



**WILCO**

Welfare innovations  
at the local level  
in favour of cohesion

## CITY REPORT: MÜNSTER

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## INTRODUCTION

The city of Münster has approximately 280,000 inhabitants and its population is slightly growing. The surrounding Münsterland region is a mostly rural area characterised by agriculture and small towns. Münster functions as regional centre of public administration, higher education, health care and commerce while large-scale industries are almost absent. Culturally and politically, the town is characterised by a strong roman-catholic milieu on the one hand and its large university including noticeable postmaterialist, academic and alternative milieus on the other hand. Compared to other cities in the Bundesland of North-Rhine Westphalia, Münster is relatively wealthy and - in contrast to the neighbouring Ruhr area - not affected by the decline of the coal and steel industries and a significant demographic change. Due to the large number of students (around 50,000), the population is relatively young. Nevertheless, the share of the elderly grew over the last years.

The situation on the labour market is significantly better, compared both to neighbouring regions and Germany in general. The unemployment rate is relatively low, this finding also applying to problematic groups as foreigners and adolescents. Almost 80,000 day-by-day commuters are working in Münster while about 33,000 residents are commuting to other towns for work. As there is no predominant single industry and a strong tertiary sector with a large bandwidth of both public and church administrations, university and other higher education, science, health care, communication, insurances and financial institutions, Münster is not as heavily affected by recent economic crises as many other cities. Nevertheless, several cultural and social institutions have been heavily affected by budget cuts in the past decade.

### 1. LABOUR MARKET MÜNSTER

As a town not shaped by industries, but services, universities, hospitals, public administration, insurances, barracks and courts, economic crises in Münster are not as noticeable as in other cities which might be dependent more on a single branch of industry like coal or steel in the Ruhr area. As a new development, modern service industries such as call-centres and agencies of temporary work settled down in Münster. Particularly in the areas of health care and science, precarious employment is growing.

Many labour market related actors report a quickly rising number of cases of burn-out and fatigue symptoms in the last years. Even employees in the beginning of their professional career are affected. Close to 80,000 people are commuting to their workplaces in Münster on a daily bases. The number of employees commuting is actually higher than the number of Münster citizens employed in Münster. However, not everyone in Münster finds a suitable job. The presence of nearly 50,000 students gives employers the possibility to bail from a never ending pool of flexible, young and well educated students, interested in marginal part time employment (called *400 Euro Jobs*). Those who are inflexible because of own children, lacking qualification or language problems, are confronted with those problems as common everywhere. There are nearly 200 so-called "work opportunities" (*Arbeitsgelegenheiten: "Ein-Euro-Jobs"*) for recipients of unemployment benefit (ALG2) and people receiving benefits to top up their income to a subsistence level (ALG2-Aufstocker). The so-called one-euro jobs are supposed to help long-term unemployed back into the regular labour market, and the payment can differ from 1.00 € to 2.50 € per hour, being added to ALG2, considered as a compensation for their effort, not as a wage.

Münster is not known for a philosophy of local labour market policy - however 15 years ago, in the period of red-green (social-democrat and green party) majority, a local labour

market initiative was founded: The *Arbeitsmarktinitiative Münster* (AIM). During that time, a number of youth training centres, partly driven by non-profits and partly public, were established, e.g. the so called *Jugendausbildungszentrum* (JAZ). During the time of conservative majority from 1999 on, the public spending for local labour market policies was reduced to a large extent and the former municipally financed initiatives are today funded by the European Social Fund (ESF) or/and the State of North Rhine-Westphalia. The ESF sticks out as an important financial pillar of local labour market projects, e.g. the independent helpdesk at Münster's sociocultural centre CUBA which is a contact point for those who feel neglected by the official contact point, the job centre. A regional agency (*Regionalagentur Münsterland*) in Greven (town in the North of the city of Münster) distributes the financial means among the applicants. The ESF is an important co-financer of the social educational and counselling entities also (e.g. debtors counselling, crisis and drug counselling, family advice and therapy), supporting integration into the labour market in a wider sense.

An interesting example of a civil-society driven project of collaboration between various actors in the field of employment policy is the MAMBA network, focusing on the qualification of refugees and other migrants with a right of residence. Local labour market policy applies as an issue of left-wing political forces in Münster; however, the political pressure of unemployment is - in comparison to those former centres of heavy industries in the Ruhr area - relatively low. Unemployment in Münster concentrates on those few and very peripheral segregated areas like Kinderhaus-Brüningheide or Berg Fidel. Labour market policy is not a central issue of local administration and politics - until today, it is substantially controlled by the Federal Agency for Employment, the *Bundesagentur für Arbeit* in Nürnberg and its local Jobcentre. The town hall is only an assisting unit. That will change in January 2012 because Münster applied to become *Optionskommune* - what means that the local level will be responsible for the arrangements of local labour market policy and the use of the federal money. The introduction of the *Optionskommune* was a compromise between the German states (Länder) and the federal level (Bund) when important labour market reforms (so called *Hartz laws*) were approved in 2005. The change towards the model of the *Optionskommune* is a shift of power in favour of the local social administration. Former employees of the jobcentre will change to the local administration. The application was prepared and prevailed offstage by the head of the social department, Thomas Paal. He used external expertise to highlight the advantages of the *Optionskommune*, but such documents circulated only within administration. Local parties on both conservative and progressive sides support the idea - even though on the federal level the Social Democrats are no friends of the *Optionskommune* model - and the hope for a more purposeful, a more responsible and a more networked local labour market policy. More purposeful means that in future city-specific problems should be more regarded by responsible local administrations and politics when the federal money is used for different employment measures in Münster. More responsible means that success or failure of measures should be evaluated locally and that the cooperation with subcontracting private or non-profit partners should be more trusting and more binding. More networked means that social policy, educational policy, childcare and integration policy should be better toothed together. The future prospects of the real influence of local administration and politics on labour market policy is however discussed critically. Almost 30 percent of the unemployed in Münster are long-term unemployed. Furthermore, some actors fear increasing local budget costs of local labour market policy because of the increased direct responsibilities. However, it is easy to anticipate that the federal expenses on labour market policy will be reduced in the next years because of the federal concentration on budget consolidation as a consequence of the federal debt brake - currently massive reductions in the area of *One-Euro Jobs* are being pushed through. Indeed, it is an important question how the local administration will handle such a huge new policy area - because former experiences to tie on are lacking. Furthermore, critics

and proponents of the *Optionskommune* agree on the fact that the tool useable by the local administration might not be sufficient for a very effective change in labour market policy.

But there are also efforts of public bodies, private enterprises and the university to give well-educated young people from Münster's higher education institutions attractive prospects to stay in Münster and the Münsterland. As a recent trend, young people are oriented to the centres (e.g. Berlin and Hamburg) or the big technical companies in the south of Germany. With regard to the growing competition between cities and regions, they are however regarded as extremely important for the future development and the demographic change and are therefore in the focus of the public marketing institutions Münster Marketing and Münsterland e.V., working on programmes making the region more attractive for qualified employees.

**Innovators:** Local public administration, civil society, red-green majority (1994-1999)  
**Innovations:** MAMBA, JAZ  
**Future Innovations:** *Optionskommune*  
**Subscriptions of innovativeness:** Networking, more responsible and more purposeful use of resources, integrated view on unemployed

### 1.1. Socio-economic trends in the labour market

#### *Main trends in the development of the local economy*

Münster's GDP has grown by 27.5 percent in the period from 2000 to 2009. The growth rate is about ten percentage points higher than the respective ones of the federal state of North Rhine-Westphalia and the national level.

