

# The “Fair-Rent-Model”

## Perceptions of Fairness and Transparency



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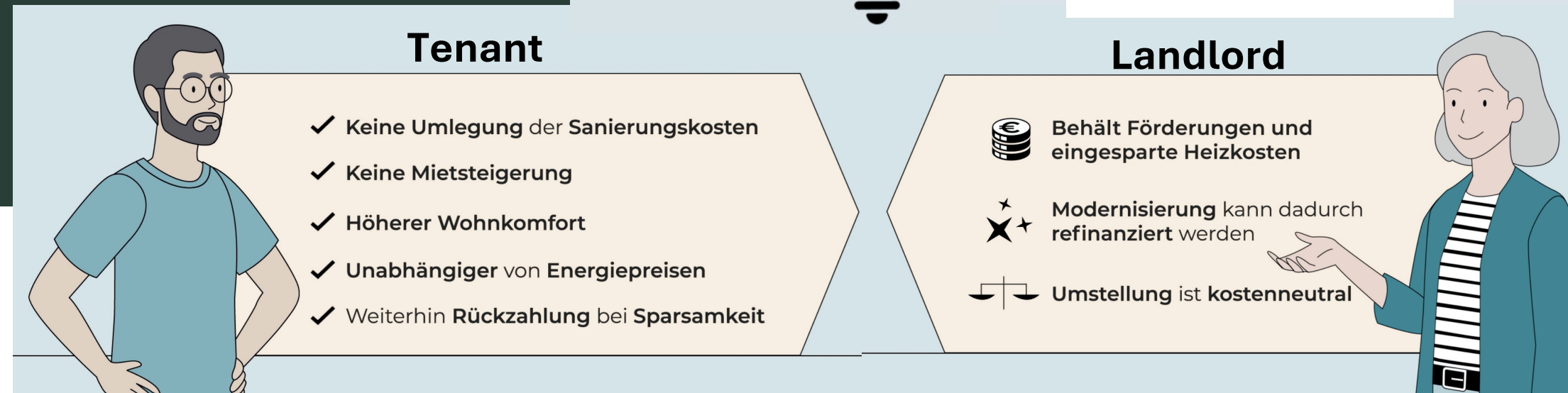
## Relevance of the InWaMod project

- In the rental housing sector, the “landlord-tenant-dilemma” substantially constrains an increased modernization rate.
- The German "modernization Surcharge" (§ 559 BGB) permits landlords to pass investment costs on to tenants, leading to significant rent increases without guaranteed energy efficiency improvement.
- "Partial warm rent models" - with heating costs partially included in the base rent - have proven to be effective alternatives, but lack empirical evidence about social acceptance.
- **The interdisciplinary InWaMod project developed a specific variant of these models and empirically examined social acceptance** — accompanied by an analysis of incentive effects, economic evaluations, and legal feasibility.

## Objectives and Methodology

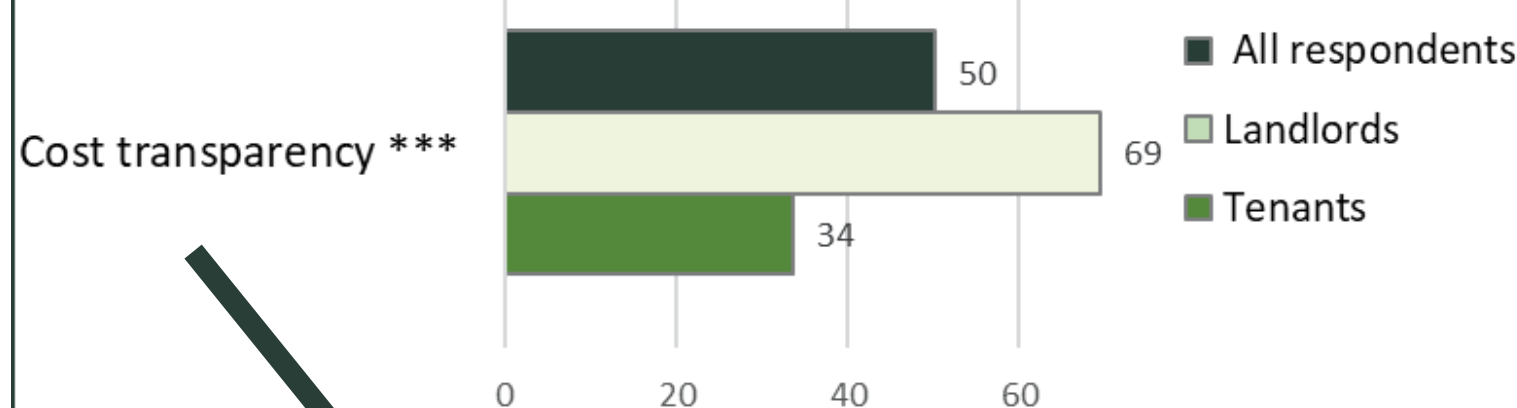
- Empirical study of perceptions of fairness and cost transparency of current system and proposed model, based on:
- semi-structured interviews, focus groups, stakeholder workshops
- representative online survey among 1,023 tenants and 896 private landlords (= focus of poster)

## Video Explanation of the model



### Perceptions of cost transparency of § 559 (BGB)

(Agreement Rates, in %)



\*\*\* Differences between landlords and tenants significant at  $p < 0,001$ .

