

Urban Planning Policies in the Wake of Social Change: New Strategies for Creating Equality of Opportunity in Germany and the United States

Since 2015, the U.S. has experienced protests and renewed civil rights debates after tragic police violence, notably in St. Louis and Baltimore. Beginning at the same time, across the Atlantic, Germany was responding to a mass refugee exodus from war-torn countries in the Middle-East and Africa. In 2015, Germany admitted approximately one million new residents as refugee seekers. The U.S. and Germany, as major economic and world powers and, respectively, the first and second largest destination for immigrants world-wide, are now each faced with their own unique challenges in creating economic opportunity for their most vulnerable citizens - recent migrants and racially diverse citizens alike. This paper will explore new opportunities to achieve equitable outcomes, specifically in the area of housing policy and will highlight future areas for greater transatlantic cooperation.

A June 2015 report authored by the Atlantic Council and the U.S. - German Next Generation Project listed exchange on diversity and equality as “a largely untapped opportunity to inject new life into U.S.-German policy conversations.”¹ This paper, along with recent contributions by the German Marshall Fund of the United States, is meant to begin such a dialogue by offering areas ripe for exchange.² The Brookings Institution, in a 2016 paper on the global challenge of integration, argued that local policies have the greatest role in determining integration outcomes and equality of opportunity.³ With this premise as the starting point, this paper will focus on local policies, specifically, how housing and urban development policies influence opportunity for recent migrants and racially diverse citizens in both Germany and the U.S. Considerations will be made for how such strategies can be supported by higher levels of government (Federal and state) as well as by other sectors.

Creating Opportunity: Definition and Cultural Implications

What is meant by equality of opportunity? Though the answer is always in debate, the governments of both Germany and the U.S. have described similar goals. In the U.S., the Equal Rights under the Law Legislation states, “[a]ll persons within the jurisdiction of the United States shall have ... equal benefit of all laws ... as is enjoyed by white citizens” and, under the Obama Administration, policies and programs were strengthened to ensure that civil rights regulations were being adequately enforced.⁴ This included increased enforcement of the Civil Rights Act of 1968, known as the Fair Housing Act, to require that cities and towns across the U.S. not only prevent discrimination in the housing market, but also take positive steps in providing adequate housing and services to reduce inequalities based on protected classes: color, national origin, sex, family status, religion and disability.⁵

In Germany, the Basic Law, the constitutional law of the country since 1949, states that “no person shall be favoured or disfavoured [by the state] because of sex, parentage, race, language, homeland and origin, faith, or religious or political opinions.”⁶ In fact, Chancellor Merkel has invoked the Basic Law's statement on “inviolable and unalienable human rights” to explain the government’s position to shelter refugees from certain war-torn countries.⁷ While recent policy and discourse in the U.S. under the leadership of President Trump has been less supportive, and, in the case of the Immigration Ban, arguably in violation of such principles, the legal foundations of both countries describe a basic right of non-discrimination.

In practice, the cultural interpretation of identity and the meaning of social cohesion are influenced by each country’s unique history. Of course, the Holocaust sensitized German society to the importance of human rights. However, there continue to be fringe Neo-Nazi movements, nationalist political movements such as the Alternatives for Deutschland (AfD) and the National Democratic Party (NPD), as well as more widely held beliefs that define

what it means to be “German.” Until 2000, German citizenship was determined by *jus sanguinis*, or tied directly to blood relations.⁸ Therefore, children of foreign-born parents in Germany did not automatically have access to German citizenship. Even those children born to families who had been living and working in the country for more than one generation.⁹ There were, and continue to be, significant numbers of such persons, in part due to a federal policy from the 1960s and 1970s recruiting “Gastarbeiter” from Turkey and southern European countries in order to help fill a labor shortage. To this day, the term “Migrationshintergrund” or “a person with a migration background” is used officially by the government and in everyday parlance. The government defines this term as a person, who themselves, or at least one of their parents, do not have German citizenship through birth.¹⁰ In 2015, 17 of 81 million Germans, or 21% of citizens, identified themselves as having a “Migrationshintergrund.”¹¹ In everyday use this term typically describes persons who emigrated for economic reasons from Southern Europe, Turkey, Africa, and those who came to Germany as refugees, in other words, émigrés of color.