Although Münster is featuring a traditionally large service sector and a very low degree of industrialisation, an outstandingly high growth, with regard to Münster as well as to the federal state and the national level, is reported for the manufacturing sector (plus 63 percent for Münster, plus approx. two percent for NRW and Germany). Agriculture and construction are the only sectors with a decline during the last decade (agriculture minus seven percent, construction minus 27 percent). In Münster, the decline was about 20, respectively 12 percentage points below national and federal state level in the agricultural sector, and about 22, respectively 18 percentage points above national and federal state level in the construction sector.

Regarding employment, the most important economic sector in Münster is the service sector: 86 percent of all employees are working in this sector. This number is about 15 percentage points higher than the numbers for Germany and NRW. The statistics also show that Münster also has a share of public sector jobs far above average. 31 percent of the employees in Münster work in this sector. The share at the national and the federal state level is almost ten percentage points lower.

With a share of nearly 20% of the population, students are having a big impact in areas of work usually occupied by less educated citizens (gastronomy and hotel businesses).

#### *Trends in employment*

The total amount of employees in Münster rose from 130,175 in 2000 to 140,254 in 2010 which is an increase of almost 8 percent. This increasing trend cannot be reported for the national level where the number of employees in 2000 and 2010 is nearly the same.

Münster's unemployment rate fell from 8.5 percent in 2005 to 5.7 percent in 2010. The overall unemployment rate for Germany developed equally, but on a level of two to three percentage points higher.

Data about temporary employment is not available for Münster but for the federal state of North Rhine-Westphalia where 140,254 people had a temporary employment at the end of 2010. This type of employment has developed dynamically in Germany during the last years, still its share does not exceed three percent of all employments.

All in all, Münster's labour market is evaluated as far above the German average.

Industry sectors such as science and health create a very high demand for temporary work in Münster. In the area of low-wage work, call centres are having a high demand for a workforce in temporary employment.

Concerns about the increasing appearance of phenomena like "burn out" syndromes and work fatigue in the compacted jobs of the modern service sector are recognisable.

With a look on Münster's economic future, on the one hand, there are worries about the disappearance of big federal and state administration and of larger companies as well as administration bodies to larger cities. On the other hand, new middle size businesses such as temporary employments agencies are settling down in Münster. Interestingly, subcontracted work is not a big factor within the city, even though the agencies choose to settle down in the city.

#### *Precarious employment and labour market exclusion*

Temporary workers are mainly male. In North Rhine-Westphalia, men represent 73.5 percent of all temporary workers. The share of foreigners among temporary workers is 16 percent. Furthermore, it is remarkable that the share of people without any formal educational qualification is two times higher among temporary workers than among all employees.

The probability of becoming unemployed is significantly higher for foreigners and slightly higher for people aged 50 and above. Their unemployment rates are 14.2 percent and 6.8 percent. On the contrary, women are less affected by unemployment: The unemployment rate among women is 3.6 percent which is even lower than the total unemployment rate. In this respect, the situation in Münster is not different from the overall situation in Germany.

29.4 percent of the unemployed in Münster are long-term unemployed, which is a lower proportion than in Germany overall where their share is at 32.5 percent.

The new labour situation, especially the rise of temporary work, created a rising demand in childcare. Childcare providers especially changed their hours of operation to supply more flexibility. Additionally, private businesses slowly develop their own childcare offers, for example in the university hospital, where mainly female nurses work in shift work and depend on a flexible childcare system.

While in Germany the federal agency for labour is in charge of labour issues and the mediation of jobs, there is a variety of stakeholders that are actively supporting people in more difficult situations and issues in the labour market. Independent carriers joined to create the "TIB-Café" that supports migrants. Administration and independent actors



worked together to create the "MAMBA" network or the *Familienbüro* (family office), which serve similar purposes.

The city of Münster is very active in prevention policies concerning unemployment. The focus here is on the programmes which are made for a better transition from school to work life.

#### *Grey labour market*

The only indicators for the grey labour market in the area of Münster are preliminary proceedings concerning illegal employment. For the first six months of 2011, 1,220 of these investigations are reported for the region, with an estimated amount of loss of 7.3 million euro.

A common phenomenon is the circumstance that receivers of unemployment benefits (ALG2) are taking work opportunities that are actually illegal in the moment of unemployment benefit reception, or register their employment incorrectly and therefore are contributing to the grey labour market.

The grey labour market is not considered to be a factor that causes problems or dysfunctions in the city's economy.

#### *Impact of the 2008 financial crisis*

Recessions or economic crises usually have little direct effect on Münster. The reason for this can be found in Münster's economic structure with a predominant and diverse service sector rather than being dependent on a certain type of industry. Nevertheless, short-time work (*Kurzarbeit*) was the consequence of the recent crisis in some companies in Münster.

Larger effects could be avoided through the nation-wide economic stimulus plan which effectively stopped the decrease in consumption. On the other hand, there will likely be consolidation processes in the coming years to refinance the stimulus plan. These cutbacks might heavily impact programmes that benefit unemployed citizens directly or indirectly.

#### *Changes of income distribution and wage level*

The income distribution in Münster shows a constantly growing share of households with high incomes. While in 2003 16.5 percent of all households had a monthly income of 3,200 euro or above, this number has risen to 23.1 percent in 2009. At the same time, the share of households with an income below 1,100 euro fell from 30 percent to 22 percent. The change of the income distribution in Germany is very similar to Münster but the share of high-income households (above 3,200 euro per month) is only at 17.5 percent while the share of low-income households (below 1,300 euro per month) is above the level of Münster, at 27 percent.

The wage level rose from an annual average of 32,454 euro in 2000 to 36,141 euro in 2008. This is an increase of eleven percent, which has not taken place constantly over the time period. Between 2004 and 2007, the wage level stagnated. This trend is similar to the trend for Germany overall.

Geographically, there is a pattern of segregation: While the inner city districts feature mainly higher incomes, the lower incomes concentrate in the outskirts.



Noticeable is the extreme focus of many actors in Münster on positioning Münster as an attractive location for highly skilled young professionals, ideally living in a stable family situation. Attracting a well-educated workforce is considered to be the deciding factor to contain Münster's growth and prosperity. An example could be the "*Siegel familienfreundlicher Mittelstand*" (label for family-friendly mid-sized companies) introduced by the regional agency for employment of Münsterland. The label aims to pull highly skilled professionals with families towards regional companies.

Simultaneously, policymakers are putting a high emphasis on the long-term strategy of educating and training young citizens in Münster in order to create more highly skilled workers, but mainly to prevent them from entering a permanent state of low-wage work or unemployment. However, the focus here is directed to prevention. Citizens who are in those situations are becoming more and more disconnected to the labour market.

#### *Amount and share of young unemployed*

In July 2011, 863 people between 15 and 25 were unemployed. The corresponding unemployment rate for this age group is at 5.1 percent (July 2011). This is even a bit lower - 0.7 percentage points - than the overall unemployment rate for Münster.

The amount of young unemployed has risen from 1,126 in 2000 to 2,580 in 2005. From then on, it fell to the current level. Out of all groups struggling with problems on the labour market, young adults, up to 25, had the highest decrease, minus eight percent.

#### *Main problems of young unemployed*

Problems for the target group emerge within the contexts of geographical segregation. The costs for living have risen drastically in the inner city leading to a gentrification process that resulted in a movement of members of POPULATION TARGET ONE to segregated areas or certain streets with lower rents.

