doors and others. According to German law windows of residential buildings are common property and insulating glass installation was carried out for the entire home. At the entrance of residential buildings were installed motion sensors that automatically turned on light. Experience of rehabilitation of residential buildings in East Germany showed that energy saving ranged from 30 to 50% (depending on the insulation material) [1].

In the early 90's the HCS management in municipalities started to create by residential and residential construction companies that had the status of limited liability. They got into the ownership of land, buildings, structures and became subsidiaries of municipalities. During the course of reform in Germany almost the entire HCS sector was privatized.

Now 82.0 million German citizens live in 40.1 million apartments with total area of 3.46 milliard m<sup>2</sup>. 50% of all apartments are in buildings with one or two apartments, 39.5% – in homes with the number of flats less than 13, 10.5% – in homes with the number of apartments more than 13. It's per capita

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40 m<sup>2</sup> of living space for one resident in Germany. 39.4% of households consist of one person, 33% – of two people, 26, 6% – three persons, 1% – four or more persons. Today in Germany entities that rent housing for rent owned 8.93 million apartments, private owners who live in their apartments – 16, 77 million apartments, private owners who rent houses for rent – 14, 4 million apartments [2].

The legislation, methodology, financial aspects the Ministry of Construction, housing and transport with land administration coordinate and improve the processes of transformation of housing and communal services field. The purpose of HCS reform has been the development of competition among enterprises. For this demonopolization and joint-stock of companies was done, which in the pre-reform period were state-owned and provide HCS with electricity, heat, gas. Service providers were selected on a competitive basis, which was confirmed by relevant legal norms.

Also there was the construction of efficient system of municipal government. Water supply and sewerage were committed by the companies that were organized at regional districts. To win the competition, they began to provide customers with multi-utilities, including essential services of the removal and disposal of garbage, telecommunications equipment management, cleaning house areas, landscaping and more. Today, these companies have a holding structure, divided by type of activity. This allows to transfer funds from a successful activities to the less successful, but socially important. In modern Germany municipal ownership of housing is reduced through the sale of buildings and land to housing companies. Most municipalities have a controlling stake in these companies and have a supervisory board which affects the housing strategy.

HCS companies conduct an updated calculation of consumption of services and improve control over payments. The movement of financial flows is transparent and each user has the ability to control the revenues and costs of HCS companies electronically. Germany moved from social assistance to the population by utilities to addressing subsidies. Subsidies are assigned to low-income families, depending on the size of their income on the principle, according to which the rich help the poor instead of using together the low pay scale.

Increase of the quality and range of housing and communal services leads to an increase in their cost and the transition to payment for services rendered by their actual consumption. Population saves resources and sets counters. During rehabilitation of facades (insulation, mesh, plaster, paint) the thick layer of insulation is used which allows to save heat. For example, at a temperature of -50C in insulated room is enough to turn on the radiator of heating for 30 minutes in the morning and evening to keep the temperature at + 190C. The temperature control is used on all radiators, as well as heat counters in the apartments that helps to reduce the fees for heating.

To increase the efficiency of HCS state and local governments used the planning of business processes. Thus, providing a wide range of basic and additional services, the use of transparent billing methods, taking into account the needs of a diverse population contributed to attracting a growing number of consumers of HCS and maximum satisfaction of their needs.

Economic activities of HCS companies are relatively independent from administrative structures. They are integrated into HCS associations, membership of which is voluntary and based on membership fees. Such unions perform the following functions: conducting outreach in Parliament; involvement in the preparation of laws relating to HCS sector; lobbying the interests of residential enterprises in state bodies; collecting statistics on the state of HCS stock; learning the operation and maintenance of the various categories of housing and so on. Members of the Union are provided with any legal and technical assistance. Unions publish special magazines for managers of housing companies. They contain information on new laws and regulations, technical seminars and exhibitions, a list of jobs at different HCS companies in Germany is published.

Politics of HCS companies depends on the needs of the city and the community. Various influencing factors such as population aging influence the needs. For seniors enterprises provide reconstruction of residential buildings aimed at reducing the number of floors and installation of lifts. Also new architectural solutions are offers such as different levels of resettlement houses with a rooftop terrace.

Under current German law the housing is divided into three categories: social housing employment, commercial housing, housing of private owners. Social housing is available for low-income and have restrictions on the area of the apartment. The quality of it is not different from housing provided by

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commercial employment. The fee for social housing is subsidized by the municipality. Such apartments are built and rented by private persons or housing-constructing companies instead of the state. The state creates market conditions, promotes business initiatives and monitors the operation of social security of housing. For a commercial housing resident pays himself. It can be privatized. In order to do this the government gives a fixed interest-free loan for 10 years within existing residential standards for a family member. Overtime area is paid at market prices. Private housing stock consists of buildings owned by the residents. The relationship between homeowners is regulated by the Law "On the ownership of the house" and rules of the German Civil Code.

Buying a home in apartment buildings, residents will automatically receive the rights and obligations of company owners. Such societies themselves hire a manager, who concludes an agreement for HCS companies, who is responsible for the maintenance and repair of facilities that are jointly owned. In the case of a small number of homeowners a manager can be one of the tenants. The appointment of a manager is allowed up to 5 years but not less than 1 year. For getting a work permit from the municipality an applicant must provide a certificate of judicial authorities of trustworthiness. All decisions regarding the financial activities of the house, the size of monthly payment for housing and salary of a manager are accepted by the general meeting of homeowners. A manager reports to the Assembly on the implementation and financing activities every year. Managers unite in special associations that help them in organizing and carrying out work.

In Germany, all communal services are paid 100%, and the poor get targeted assistance. The total rent is composed of two parts – the fee for a dwelling and fees for HSC. Fee for living area is about 5 to 8 euros per square meter depending on the year of construction of housing, length of staying in this apartment and the number of residents. Payment of HSC includes with a rate of 1 m<sup>2</sup>: land tax – 0.20 euro, heating – 0.69 euro, warm water – 0.17 euros, cleaning of the local area – 0,04 euro, cold water – 0.37 euros, sewerage – 0.11 euro, waste disposal – 0.15 euro, elevator – 0.13 euro, lawn and landscaping – 0.08 euro, the total power consumption – 0.04 euro, chimneysweep services – 0.04 euro, insurance – 0.11 euro, salary of the manager – 0.18 euro, cable TV – 0.08 euro, other payments – about 0.04 euros. Overall, about 2.5 euro per one square meter. The fate of all actual and estimated payments for the lease, repair and maintenance of housing varies from 17 to 21% of the income. If privatized housing, its owners pay only charges for the repair and building management.

Anyone from tenants can join the association of homeowners, paying an annual fee of about 100 euros. This gives them the right to receive advice from lawyers in case of conflicts with a manager of the house.

**Conclusion.** Thus, there are four basic principles of successful operation of HCS in Germany that can be used in reforming the HCS system in Ukraine:

- A good combination of the state and local governments functions in the management of HCS;
- The presentment of the interests of homeowners and HCS companies at all levels of governance;
- A high personal and collective responsibility of homeowners established by law;
- The existence of competition in the market of HCS, which greatly improves their quality, promotes energy- and resource- saving technologies.

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Надійшла 01.03.2015