In contrast, the U.S. has a long and deep history of migration and a right of citizenship at birth, regardless of the citizenship status of the child's parents (*jus soli*). Despite this, each wave of new migrants has faced some level of initial discrimination. In addition, certain groups have not always been guaranteed equal rights under the law, most notably persons of color. Previous government policy, including tacit allowance of Jim Crow laws in the south and so-called “redlining” in the provision of home loans in the 1950s, has led to a high correlation between lack of wealth and poverty, on the one hand, and minority status on the other, as well as a highly-segregated housing market. All of these factors have implications for future generations. A 2016 study by Raj Chetty showed that racial and income segregation in the U.S. was associated with less upward mobility from childhood into adulthood and the persistence of poverty through multiple generations.¹² U.S. public opinion on the issue of

inequality is quite divided. Since 2015, protests for equal civil rights and greater equality have taken place in U.S. cities throughout the country. At the same time, the 2016 Presidential election of Donald Trump, a candidate who made inflammatory, anti-immigrant statements during his campaign, reveals that a sizeable proportion of the U.S. population supports isolationist, anti-foreign, and less inclusive policies.

Best Practices: Creating Greater Equality of Opportunity through Housing Policy

In both Germany and the U.S., the location and quality of housing is one of the most significant factors in achieving greater equality of opportunity. The neighborhood in which one resides effects almost every other aspect of life, whether it is availability of jobs, quality of schools and medical services, availability of other social infrastructure (parks, child-care, and cultural amenities), and transportation mobility options.¹³ However, both the U.S. and Germany are facing a crisis in the affordability of housing. This section will introduce policies that have the potential for further transatlantic exchange in the area of affordable housing and how it can be a method for creating greater equality of opportunity.

Affordable Housing in Germany

In Germany, the bulk of social housing construction began after WWII. Between 1950 and 2000 the government financed approximately 24 million apartments of which nine million were dedicated for low-income residents, called “Soziale Wohnungen” or Social Housing.¹⁴ The early 1970s marked the end of growth in the housing sector. Historic preservation, revitalization efforts, and modernizing projects took a larger role. After the fall of the wall in the 1990s, Germany saw a renewed, if smaller, demand for affordable housing in part due to asylum seekers from the Balkans as well as the poor state of the housing stock in former East Germany.¹⁵ Several important housing policy shifts began at this time including the privatization of former government-owned Social Housing stock and, in 2006, a shift in

responsibility for affordable housing production from the Federal Government to the 16 States or “Länder.”¹⁶ Today, new affordable housing production is primarily financed by the reimbursement of private developers, who provide affordable living space for a set period of time (Soziale Wohnraumförderung). This funding is distributed from the Federal government to the 16 states and then to eligible localities, with each providing one-third of the funding. In addition, affordable housing vouchers are provided through direct payments to residents from the Federal government (Wohngeld) or from the local government (Kosten der Unterkunft). While states have responsibility for the provision of affordable housing, most have handed responsibility to their larger cities (kreisfreie Städte or Stadtkreise) and, as such, the type and mix of affordable housing varies significantly at the local level.

Several factors have led to a shortage of affordable housing in many large German cities: first, an increase in demand due to the influx of younger Germans, who prefer to live in urban areas. Second, the continuing privatization of previously publicly-owned housing companies. Third, the expiration of affordability clauses in many older social housing units; and fourth, German states providing less funding to their cities than is necessary given the need.¹⁷

In addition to the lack of affordable housing, Germany struggles with the fair distribution of the scarce affordable housing stock. Even before the immigration events of 2015, many Germans noted the state of segregation in the housing market. In the 1960s and 1970s, the influx of so-called “Gastarbeiter” or temporary workers from Turkey, Italy and Greece, who were invited to live and work in Germany following the Second World War, created a housing shortage in cities like Berlin. Facing housing discrimination, many of the neighborhoods where they settled were considered disadvantaged due to a lack of attractiveness, connectivity, and services.¹⁸ To this day, these neighborhoods have retained cultural ties to a specific country of origin and, in most cases, lack of investment.

Affordable Housing in the U.S.