Citizens living in the more problematic areas of Münster are often disconnected from the prosperous labour market that is mainly offering work opportunities in the inner city. The detachment is caused by an insufficient mobility or sometimes a lack of information. The city's economic promotion being directed to a very large extent to the inner city strongly supports this development.

The local administration tries to improve the situation in the problematic areas with different strategies. Because most of the problematic living conditions in Münster are caused by failing privatisation processes, in all areas, the property situation is targeted to be changed.

In the case of *Kinderhaus-Brüningheide*, the administration tries to monitor a chance of private investors to improve living conditions.

In the squatter *Osthuesheide*, a more direct approach was chosen. The city invests through community owned housing associations and refurbishes houses in bad conditions.

In parallel, the city owned housing company *Wohn+Stadtbau GmbH* reactivated urban planning strategies from the late 80's and actively provides new affordable housing in the inner city. The projects are financed by the building societies' more lucrative activities within the inner city, no subsidies are being paid.

## 1.2. Regulations in the field of labour market

### *Labour market regulations, services and benefits and the responsible public, third sector and private actors*

The division of responsibilities among national and municipal level in the regulation of the labour market has been already illustrated in the WP2 country report for Germany. The main points in this respect are (see Evers et al 2011; WILCO WP2 Country report Germany; Ebbinghaus and Eichhorst 2006):

The *Bundesagentur für Arbeit (BA)* functions as a key player that is working together with parts of the social assistance administration on the local level of municipalities and districts. However, modes of operation are designed on central levels and do not leave much leeway for local variations.

The structure of active labour market policies within unemployment insurance (SGB III), but also unemployment assistance (SGB II), is basically determined by national legislation. Implementation takes place with regional and local BA agencies. With regard to passive and active labour market policies for short-term unemployed there is an integrated organisational structure at the *Bundesagentur für Arbeit (BA)*.

Responsibility for passive and active labour market policies for long-term unemployment is divided between the *Bundesagentur für Arbeit* and the municipalities. New established job centres - a joint venture (so-called *Arbeitsgemeinschaften or ArGe*) branches and local social security offices - are taking care of the "hard-to-place" unemployed. Within about 100 (2011) so-called opting out municipalities (*Optionskommunen*) this task has remained in local responsibility. Job centres are responsible for the payment, profiling and case managing of the unemployed as well as for helping them to access additional services such as child minding or debt counselling. For special services that ought to increase people's employability, job centres have own budgets at their disposal in order to engage placement-oriented providers.

Taken together, the labour market policy is not a central issue of local administration and politics - until today, it is substantially controlled by the *Bundesagentur für Arbeit* and its local job centres. The local authority is only an assisting unit, and this also applies to Münster.

However, this will change in January 2012, since Münster applied to become *Optionskommune* - what means that the local level will be responsible for the arrangements of local labour market policy and the use of the federal money. The introduction of the *Optionskommunen* was a compromise between the German states (*Länder*) and the federal level (*Bund*) when important labour market reforms (*Hartz laws*) were approved in 2005.

Beside the BA and the municipalities, third sector and private organisations play a key role in the provision of labour market programmes and activities (see Evers *et al.* 2011; WILCO WP2 County report Germany). This is also the case for Münster where e.g. the welfare associations of the churches like the *Caritas* and the *Diakonie*, local associations and initiatives and also foundations are key players in the field of the labour market. It is these organisations which offer, beside the offices of the BA and the local authority, advice and support on site and which run the labour market programmes and initiatives and which put activation policies into practice.

The most relevant information, training and support centres with regard to the labour market and to the target group of unemployed young people in Münster are:

- advice centres for unemployed (*Arbeitslosenberatungsstellen*);
- centres for training and education of young people (*Jugendausbildungszentren*);
- advice centres for psycho-social care (*Psychosoziale Beratungsstellen*);
- advice centres for counselling single parents (*Alleinerziehenden-Beratungsstellen*);
- centres for debt counselling (*Schuldnerberatungsstellen*).

There are quite a number of well-deemed players in this field. Just to mention three, it is for example the *CUBA (Kultur -und Begegnungszentrum Achtermannstraße)*, which is a well-experienced advice centre for unemployed supporting them through general advice, training initiatives, translation of documents and correspondence with official authorities. Also the *JAZ (Jugendausbildungszentrum)* offers specific advice, orientation, training and job mediation for unemployed young people and plays a key role in this policy field. In terms of initial aid and prevention at school, there is also for example a project of the Community Foundation Münster (*Bürgerstiftung Münster*), in which senior mentees give job orientation for young people in risk of unemployment. This project illustrates a trend in more and more voluntary and so-called mentee programmes that come up in the field of initial aid and prevention at school and initiatives for the changeover from school to education (Schlimbach 2009).

#### *Changes in the distribution of responsibilities*

As pointed out above, Münster will become *Optionskommune* in January 2012. This means that the local level will be responsible for the arrangements of local labour market policy and the use of the federal money. For Münster, this means:

Former employees of the job centre will change to the local administration, so the change to the model of the *Optionskommune* is a shift of power in favour of the local social administration.

It is assumed that in the future local labour market problems will be regarded more city-specific. This means that success or failure of measures will be evaluated locally and that the cooperation with sub-contracting private or non-profit partners should be more trusting and more binding.

It is also assumed that local labour market policy will be more cross-linked in two ways: On the one hand, the *Optionskommune* offers the opportunity, that labour market policy, social policy, educational policy, childcare and integration policy can be better toothed together. On the other hand, the *Optionskommune* offers the opportunity to discuss and combine regional labour market policy more networked, as also other local authorities in the Region are or will become *Optionskommune*, too.

However, the future prospects of the real influence of local administration and politics on the general labour market policy is discussed critically. Changes in the welfare mix and governance patterns that go beyond the new *Optionskommune* are not expected at the moment.

### *Main welfare programmes*

Beside the traditional income support measures like unemployment benefits (*Arbeitslosengeld I und II*, see Evers *et al.* 2011; WILCO WP2 County report Germany), there are three main income support programmes for unemployed young people.

First, the most well-known form of state educational grants is the Federal Training Assistance Act (*Bundesausbildungsförderungsgesetz*, "BAföG"). Eligible groups include mainly part-time and full-time university students but also second path education students and students of schools for professional training ("*Schüler-BaföG*").

Second, the vocational training grants (*Berufsausbildungsbeihilfe BAB*) are paid during a pre-vocational training, a vocational training or during an educational training for getting a school graduation. Vocational training grants are grants and not loans, which means there is nothing to repay when the training is completed. An entitlement to a vocational training grant only exists for an initial vocational training. Funding for a second period of training is only possible in exceptional circumstances, i.e. when a trainee has to end an initial vocational training for reasons of good cause (e.g. illness). Financial support can be paid for participation in a pre-vocational training scheme offered by the unemployment office or for vocational training commenced either with a company or a training institute.

Third, individual case support (*Eingliederungshilfen*) is paid for those who receive unemployment benefits (*Arbeitslosengeld I und II*), financial support for application expenses or further training measures included. The amount of the financial support is subject to an approval of consultation with the unemployment office.

The programmes for in-kind services addressing the needs of unemployed young people differ in the federal states (*Länder*). As the focus of the city report is on the local level, merely the relevant programmes and activities for Münster are explained below. In general, there are a number of projects funded by the federal government (*Bund*) and the *European Social Fund (ESF)* and also projects funded by the federal state North Rhine-Westphalia.