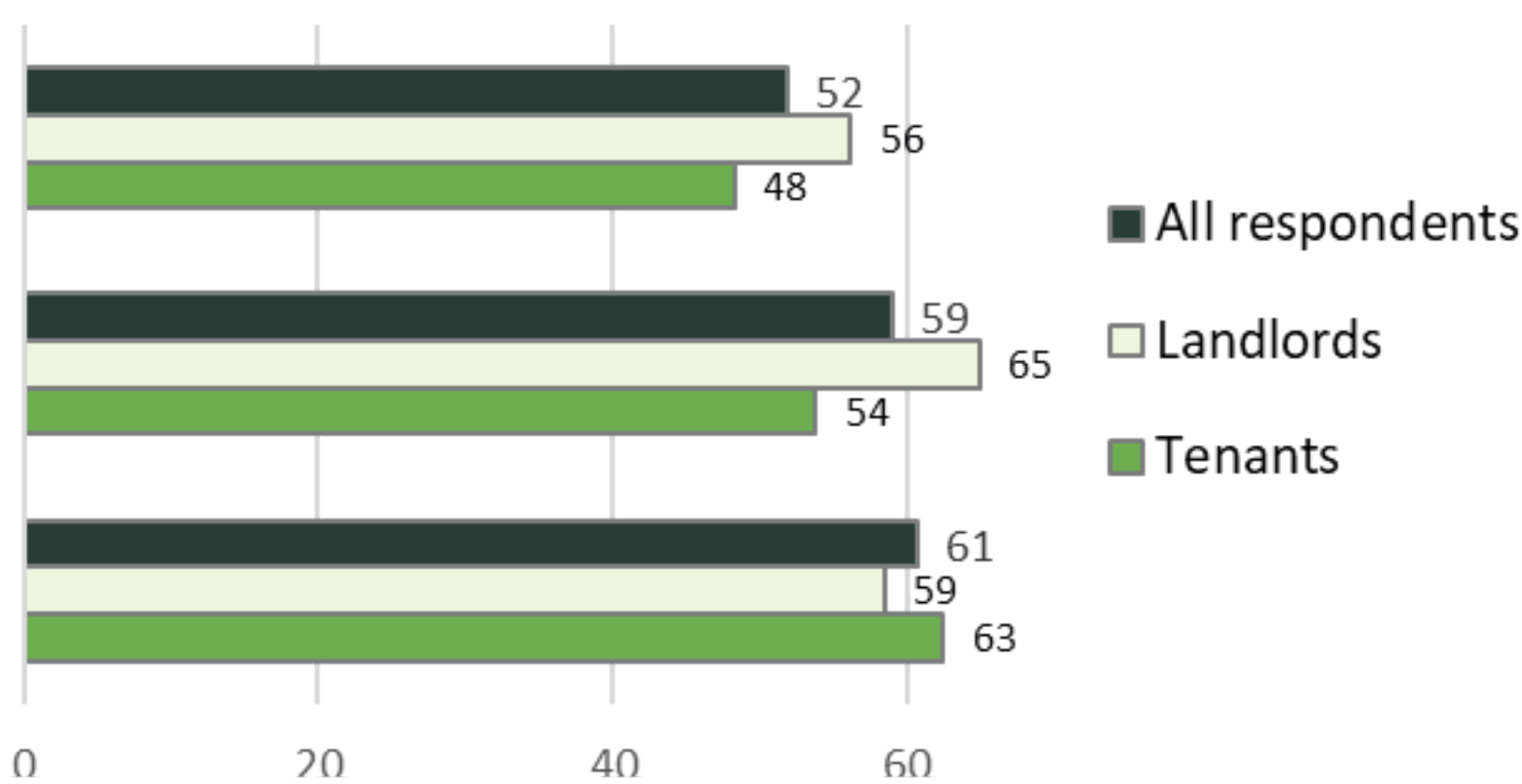
### Perceptions of "Fair-Rent-Model"

(Agreement Rates, in %)

Cost transparency \*\*\*

Fair for tenants \*\*\*

Fair for landlords



\*\*\* Differences between landlords and tenants significant at  $p < 0,001$ .

## Main elements of the model

- The monthly prepayment for heating costs is calculated **based on the energy performance certificate** for the size of the flat and is therefore independent of the tenants' behaviour.
- Following an energy-efficiency renovation, this **prepayment rate remains unchanged** and the renovation costs are **not passed on to the tenants**.
- At the end of the year, **the prepayment is offset against the measured consumption**. The tenant receives a refund if their measured consumption is lower than the **new** calculated energy performance following the refurbishment.
- The **landlord receives the heating cost savings resulting from the improved energy efficiency** of the building (as per energy performance certificate).

## Results

- Mostly no own experience with § 559 (BGB), especially among tenants.
- Tenants rate the cost transparency of § 559 particularly low
- Discrepancies between landlords and tenants regarding transparency are lower regarding the proposed model compared to § 559 (BGB).
- The majority of tenants and landlords state the proposed model as fair for tenants and for landlords as well.
- However, perceptions of fairness for tenants vary between tenants and landlords.

## Conclusion

Despite its high complexity, the “Fair-Rent-Model” is well received by private potential users and appears to be a viable instrument for advancing socially acceptable and climate-effective policy in rental housing.

## References

- Renz, Ina / Weber-Kessel, Ines (in Press): Ergebnisse aus Experten- und Bevölkerungsbefragungen, in: Moeller, Simon (Hrsg): Mit dem Fair-Miet-Modell gegen den Sanierungsstau. Innovative Wärmeservice-Modelle auf dem Prüfstand. Kassel University Press.
- Renz, Ina / Weber-Kessel, Ines (Under Review): Das Fair-Miet-Modell als akzeptierte Lösung für das Vermieter\*innen-Mieter\*innen-Dilemma? Gerechtigkeitswahrnehmungen und Anreizwirkungen aus Sicht von Vermieter\*innen und Mieter\*innen, in: Zeitschrift für Sozialreform.
- Further information: <https://www.iwu.de/forschung/handlungslogiken/inwamod/>