The U.S. housing market has been defined by several phases. One of the most significant was the growth of the single family housing market in the suburbs after World War II. For the first time in U.S. history, bank loans became available to most households due to development of new financial products. Before the Fair Housing Act of 1968 made housing discrimination illegal, the Federal Housing Administration made these loans available to white families in new suburban single housing divisions.¹⁹ Existing homeowners could also place “restrictive covenants” in their deeds, prohibiting the sale of their home to people of color.²⁰ The result, by the beginning of the 1960s, was a highly unequal housing distribution with middle- and upper-class white persons living in the suburbs or more desirable city neighborhoods and people of color largely relegated to the less attractive neighborhoods and housing in older, urban areas. The repercussions of this policy continue today and effect more than just quality of housing. The federal homeownership tax exemption allows households to accumulate significant savings and, over time, wealth. The lack of homeownership opportunity for people of color has contributed significantly to the lack of wealth accumulation for this group and the increasing inequality between whites and people of color in the United States.

Today, the Low Income Housing Tax Credit (LIHTC), managed by the U.S. Treasury Department and distributed by states, is responsible for the largest share of new affordable housing units being built in the U.S. Through this program, states and local bodies issue up to \$8 billion in tax credits for the preservation, rehabilitation, and new creation of affordable housing units by private developers.²¹ The U.S. Department of Housing and Urban Development (HUD) also provides direct transfers to landlords in a program similar to Wohngeld called the Housing Choice Voucher Program or “Section 8”. With this subsidy, households are responsible for paying one-third of their income toward rent and the HUD

subsidy provides the remaining amount (up to a set threshold). 2.2 million households are participants in this program. Another 1.1 million households are served through the existing pool of Public Housing units built directly by the Federal Government between the 1930's and the 1970's.²²

Comparison of Affordable Housing: U.S. and Germany

While the U.S. and Germany have some remarkably similar funding instruments for both housing and urban development programs that support affordable housing (see Städtebauförderung vs. Community Development Block Grants and Wohngeld vs. Housing Choice Vouchers), when evaluated as a percentage of GDP, Germany provides significantly more public funding than the U.S. on such programs. Moreover, in Germany 13% of low-income renters face housing cost overburden (spend 40% or more of disposable income on housing costs) compared with 59.2% in the U.S.²³ An analysis of all U.S. funding sources shows that there are only 31 units of affordable housing available for every 100 low-income families.²⁴ In addition, according to the U.S. Congressional Budget Office, only one-fourth of eligible U.S. low-income households receive housing assistance through federal funding programs.²⁵ As a result, housing instability and homelessness is higher in the U.S. than in Germany.

Second, the percent of households that rent their homes in Germany is higher than in the U.S., at 55% and 35% respectively.²⁶ In German cities the percentage of renters can be much higher. For instance, in the city of Leipzig the share of renters is 87%.²⁷ As such, there is a significant political base in Germany advocating to keep rents affordable and tenants protected. In the U.S., on the other hand, renters are, as a percentage, smaller and tend to have lower incomes than homeowners; therefore, they are less politically potent.

Despite these differences, both the U.S. and Germany are grappling with two similar trends in their housing markets. First, is a growing issue of gentrification, especially in major cities. In both countries, this gentrification is marked by increased migration into city centers especially by young professionals and, therefore, an increase in demand for existing housing stock. Another trend is increasing unaffordability of goods, including rent, due to sluggish growth in wages over the past 15 years.²⁸ Due to high demand for housing, especially in urban areas, there is a renewed need to ensure that affordable housing in quality neighborhoods near a host of services and infrastructure is being distributed fairly to people of color and newly-arrived residents with legal permissions to stay.

Recommendations

U.S. Housing Policies with Potential for Application in Germany

New Protections against Discrimination in the Housing Market

In 1968 the Fair Housing Act was passed in the U.S., giving the U.S. Department of Housing and Urban Development overall responsibility for implementing new fair housing requirements and the Department of Justice responsibility for enforcing criminal complaints. This law prohibited discrimination on the grounds of gender, race, nationality, religion and disability in the sale and rental of housing units and the behavior of real estate agents. The Act permitted direct enforcement by the federal government as well as a private right of action, in which private citizens and groups could bring their own lawsuits to enforce their rights in federal court. Since this law came into force, people of color and new immigrants have gained significant political power and legal rights against discrimination in the housing market.²⁹

In Germany, the Allgemeines Gleichbehandlungsgesetz (AGG), or the Anti-Discrimination Act, was passed in 2006. This Act prohibits discrimination on the basis of race or ethnic origin, gender, disability, religion, sexual orientation and age and applies to

employment, education, membership in organizations, and access to- and supply of goods, including housing. There is no separate legislation dedicated specifically to the housing market, and, unlike the Fair Housing Act, this law does not allow private groups to file complaints, has limited enforcement power, and, arguably, less deterrence power.