For the local level in Münster, the projects are framed and summarised in the local Office for school and further training under the Labour Market Initiative Münster (*Arbeitsmarkt-Initiative Münster AIM*). The Labour Market Initiative of Münster supports the labour market integration of single mothers aged 27 and younger, and young people and adults in education. The programme contains about 10 to 15 projects in the changeover from school to education and it encourages up to 500 young people per year. The projects can be differentiated into three types: Initial aid and prevention at school, vocational training at the changeover from school to education and vocational training for underprivileged young people. An overview of some of the projects that are implemented in Münster is given in figure 1.1.

Most projects are based on a mixed financing, and a main characteristic is the collaboration of different stakeholders. This is also the case for the projects *Gemma* and *MAMBA*.

*Gemma* is a project offering advice and support for young girls and women in specific living circumstances - e.g. young single mothers or young migrants - for their employment orientation. It is funded by the local office for school and further training and by the *Jobcenter Münster*.

MAMBA is a project for giving refugees access to the local labour market. The project gives advice and personal support for educational training and for the job search. It is supported by the Münster refugee relief (*Gemeinnützige Gesellschaft zur Unterstützung Asylsuchender GGUA*), the educational centre of the chamber of crafts (*Handwerkskammerbildungszentrum HBZ*) and the *Jugendausbildungszentrum (JAZ)*. Refugees are given legal advice and psycho-social care.

Finally, it is also discussed that the voluntary year of social service in the environmental and social sector (*Freiwilliges Ökologisches Jahr, Freiwilliges Soziales Jahr*) can be considered as an opportunity in providing support for unemployed young people (Schlimbach 2009). The voluntary year is not a programme in terms of activation policies but as many young people are unsure of their career path, they can gain valuable skills from their time with the FÖJ or FSJ. The voluntary year is not compulsory. It is financially supported by the federal government (Bund) and through the European Union.

Figure 1.1 - Programmes and projects of the Labour Market Initiative Münster

Programmes funded by the Bund/ESF	
Benefits on site <i>Stärken vor Ort</i>	Support of projects addressing the academic and professional integration of young people with access difficulties to the labour market
Job integration through exchange <i>IdA Integration durch Austausch</i> <i>"Move and Work"</i>	The programme offers underprivileged young people the opportunity to improve the job opportunities through professional experiences and trainings abroad
Expanded employment orientation <i>Erweiterte vertiefte Berufsorientierung</i>	Young people aged 14 and older at the crossover from school to training/employment
Programmes funded by the Land/ESF	
Job integration for disabled young people <i>ILJA Integration lernbehinderter Jugendlicher in Ausbildung und Arbeit</i>	ILJA offers training opportunities for young people with difficult access to the labour market
Youth at work plus <i>Jugend in Arbeit +</i>	Youth at work plus is a programme of the federal state North Rhine-Westphalia for unemployed young people aged 25 and younger. It offers advice and support for young people in search of an employment or a training position. The programme also offers financial aid for employers, who offer employment or training positions for young people. For the participation in this programme, it is necessary that young people get an admission from the BA or the <i>Jobcenter</i> .
Practical year <i>Werkstattjahr</i>	The practical year offers young people with difficult access to the labour market the opportunity to test their practical skills.

Source: Stadt Münster 2011b.

## Public expenditure

There are no reliable local data available for the expenditure of the welfare programmes for unemployed young people for the last 10 years.

However, for the level of the *Länder*, it can be said that the number of beneficiaries of vocational training aid (*Berufsausbildungsbeihilfe BAB*) increased in North Rhine-Westphalia from 37,129 in 2007 up to 40,236 in 2009. In 2010, there were 39,242 beneficiaries, so there is a loss of 2.5 percent. On the federal level, the decline from 2009 to 2010 was about 7 percent.

Figure 1.2 - Beneficiaries of vocational training aid 2007-2010

Year	Beneficiaries in NRW (North Rhine-Westphalia)	Beneficiaries in total (Germany)
2007	37,129	176,458
2008	37,882	178,052
2009	40,236	178,714
2010	39,242	166,883

Source: Bundesagentur für Arbeit 2011f.

Concerning programmes and measures for activation policies, the expenditures of the federal government have been shortened in the last years and there will be further cuts with regard to the integration on the labour market: The budget resources on the federal level for these measures will be reduced from about 14 billion euros in 2010 to 10 billion euros in 2011 and to 9 billion euros in 2012 (Stadt Münster 2011b: 5). This will of course cause considerable cutbacks in the measures for integration on the labour market. The cutbacks are going to be applied over the *Länder* by the estimated unemployment rates. However, the cutbacks vary among the different programmes, measures and policy areas.

## 2. CHILDCARE IN MÜNSTER

In the policy field of childcare, Münster is regarded as a pioneer. Against the background of a population dominated by academics, young people and well educated women, the challenge to balance work and life issues became soon important on Münster's political agenda. According to legal entitlement, nearly 100 percent of children aged 3-6 can get a place in a kindergarten. For children aged three years and younger, there are spots for 31.3 percent and it is the political goal to increase the quota up to 35 percent until 2014. This is corresponding to the policy of the federal state and would represent a leading number in Germany in this aspect of childcare.

Münster's local administration is regarded as the driving force of these developments. The important local committees and steering-boards in the area of childcare are the youth welfare services panel (*Jugendhilfeausschuss*) and the so called Group 78 (AG 78) where the heads of the kindergartens and day nurseries, the childcare providers (e.g. the welfare associations), the local administration represented by the youth office (*Jugendamt*) and - since recently - also representatives of the parents are represented. The local youth- and childcare administration becomes more and more a service orientated unit which sees itself confronted with confident parents claiming both high-quality childcare and sufficient supply of childcare opportunities. This is mainly due to the fact that there is more than ever before a lasting pressure on parents to return to their regular employment as soon as possible after the birth of their children and parental leave.

Like all social services in Münster, childcare is traditionally provided by a wide range of free carrier organisations. Carriers include churches, welfare organisations, independent



parent's initiatives and employers. The city of Münster provides around 20 percent of childcare places itself. Historically, churches were the main provider of childcare service within the city. However, declining membership in both big Christian churches led to decisions within the churches to reduce the involvement in childcare as well. In the moment of church retreatment the local administration tries to find another carrier for the affected facilities or takes them over itself.

Childcare is free until a yearly income of 37,000 euros (gross). This applies both for children aged 3-6 and for children aged three years and younger. Parents with a higher income are charged a fee by progressive stages of their income. If a family has several children in childcare, only one, namely the most expensive fee is to be paid. This beneficial regulation to parents is called *Geschwisterregelung* and is only possible because of Münster's healthy financial situation.

Figure 1.3 - parents' contribution for childcare (2011)

parents' contribution for childcare (gross income)	children 0-3			children 3-6		
	25 hours	35 hours	45 hours	25 hours	35 hours	45 hours
< 37,000 €	0.00 €	0.00 €	0,00 €	0.00 €	0,00 €	0,00 €
37,001-50,000 €	130.00 €	183.00 €	209.00 €	52.00 €	73.00 €	115.00 €
50,001-62,000 €	173.00 €	243.00 €	277.00 €	82,00 €	115.00 €	178.00 €
62,001-75,000 €	195.00 €	274.00 €	313.00 €	108.00 €	151.00 €	235.00 €
75,001-85,000 €	234.00 €	329.00 €	376.00 €	130.00 €	181.00 €	282.00 €
> 85,000 €	281.00 €	395.00 €	451.00 €	156.00 €	217.00 €	338.00 €

Source: Amt für Kinder, Jugendliche und Familien der Stadt Münster 2011b

Münster's local administration is also very committed to quality aspects of childcare. This can be illustrated with the help of three examples.