The law is implemented by the Federal Anti-Discrimination Agency, a division within the Ministry for Social, Labor, Family and Children. German states and cities are not required to hire employees to enforce this law at the local level. There are anti-discrimination NGOs and advocacy organizations working in almost every region of Germany; however, these organizations are not well funded by the government sector.³⁰ Further, NGOs and advocacy organizations are not permitted to file complaints on behalf of individuals or groups of aggrieved persons. Rather individuals must file each case alone and within two months of the alleged discriminatory act. The barriers to filing a complaint, amount of time needed for proceedings, as well as monetary and emotional costs mean that few cases ever go before a judge. This is aggravated by the fact that fines and compensation for successful cases are quite low compared to the costs for the individual. As such, there is little incentive to bring such cases to court and little fear of repercussions of this law in the housing market. However, effective deterrence of housing discrimination is especially important in Germany where the majority of affordable rental housing is owned by private landlords.³¹

The City of Leipzig conducted a comprehensive survey of citizens with “migration backgrounds” in 2016. The outcome on housing discrimination showed that at least 20% of those with such a background reported experiencing discrimination in their housing search at least once. Those who reported being discriminated against more than one time in the housing market were predominately non-white immigrants from Turkey, Syria, Iraq, Tunisia, Afghanistan, Morocco, China, Vietnam, and India, 41% of whom reported such experiences.³² The first federal survey on the practice of discrimination throughout Germany in 2015 showed

similar rates of discrimination in the housing market. Of those surveyed who had experienced discrimination in the past 24 months, about 19% of respondents reported discrimination in the housing market.³³ In a new Germany-wide study, investigators from Der Spiegel and Bayrischer Rundfunk sent 20,000 applications to rental housing advertisements and received over 8,000 responses. They found that applications with Turkish- or Arabic-sounding names were particularly discriminated against in comparison to the same applications with German-sounding names. Of these Turkish and Arab applicants, male names were more discriminated against than female.³⁴ This confirms observations from advocates for new immigrants in Germany, who anecdotally report a high incidence of discrimination in the housing market, especially for unaccompanied male immigrants.³⁵

Most of the many newly arrived residents from 2015 have clarity on their legal status and are moving out of short- and long-term shelters. Therefore, integration into the housing market and communities is beginning now. Without a strong position against housing discrimination at all levels of government, these populations could be steered into less desirable neighborhoods, leading to unequal living conditions based on ethnic origin. Therefore, Germany should consider the following recommendations:

1. The Federal Anti-Discrimination Agency should conduct a study focused on the issue of housing discrimination for the AGG protected classes. This study should analyze the difference in behaviors based on small and large private landlords, housing cooperatives, and the behavior of real estate brokers (Mäkler).

2. The Federal Anti-Discrimination Agency should be given more enforcement power to implement the Act. Public housing companies, and housing units that receive federal and state funding, should be required to publicly disclose their selection procedures and the numbers of persons in AGG protected classes that are housed each year.

3. The AGG should be revised to allow organizations that represent individual complainants (Verbandsklagerecht) and aggrieved groups to file complaints in order for judges and the Federal government to see patterns of discrimination and respond accordingly.

4. The AGG should consider lengthening the time after which an incident of housing discrimination has occurred and the right to file a complaint (currently two months).

Greater Federal Government Oversight and Local Government Autonomy

Germany's Basic Law outlines the exclusive powers of each level of government: Federal, state and local. In the area of regional planning and housing, the Basic Law delegates authority to the 16 states (Länder). Most states pass the direct implementation activities on to larger, independent localities within their jurisdictions. However, due to Germany's tax structure, these municipalities collect only small amounts of local taxes and fees and must rely on federal and state funding to finance much of their affordable housing needs. In the U.S., most localities have considerable freedom to create local regulations and tax structures that fit their local needs. In addition, U.S. cities with populations of more than 40,000 citizens receive funding for a portion of their affordable housing production directly from the Federal government with no pass-through at the state level.