- First, the youth welfare office is maintaining an information office, in cooperation with the *Jobcenter Münster*, called Family Office (*Familienbüro*). In the Family Office, parents can find information about childcare and re-entrance into work after parental leave. The family office supplies support or directs parents to contacts relevant for their needs.
- Second, additionally to this support in problematic situations, the youth department is convinced of a new policy that was introduced three years ago. Since then, the youth department pays an information visit to every new born child in Münster. The visit is not intended to be a kind of state control but a possibility to inform about and promote the more and more service orientated department.
- Third, besides the character change in administration to be more service orientated and more open to parent's participation in deciding processes, another main trend is to be recognised in the childcare landscape. In accordance to labour market developments, all providers of childcare tend to diversify their childcare schedules. Childcare facilities are opening earlier, close later and are usually open in times of school holidays, which was not the case



ten years ago. The request for expanded opening hours goes hand in hand with the parents' demand for more under three year old childcare.

The political debate on childcare is not very controversial but for all that very active. While the policy-specific classical fights between progressives and conservatives seem to be a topic of the past, the debate got some last big attention in the early 2000s when conservative players ideologically challenged the need of childcare for children younger than three years but could not achieve a general consensus. However, generally, the moderate actors within the conservative political spectrum in Münster, centered in the local Christian Democratic Party (CDU), is credited for the creation of a political consensus about extensive childcare in the city. During the past ten years, childcare questions in the political arena have been issues about the best way to organise childcare but the general need of extensive childcare was not questioned anymore. In the debate about how to organise childcare we can separate two main opinions. The conservative spectrum on the one hand, arguing for improved quality of childcare, and the left spectrum on the other hand, keeping a focus on offering childcare free of charge.

For the current debate on childcare, the issues in Münster are as follows:

- Because of the fact that under three year old childcare is to be supplied with more caring personal per child, a loss of quality in childcare is feared.
- Several political actors are calling for a higher involvement of employers, especially those that require their employees to work in shift work (e.g. hospitals), into childcare provision. Until today, employer self-provision of childcare in Münster is rare.
- A visible trend is the retreatment of smaller local carriers and their replacement by larger regional or supra-regional carrier organisations that benefit from scale and synergy effects within their operative structures. These tendencies are supported by the benchmarking procedures that the local administration uses to compare the cost of childcare institutions. This development, away from local institutions that are specialised to be in a certain district and social situation, works against the principle of subsidiarity.
- Smaller debates in the field of childcare concern questions about society's responsibility for children that are born to parents that are in situations of drug addiction, and the topic of child poverty. The local department for youth takes active advocacy to keep these topics of discussions in the middle of society, and the strategy in Münster to face these problems is prevention. The youth department joins forces with medical and social agencies and departments to identify problematic situations ahead of time and give support to parents and children.

Another important issue that becomes more and more important is the question of access to a childcare spot. In principle, each independent organisation offering childcare spots can set up certain criteria concerning whose children will enter their facilities. Every facility then decides by itself which children are accepted. Because no entitlement to a certain spot exists and as private providers do not have agreements with the Municipality about the acceptance of applications, problems could emerge for families. This is the main reason for the fact that families living in problematic situations are usually granted spots in city-owned institutions which usually try to have a good mixture of e.g. children from families, single-parents, migrants or between boys and girls. To what extent religious affiliations are being considered is impossible to evaluate. The selection criteria and processes are often not transparent, and this applies in particular to private providers. What also has to be mentioned in this context is that each organisation offering childcare spots is able to apply its own pedagogic concepts and philosophies.

All in all, the circumstances of childcare in the city are relatively good and are actively promoted by the city and for the city marketing. It is considered an essential asset to make the city more attractive for young skilled professionals. Consequently, Münster was awarded to be the most child-friendly city in cities between 100,000 and 500,000 inhabitants in a 2004 benchmark competition.

**Innovators:** Local public administration, free carriers, moderate actors within the CDU, socio-economic structure (young, educated)

**Innovations:** high supply of childcare, advanced flexibility of childcare

**Future Innovations:** Enlargement of U-3 childcare facilities, prevention of financial shortcomings

**Subscriptions of innovativeness:** Improvement in the competition with other cities over young educated families to improve prosperity within the city.

## 2.1. Demographic changes

### *Changes in the demographic structure*

The most important trend concerning the demographic structure of Münster is its population growth. The population increased steadily from 265,609 in 2000 to 279,803 inhabitants in 2009 (plus approximately five percent). It is expected that this growth will remain constant during the next years. This trend is contrary to the slightly decreasing number of inhabitants in Germany (minus 0.5 percent).

Regarding the composition of the population, despite a small growth of the proportion of the elderly and a slowly shrinking share of children, no major changes can be reported. The proportion of the elderly (aged over 65) increased from 16 percent in 2000 to almost 18 percent (17.87 percent) in 2009. The proportion of children up to 8 years fell from 9.6 percent to 8.5 percent. The share of children from 9 to 18 years of age has been stable at around 9.2 to 9.5 percent. The dependency rate fell from 32 percent to little less than 28 percent.

### *Couples and births*

Concerning marriages, couples and separations, the situation in Münster almost didn't change in the last decade.

The number of married persons has not changed a lot between 2006 and 2010. It fell from 108,711 to 108,462, which is a share of 38 percent of the population. The number of marriages (weddings) per 1,000 inhabitants varied between five and almost six per year during the whole period. Looking at households with two persons, a reported indicator coming closest to de facto couples shows that the trend is equal. Their proportion of all households is at 27 percent from 2004 on. In 2010, 41,351 households with two persons were reported for Münster (households defined as people living together and sharing their livelihood, e.g. married couples, non-married couples, siblings, flat-sharing communities). The number of divorces was during the whole time slightly above 2 separations per 1,000 inhabitants per year.

Compared to Germany, the share of married persons in Münster is about five percentage point lower while the number of weddings is slightly higher. Over the last ten years, there are no differences in the trends of these numbers between Germany and Münster.

In general, the fertility and birth rates in Münster are showing an "up and down" trend. Numbers were falling until the mid of the decade and have been recovering from then on.

The fertility rate (births per 1,000 women aged 15 to 44) fluctuated during the last ten years with an observable falling trend from 2000 to 2005 (42.89 to 37.2) and a slowly growing tendency during the following years. In 2009, the fertility rate is at 40.08. Values for birth rates (births per 1,000 inhabitants) are following the same trend, starting at 10.53 in 2000, falling to 9.03 in 2005, and going up to 9.23 in 2009.

The most noticeable trend regarding the mothers' age at birth is the rising percentage of mothers aged 35 years and above. The birth rate of mothers aged 35 to 39 rose from 18.5 percent (2000) to 22.9 percent (2010) (share of women aged 35-59 giving birth to children, of all women in this age group). The birth rate of mothers aged 40 and above rose from 2.3 percent (2000) to 5.3 percent (2010).

In comparison to Germany, the trend of birth and fertility rates in Münster does not show significant differences, yet the birth rate in Münster is 9.2 and 13 percent higher than in Germany (8.2), while the fertility rate in Münster is 1.19 and about 15 percent lower than the German rate (1.39). One reason for this might be the high proportion of female students in Münster. The observed shift in the mother's age at birth is no peculiarity of Münster, as similar trends are reported for Germany.