In recent years, German states have not always provided the amount of funding needed to adequately cover the projected affordable housing needs at the local level. A good example comes from Freiburg, a mid-sized university city in southern Germany, which is facing an affordable housing crisis. In the 1990s, a private developer began construction on a large, new housing development, Rieselfeld, which was projected to provide 4,200 units for 10,000-11,000 residents. Originally, the city's goal was to create a mix of 50% social housing and 50% market-rate housing. During construction, the state of Baden-Württemberg stopped financing social housing and the developer could not be guaranteed the public financing for

the affordable units. By the end of the project only 20% of the housing was affordable. Today that share is even lower due to the expiration of affordability clauses on the small amount of original, affordable units.³⁶

This situation is of particular concern since the immigration events of 2015. While the Federal government distributes asylum-seekers to each state based on economic strength and population, the cities are responsible for initial shelter, housing, social services, education and employment services. Without the appropriate level of independence to levy taxes and fees or to create innovative, new local regulations, it will be very difficult for cities to preserve and create enough affordable housing units, especially units in good neighborhoods. In the long-term, this could have the effect of driving certain protected classes into disadvantaged areas. Therefore, Germany should consider the following recommendations:

1. The Federal government should have more responsibility for affordable housing preservation and production. Due to fragmented delivery at the state level, it is currently difficult for the Federal government to understand the full scope of the affordable housing problem and respond with appropriate policies.

2. The Federal government and states should consider a mechanism in which Federal and state mandates are evaluated for the costs of implementation and mandatory amounts are transferred to the unit of government implementing the measure, especially in the area of affordable housing. The EU Congress of Local and Regional Authorities, Monitoring Committee made a similar recommendation in their 2012 evaluation of local and regional democracy in Germany.³⁷

3. Municipalities should consider innovative local regulations in order to meet affordable housing needs. There are many promising opportunities that, if innovated upon, could increase affordable housing options. For example, according to the German Civil Code

(§ 577 Bürgerlichem Gesetzbuch) renters have the right to buy the property they rent before a third party (Vorkaufsrecht). In certain cities in the U.S., this right has been expanded to include tenant associations in multifamily buildings. Such associations can choose to buy the property by matching the price of the third-party developer. When they wish not to or cannot afford to do so, tenants' associations have the right to choose the developer that does buy the property.³⁸ Normally these choices correspond more closely with the wishes of the existing residents. German cities should consider extending such rights to their citizens in order to preserve already affordable housing. Such a regulation could provide a useful alternative even for cities themselves. For example, Berlin has attempted to use a first purchasing right to buy properties ahead of private investors, but often cannot compete with sales prices set by the open market.³⁹

German Housing Policies with Potential for Application in the U.S.

Self-Use Models

One of the most unique aspects of Germany's affordable housing market is the use of self-use or cooperative housing models; typically developed and supported at the local level. While these living forms are also present in the U.S., they comprise a relatively small share of the affordable housing mix. In Germany, they are considered important, especially in retaining long-term affordability in the face of gentrification.⁴⁰ There are many different organizational forms of such models and corresponding legal structures; however, each is characterized by interest in a group of people in the renovation or new construction of housing units for long-term, self-use.

In the City of Leipzig, a city of 580,000 residents in former East Germany, there are typically two main forms of such housing models. In the first, the city supports groups interested in building a new home, typically with the goal to create an owner-occupied

property with multi-functionality. For example, creation of a multi-generational home, in which older residents can age-in-place with younger residents, or living quarters appropriate for people with disabilities.⁴¹ The second model is characterized by the renovation of existing structures into shared, affordable housing space. In this model, a group of people receives technical and monetary support from the city to establish a legally recognized organization and renovate an existing property for future use as their residence. The group contributes to the renovation themselves through low-interest financing and sometimes sweat equity. In the end, each tenant has their own living space as well as access to shared amenities, such as terraces and shared kitchen space.

The legal and operating structures of this second model is typically created in one of two ways. In the first, each member of the group buys a share in the property and has the option to sell this share at the end of his/her tenancy. It is possible, with an increase in housing values, to gain a profit from this sale. In the second, the group forms a non-profit or club and finances the revitalization of the building through fees to this organization. There is no right of ownership to any single tenant. The building is owned by the non-profit and those who live there pay dues (essentially rent). When a tenant would like to move, the next tenant simply pays for their share of the non-profit with no profit increase. This model retains long-term affordability of the housing stock, but, at the same time, does not allow for a potential financial gain for the initial tenant. Both models serve the dual purpose of providing long-term affordable housing to existing residents and contributing to neighborhood revitalization efforts through renovation of old or unused, existing housing stock.