Nearly a third of all children in Münster are not born out of wedlock.

#### *Family structure and household composition*

Major changes in the family structure cannot be reported. Proportions of singles, couples, and families as well as the average size of households and number of children have not changed from 2000 on.

The proportion of single person households remained stable at 50 percent (of all households) from 2004 on. The same applies to lone parents, whose share (of all families) is around 22 percent (+/- one percentage point) from 2006 to 2009. 81 percent of all children are living in households with two adults. This figure has not changed during the last decade.

Compared to Germany, the proportion of single person households in Münster is ten percentage points higher and while their proportion is almost stable in Münster, the numbers for Germany are showing a slight but steady increase from a share of 36 percent of all households in 2000 to 40 percent in 2009. A similar picture, but with smaller differences, can be drawn for the proportion of lone parents. Their share in Germany grew from 17 percent in 2000 to 21 percent in 2009.

The average size of households remained at 1.9 persons during the whole period. In 2010 the average number of children in families is 1.65.

The average size of households in Germany is a bit higher than in Münster. In 2010, it was 2.03. In contrast to Münster, it constantly fell in Germany. In 2000, the average household size was 2.16. The values for the average number of children per family are showing a reverse picture. Although the difference between Münster and Germany is very small, there are more children per family in Münster than in Germany (1.61).

Single mothers in Münster are in average older than in other German cities. Reasons for this development might be the high level of education and the valorisation of completing job qualifications before becoming a mother.

### *Work family balance and childcare*

The childcare coverage rate is constantly growing. Due to legal regulations, the coverage rate for children from three to six is over 100 percent. The rate for children under three years is at almost 30 percent and increased from 2009 to 2010 at about one fifth. Beside the municipality, companies and institutions like the University of Münster are establishing their own childcare services to meet the special needs of their employees, for instance shift work in hospitals. However, these offers represent only a small share of childcare in Münster (2.5 percent), they are rapidly growing, with a rate of 20 percent per year.

Compared to Germany, Münster is an ambitious region with regard to the work and family balance. This is the result of a 2007 comparative study, on behalf of the Federal Ministry for Family Affairs. Although Münster does not belong to the top regions, which are almost completely located in the new federal states and still benefit from the high importance of childcare and gender equality in the former GDR, it belongs to the top group of urban areas.

Münster's local administration and childcare providing organisations react with more flexible childcare options and a larger number of spots in under 3 year old childcare institutions.

Furthermore, Münster benefits from the circumstance that the city is populated by many women that have an academic degree or job training in pedagogic professions. Many of these women become day nurses for one or more children. This provides the city with a lot of flexible, high quality childcare.

### *Amount and share of single mothers*

In 2010, there are 5,245 single mothers in Münster. They make up to 20 percent of all households with children and represent 1.89 percent of the whole population.

Their amount declined over the last five years. In 2006, 6,711 single mothers lived in Münster, which is a share of 21.86 percent of all households with children and a share of 2.12 percent of the whole population.

### *Occupational status and problems of single mothers*

The proportion of single mothers who are economically active is 46.5 percent. Derived from the labour market statistics, it could be expected that the share of single mothers working part-time is considerably higher than in other population groups, although numbers are not reported for single mothers but for all lone parents.

Münster's high living costs push single parents into the outer living districts. Affordable living in the inner city becomes more and more difficult.

## **2.2. Regulations in the field of childcare**

### *Responsibilities in the provision of family welfare benefits and services*

The governance structure for childcare in Germany is decentralised (see Evers *et al.* 2011; WILCO WP2 County report Germany). The loose federal framework varies due to different regulation laws within the federal states (*Länder*). Actually, the responsibility for child care provision is with the municipalities. Financially, the local level shoulders together with the *Länder* (in a relation of 4 to 1) the lion's share of childcare costs, e.g. 11.1 billion

euros in 2006. Municipalities are also the key players in the governance of local welfare mixes concerning childcare provision. This kind of decentralisation is constitutionally rooted in the principle of subsidiarity that gives clear priority to local welfare providers.

On the local level, the central institutions are Child and Youth Welfare Boards whose members - large welfare associations, representatives from the municipalities and parents' associations - are in charge of planning the offers on preschool facilities. Traditionally, these governance bodies representing a type of local corporatism (Evers et al. 2005) have much autonomy in governing, regulating and developing local patterns of childcare provision.

Especially with regard to the drastic extension of childcare supply, good local governance relationships turn out to be a valuable resource. Here, new forms of co-operation, e.g. public-private-partnerships, are promising to go beyond the institutionalised routines of the Child and Youth Welfare Boards (that often no longer represent the pluralism of today's childcare providers).

In Münster, the Child and Youth Welfare Board is coordinated by the office for children, youth and family affairs (*Amt für Kinder, Jugendliche und Familien*). This office is relevant for all municipal childcare activities, such as prevention of child poverty, implementation of childcare services or integration of disabled young people. In total, 650 employees work in the office for children, youth and family affairs, including the childcare teachers in the relevant local facilities.

Besides this office, also the office for school and education (*Amt für Schule und Weiterbildung*) takes care of some of the child and youth affairs, i.e. in particular projects and programmes for specific advice, orientation, training and job mediation for unemployed young people.

According to the legal guidelines, third sector associations and in particular welfare associations have high significance in carrying out childcare activities. The collaboration between the local office for children, youth and family affairs and welfare associations in the field of youth welfare is defined through the social law book SGB VIII. For the performance of these tasks, the institutions receive benefits or fees from the office for children, youth and family affairs.

In order to ensure quality control among the institutions, the local Office for children, youth and family affairs has set up a number of quality circles for different activities in the field of childcare. These quality circles are regular meetings with welfare associations in the field of childcare, in which key activities, new developments, new demands and legal requirements in the institutions are discussed. The quality circles exist for the following topics:

- Childcare facilities/day nursery (*Kinderhorte*)
- Educational support centres (*Erziehungsberatungsstellen*)
- Family centres (*Familienzentren*)
- Open juvenile labour (*Offene und mobile Kinder- und Jugendarbeit*)
- Protection of minors (*Kinder- und Jugendschutz*)

Moreover, there is a huge number of advice- and support-centres in the local districts of Münster. More than 30 institutions offer individual support for problems of children, young people and single parents, among these are e.g. the *Anna-Krückmann-Haus*, the *Caritas vor Ort - Beratungsstelle Osthuesheide*, the *MUM - Mutter und Mehr* and the *VAMV -*

*Verband alleinerziehender Mütter und Väter*. Also training or leisure activities for children, young people and single parents are offered by some of the institutions.

One of the key players for population target two is the network of single parent families (*Verband alleinerziehender Mütter und Väter VAMV*). This network is coordinating the working group "single parents in Münster". This working group both gives individual advice and support for single parents and tries to work as an interest group on the political level. Members of the working group come from welfare associations, churches and other institutions.

While the huge number of third sector actors and advice- and support-centres is typical for the policy field of childcare in Münster, the activities of companies that offer childcare facilities for their employees is said to be underdeveloped. First initiatives came up in the last months, among these also a kindergarten for employees of the University of Münster, which is the biggest employer in town. However, the number of places offered is very low.

Finally, another key player is the parents' board (*Stadtelternrat*) in which the parents' representations of the municipal childcare facilities are aligned together. The parents' representatives have the opportunity to take part e.g. in the decision-making on the opening hours of the childcare facilities and also on some of the contents of the education work. In Münster, the parents' board is also member of the child and youth welfare board (*Kinder- und Jugendhilfeausschuss*).