While there are many benefits of the above models, the start-up costs for residents in terms of time, energy, and finances are high. Further, such living forms could have the potential to aggravate segregation in the affordable housing sector if the initial tenant chooses new residents based on their similarity to existing members. However, these models also have

several benefits, including the potential to revitalize empty or underused building stock, provide long-term affordability in the face of rising costs, improve the stability and quality of affordable housing since residents must be committed to the project in order to see it to fruition, and, when appropriately regulated, house socioeconomically diverse families together.

The Sharehaus Refugio project in Berlin is a great example of an innovative cooperative housing model. Refugio provides temporary living space for up to 18 months for as many as 40 residents, who apply and meet the criteria to live in a shared setting and bring a particular skill to the community. Currently half of the residents are refugees. Of the other half, some are German nationals and others are voluntary newcomers to Berlin. In all 10 nationalities are currently represented.⁴² The residents of the house offset their rent costs by running a popular Café on the ground floor, hosting events in a resident-refurbished banquet room, and providing city tours led by refugees and formerly homeless individuals, all on a volunteer basis. German residents provide help with German language and job searching for refugee residents and non-German residents create events that initiate German residents to their culture. In 2017, Sharehaus plans to open a new building using the same model, but offered exclusively to families.⁴³

Based on such models, the U.S. should consider the following recommendations:

1. Most large cities in Germany offer city-run “incubators” for the creation of cooperative and shared housing models. For example, in Leipzig, the Netzwerk Leipziger Freiheit provides free consultation, connection with similar projects, access to and information about available financial grants, and financial consulting for persons interested in such a project. Cities in the U.S. should consider providing consultation for alternative living

arrangements in order to promote priorities such as long-term affordable housing, neighborhood revitalization, aging-in-place, and inter-cultural exchange.

2. Self-use models that already exist in the U.S., such as Habitat for Humanity, should consider expanded use of cooperative multifamily housing in future projects. Using small, multifamily structures with new ownership arrangements could help preserve affordability over generations.

Supporting Federal Programs that Invest in Place: The Social City

Both the U.S. and Germany have pursued a balanced approach to provision of affordable housing, in which providing affordable housing options in high-amenity neighborhoods is complemented by investment targeted to disadvantaged neighborhoods. The U.S. has focused on the reinvestment in- and revitalization of neighborhoods with distressed public housing assets through programs like the Choice Neighborhoods Program as well as targeted efforts to direct federal and private resources to economically distressed cities with the Strong Cities, Strong Communities and Promise Zone Initiatives. Germany similarly has provided federal funding to strengthen civil society and social cohesion in disadvantaged cities and neighborhoods throughout the country since 1999. With a goal to renew neighborhoods both through investments in the built environment and by creating stronger neighborhood participation, the Social City Program (Soziale Stadt) supports the creation of neighborhood advisory councils and encourages cross-disciplinary participation from all sectors - governmental, philanthropic, private and civil society, especially from under-represented groups - to solve major local challenges.⁴⁴

Based on the success of the Social City program, it was expanded in 2016 to focus on integration of new migrants. This complementary program, Social Integration in Neighborhoods (Soziale Integration im Quartier), will be supported by an additional €200M

each year between the program years 2017-2020. This additional funding supports the building of social anchors, for example kindergartens, schools, community centers, and city and town centers in disadvantaged areas. Funding will also be provided for programming at these locations with the aim to achieve social integration for new migrants and community-building outcomes.

The German Federal Institute for Research on Building, Urban Affairs and Spatial Development (BBSR) has supported the Social City program by conducting research and evaluation of the program.⁴⁵ In a 2009 to 2012 research study, BBSR connected the quality of the built environment, particularly that of the neighborhood, with that of other social problems related to poor integration: unemployment, lower education and lower income levels. The study sought to understand how government could best support better outcomes through neighborhood interventions. The study focused on six city neighborhoods in geographically diverse areas of the country and defined integration differently based on the local needs. In all cities, the researchers were interested in the social and political participation of those with migration backgrounds at the neighborhood-level.

The researchers identified several important best neighborhood urban development practices that foster better integration outcomes. First, the researchers concluded that in order to increase the political participation of migrants in local areas, under-represented groups and new migrants should always be included in neighborhood development discussions and, in the best case, redevelopment efforts should be led by a person with intercultural competencies. Second, the researchers found that programming offered at local schools, daycare facilities, and faith-based organizations reached under-represented groups more successfully. Third, the researchers found that migrants were better off when place-based strategies, including affordable housing, was created in tandem with local economic and labor market policies.