#### *Changes in the distribution of responsibilities*

As illustrated in the WP2 country report for Germany (see Evers *et al.* 2011; WILCO WP2 Country report Germany), German municipalities increasingly switched into the role of performers that are more and more obliged to implement federal government's target-driven childcare policies. While still enjoying much autonomy in how to realise decent childcare arrangements, the local level is confronted with top-down decisions concerning its overarching targets.

For example, through the *Tagesbetreuungsausbaugesetz (TAG)* in 2005, municipalities were forced to set up 230,000 new childcare places for children aged 0-3 until 2010. This ambitious goal was foremost a stress test for cash-strapped communities in West Germany; e.g. in North Rhine-Westphalia (the most populated *Bundesland*), more than 50,000 places were missing (Federal Statistical Office 2010b). The situation with regard to all-day childcare facilities is even worse. According to the law, municipalities should upgrade one third of their overall demand for all-day childcare facilities.

The implementation process of the TAG was supported by extraordinary investments by the federal government. The *Kinderbetreuungsfinanzierungsgesetz* in 2007 disburdened municipalities and urged them to accelerate their efforts to establish new childcare facilities by providing a budget of 2.15 billion euros plus 1.85 billion euros for additional personnel costs.

In 2009, central interventions were even intensified by the *Kinderförderungsgesetz (KiföG)*. The federal law has sharpened the targets by jacking up the demand on day-care facilities places up to 400,000 (till 2013) and granting parents a legal right for early childcare from 2013 on. Furthermore, the KiföG welcomes the inclusion of company-driven kindergarten and commercial providers. In the medium-term, communities' governance role in childcare becomes also affected by modified financing competences that may shift political power from the bottom to the top: From 2014, the federal government will subsidy pre-schooling with a yearly amount of 770 million euros.



Altogether, a shift of policies from being family-centred towards a focusing on child-oriented services can be recognised. This means that child-care is not just offered in order to care for children so that in particular women have better job opportunities, but in order to improve educational opportunities for children. Thus, the focus of childcare shifts to early infantile education and prevention of children's discrimination and disadvantages. However, the development towards more public and professional childcare is not totally uncontroversial: The upcoming right of a childcare place in 2013 will be accompanied with small subsidies (130 euros) per month for those parents who decide to care themselves for their under-3s at home (*Betreuungsgeld*).

As to the local level in Münster, the new legislation and need for new childcare facilities seem to be manageable insofar, as the initial situation is quite comfortable: Currently, Münster covers a demand of 31.3 percent of the day-caring for children aged 0-3 and the office for children, youth and family affairs aims at covering 37.5 percent in 2013 - although only a demand of one third is required legally. Nevertheless, problems may arise, as the birth rate in Münster has increased by about 7.1 percent in the last year, and as there is still a growing population trend for Münster.

A further impact of the new legislation can also be seen in the fact that in Münster - due to the increasing number of secessions from the churches - more and more church-driven kindergartens are closed and that often for-profit players try to take over these facilities. In Münster, this is in particular *Outlaw*, which is a nationally recognised agency for children and youth services and which in Münster already owns seven kindergartens.

#### *Welfare programmes: Income support measures and in-kind services*

With regard to income support measures, there are a number of general welfare programmes that support single parents. All these programmes are regulated by federal law. Since the receipt of payment through these programmes depends on the individual situation of the single parents, there is a wide range in the amounts of benefits.

The main welfare programmes addressing single parents that are applied in Münster are:

- Child benefits (*Kindergeld*);
- Parents money and parental leave (*Elterngeld und Elternzeit*);
- Child maintenance payment (*Unterhalt und Unterhaltsvorschuss*);
- Tax exempt amounts (*Steuern und Freibeträge*);
- Unemployment benefits (*Arbeitslosengeld II, Sozialgeld und Grundsicherung*);
- Children's allowance (*Kinderzuschlag*);
- Legal aid, e.g. for guardianship affairs (*Beratungs- und Prozesskostenhilfe*).

In terms of in-kind services beside traditional childcare services such as day-care, the local office for children, youth and family affairs has set up a so-called family office (*Familienbüro*), which offers specific advice and support for young families and single parents. In this family office there is also working a consultant of the job centre, e.g. for inquiries with regard to the re-entering into the job after parental leave. The services include

- information on all opportunities for all all-day childcare facilities for children aged 0-14;
- information on free places in childcare facilities;
- information on service and advice centres for specific questions and family affairs;



- information on local family education centres and community educational programmes;
- information on leisure activities for children.

As explained above, there are also more than 30 institutions offering individual advice and support for children, young people and single parents.

### *Public expenditure*

In terms of public expenditure for childcare, it is worth to have a look at the budget resources for 2008 and 2009 for the local office for children, youth and family in Münster. Former budget appropriations are not available since there has been a change in the system of the budget management in 2008.

Figure 1.4 - Münster office for children, youth and family: Budget resources 2008-2009 (Euros)

	Budget resources 2008		Budget resources 2008	
	Expenditures	Revenues	Expenditures	revenues
Childcare	62,485,190	26,335,510	68,692,750	28,313,100
Support for child and youth work	6,870,920	1,203,850	13,426,760	4,773,520
Support for underprivileged young people	4,451,780	984,810	3,469,980	301,230
General support for families	2,572,280	132,680	2,715,590	132,680
Financial and educational support for families	38,209,410	5,407,390	38,828,460	5,738,910
<b>total</b>	<b>114,589,580</b>	<b>34,064,240</b>	<b>127,133,540</b>	<b>39,259,440</b>

Source: Amt für Kinder, Jugendliche und Familien der Stadt Münster 2009a.

Both the expenditures and the expected revenues through demand fees for childcare have increased by about 10 percent from 2008 to 2009. However, the higher budgets for 2009 are a consequence of new offers for all-day childcare facilities and also for the need to build up new facilities for the care of children aged 3 years and younger.

In general, the budget of the office for children, youth and family increases according to the growing demand for childcare. So, since the birth rate in Münster has increased by about 7.1 percent in the last year and since there is still a growing population trend for Münster, it is obvious that also the expenditures for childcare are increasing.

Furthermore, what can be said with regard to the public expenditure and resources is that while the total staff number in the local authority Münster declined by about 15 percent from 2000 to 2008, the staff number in the Office for children, youth and family affairs has been relatively stable (*Amt für Kinder, Jugendliche und Familien der Stadt Münster 2009a*). As this is mainly due to new offers for all-day childcare facilities, it is hard to say, whether the quality of childcare activities has been stable or if new offers in one field have led to cuts in other fields. Also, it is not possible to analyse the financial and human resources and the relevant trends of the welfare associations which play a key role in the field of childcare.

Altogether, it is assumed that the budget situation for childcare will become more and more difficult in the future. In this context, it is also a problem for the staff of the office for children, youth and family affairs that the use of the budget is mostly defined through legal requirements, so there is not much leeway for developing and implementing new concepts and programmes which would be relevant projects e.g. against child poverty.

### **3. IMMIGRATION IN MÜNSTER**

#### **3.1 Socio-economic trends in the field of immigration**

##### *Proportion and composition of the migrant population*

In 2009, 6.8 percent of the population of Münster are foreigners with no German citizenship. The share of people with a migration background is more than two times larger. 21 percent of the local population have a migration history. These are above all foreigners (35 percent), resettlers (19 percent), naturalised persons (18 percent) and children whose parents migrated to Germany (17 percent).