These findings are consistent with research in the U.S. Derek Hyra in his book about changing social demographics in the Shaw neighborhood of Washington, D.C. states that “[n]eutral ‘third spaces’ may facilitate the development of bridging social capital.”⁴⁶ According to Hyra, these neutral third spaces are places where community members come together in a space that creates a sense of shared interests rather than competition as well as shared political equity. Hyra’s examples of neutral third spaces are local cafes, recreation centers, day-care facilities, community gardens, libraries and schools - most places that will be supported in the new Social Integration in Neighborhoods program. Both political and social participation of public housing residents, a historically marginalized group, and the building of new neighborhood anchors is a key part of the U.S. Choice Neighborhoods Program. However, in the fiscal year 2018 budget, the President defunded the Choice Neighborhoods program. Therefore, it is recommended that the U.S.:

1. Continue financing the Choice Neighborhoods Planning and Implementation grant programs since the methodology employed in this program is central to continuing to invest in mixed-income, diverse communities.; and

2. Based on the Social City program, consider expanding this program to reach populations living in distressed neighborhoods, in addition to places with existing public housing stock.

Conclusion

More than ever before, today’s world needs policy interventions that allow for greater diversity and integration as well as less income inequality. To date, many of these interventions have focused on *people* (language courses, employment training, housing vouchers, etc.), but it is equally important to consider *places*, especially cities, neighborhoods, and housing markets, as points of intervention. To this point, Germany and the U.S. can learn

a great deal from one another. Both countries are diverse, centers of immigration with similar urban development and housing policy environments and shared mitigating factors, such as growth of urban cores, tight housing markets, and wage stagnation. Germany has the opportunity to provide an environment conducive to promising outcomes for its newest wave of immigrants. The U.S., on the other hand, has the chance to continue to be the world's "land of opportunity" and the forerunner on inclusion of peoples from all over the globe. Together, these nations can support each other to be examples to the world in how economic strength comes from finding the opportunity and value in every member of society.

¹ "Through a New Prism: The Next Generation Strategy for the U.S. German Relationship." *The Atlantic Council and the U.S.-German Next Generation Project*, June 2015.

² See: Jonas, Andrea. "Neighborhoods in Transition: Insights from U.S. Strategies for Integrated Urban Planning. Urban and Regional Policy Paper." *German Marshall Fund*, no. 1, 2016.

³ Katz, Bruce, Noring, Luise and Garrelts, Nantke. "Cities and Refugees: the German Experience." *Brookings Institution Report*, 18 Sept. 2016.

⁴ 42 U.S. Code § 1981

⁵ "Full Transcript: President Obama's December 4 Remarks on the Economy." *Washington Post*, 16 July 2017, www.washingtonpost.com/politics/running-transcript-president-obamas-december-4-remarks-on-the-economy/2013/12/04/7cec31ba-5cff-11e3-be07-006c776266ed_story.html?utm_term=.a618b829f908.

⁶ Grundgesetz [GG] art. 3 (F.R.G).

⁷ Calamur, Krishnadev. "Angela Merkel's Refugee Policy." *The Atlantic*, 28 July 2016, www.theatlantic.com/news/archive/2016/07/germany-refugee-terrorism/492011/. Accessed 16 July 2017.

⁸ "Jus Sanguinis Revisited: How Not to Treat People with More than One Passport." *The Economist*, 2 Mar. 2013, www.economist.com/news/europe/21572822-how-not-treat-people-more-one-passport-jus-sanguinis-revisited. Accessed 15 July 2017.

⁹ "Citizenship Reform and Germany's Foreign Residents." *College of Literature, Science, and the Arts: University of Michigan*, <http://lw.lsa.umich.edu/german/hmr/231/LRC/auslaender/einwanderungsgesetze.html>. Accessed 16 July 2017.

¹⁰ Statistisches Bundesamt (Destatis). *Bevölkerung und Erwerbstätigkeit 2015: Bevölkerung mit Migrationshintergrund: Ergebnisse des Mikrozensus 2015*. Statistisches Bundesamt, Fachserie 1 Reihe 2.2, 16 Sept. 2016. Web. 16. July 2017.

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¹¹ *Statistisches Bundesamt (Destatis) Website*. Statistisches Bundesamt.

www.destatis.de/EN/FactsFigures/SocietyState/Population/MigrationIntegration/MigrationIntegration.html. Accessed 16 July 2017.

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