The figures for Germany are almost equal. The share of foreigners is at 8.7 percent and the share of migrants at 19.2 percent.

The migrant population of Münster first and foremost comprises people from Eastern Europe who are in many cases resettlers with German ancestors. The five most numerous nationalities among foreigners and people with a migration background are Poles (5,249), Russians (3,188), Turks (2,805), Kazakhs (2,368) and Portuguese (1,641). In many cases, though, Poles, Russians, Kazakhs and Turks have a German citizenship, too. Looking exclusively at the foreigners, Serbs (1,167) and Kosovars (932) have to be added to the most numerous nationalities. Among people with a second citizenship, Iranians (1,165) are another important group.

This composition is similar to the formation of the migrant population in Germany, where Turks, Poles, Russians, Serbs and Italians are the most numerous groups. Although it has to be mentioned, that different from Münster, in Germany Turks have by far the largest share among foreigners and migrants. In addition, it has to be mentioned that we cannot consider any of the immigrant groups in Münster dominant, a differentiating factor to most German cities.

The gender distribution among foreigners and migrants is almost even, with slightly more women than men (51 percent or 51.7 percent for the migrants). Concerning the age distribution, children and young people have a relatively high share in both groups, while the elderly (aged 60 and above) are prevailing among the migrants. People aged up to 30 have a share of about two fifths in both groups, with a greater proportion of children and teenagers (younger than 20) among the migrants than among the foreigners (25 percent to 14 percent). With regard to the elder age groups, persons aged between 30 and 59 almost represent the majority among foreigners (49 percent), while among migrants, this age group almost equals the younger age groups (38.2 percent). The share of people aged 60 and above is twice as large among migrants (19.9 percent) as among foreigners (9.1 percent).

Comparing these numbers to the situation in Germany, no differences concerning the gender and age distribution can be reported.

Regarding inclusion into the labour market, foreigners are facing greater problems than other population groups. Their unemployment rate is 11.8 percent (July 2011) which is considerably higher than the overall unemployment rate. The share of employed among foreigners is 55 percent, and 39 percent are economically inactive.

For Germany overall, the unemployment rate among foreigners is considerably higher, at 18.2 percent for 2010. The gap between this and the overall unemployment rate is also much larger in Germany than in Münster.

Through Münster's structure as a university city with a relatively high level of education compared to other German cities leads to a relatively high educated migrant population. Nevertheless, migrants are over-represented within the less educated population.

#### *Territorial distribution of migrants*

The majority of foreign population and the population with a migration background lives in the outer parts of the city (64 percent/69 percent). Especially the northern districts have a high share of migrants (37.3 percent) and foreigners (11.9 percent) while the city centre (13.6 percent/6.6 percent) and the eastern districts (13.6 percent/4.2 percent) have the lowest proportion of these population groups.

Throughout Münster, there are five areas that could be described as segregated and problematic concerning migration and integration of foreigners. These areas are Coerde and Kinderhaus, both in the north of Münster with a proportion of 44.9 percent and 36.4 percent of households with mainly migrants; Berg Fidel and Angelmodde in the south of the city with 43.1 percent and 26.5 percent of migrant households and Gievenbeck in the western part of the city with a proportion of 31.7 percent of migrant households. In all of these areas, one to three hot spots exist, which have an ongoing history of deterioration and segregation and are regarded as extremely problematic.

#### *Main immigration and emigration trends*

Looking at the numbers of foreigners moving to Münster during the last decade reveals a slightly declining immigration trend from 2000 to 2007/2008 and rising numbers from then on. During this decline, the net migration has been negative for three years, with 100 to 200 foreigners more per year leaving Münster than moving to it. In 2000, the number of foreigners moving to Münster was at 4,203, which represents 26.5 percent of all persons moving to Münster. The net migration of foreigners during this year was 999. In 2010, there were 4,293 foreigners moving to Münster (22.8 percent of all persons moving to Münster) and a net migration of foreigners to Münster of 883 persons.

These trends for Münster are similar to the overall trend for Germany where the net migration of foreigners is showing an almost steady decline since 2000, though with no negative net migration. In 2009, the net migration for Germany was 27,506, with a total number of 606,314 foreigners moving to Germany.

The largest proportion of these foreigners came from Europe (71.6 percent), followed by Asia (14.5 percent), America/Australia/Oceania (8.9 percent) and Africa (3.8 percent). This ranking has been stable during the last decade.

Generally, it can be constituted that Münster's immigrants arrived in four recognisable waves. (1) In the 1950s and 1960s, Spanish and Portuguese immigrants were hired as "Gastarbeiter" (migrant workers). (2) Iranian migrants arrived throughout the 1980s. (3) The largest migrant movement to Münster took place after the fall of the iron curtain

from the former soviet states' era. (4) Refugees of the Balkan conflict arrived in Münster since the mid-1990s.

#### *Changes of the proportion and composition of the migrant population*

The share of foreigners among the total population in Münster has slightly diminished from 7.7 percent in 2000 to 6.8 percent in 2009, the proportion of people with migration background increased from 17.6 percent in 2000 to 21 percent in 2009.

Regarding these trends, there are some differences between Münster and Germany overall. The proportion of foreigners and migrants in Germany has been almost stable during the last ten years, while Münster has moved to a larger share of migrants and a smaller proportion of foreigners.

In the same period, the proportion of the younger (up to the age of 30) fell by around three percentage points, and the share of men among the foreigners diminished from 52.4 percent in 2000 to 48.7 percent in 2010.

With regard to their origin, the composition of the foreign population changed during the last decade. From 2005 on, the number of foreigners from Poland has increased and since 2008, Serbs and Kosovars have replaced Italians and Iranians among the five most frequent nationalities in Münster.

The most important trend concerning the territory distribution of foreigners is their falling number in the inner city districts. From 2002 to 2010, statistics report a loss of 12.5 percent, while the numbers for other parts of the city are showing only slightly decreasing numbers or are almost stable.

#### *Concentration and segregation of migrants*

Actors claim that there is a consensus within Münster's political sphere to not use problematic situations of disadvantaged groups or racism for political purposes.

When the local administration introduced a concept of decentralised housing for refugees, several citizens voiced concerns about refugee residencies in the direct neighbourhood. Mediation processes supported by NGOs solved the issues.

#### *Amount and proportion of foreigners not born in Germany*

The description of population target three is too multifaceted to be described with statistical data available on the regional level of Münster. A useful approximation for this population group is the number of foreigners not being born in Germany. Their amount in Münster in 2010 is 17,557, a share of 83.1 percent.

#### *Occupational status of refugees*

In 2010, there have been 819 accepted asylum seekers or refugees in the sense of Geneva Convention on refugees plus 1,417 refugees in a broader sense, of which only 295 have a permit of unlimited residence, in Münster. Refugees are facing various obstacles while trying to enter the labour market as explained in the regulation chapter. The numbers of illegal migrants and trends over time are not available.

### 3.2. Regulations in the field of immigration

#### *Services and benefits to migrants, responsible public, third sector and private actors*

In general, integration as a policy concern in Germany has moved to a central position. Integration is not left primarily to market and civil society processes, but is more and more regarded as a process that can and should be steered by political intervention. Integration policy has become relevant in particular since the new German immigration law of 2005. On different levels of government, concepts and programmes have been constructed for steering integration policies. Under these premises, new political and administrative structures have been created (Heckmann 2010: 2).

Integration policies are now directed towards migrants and so-called people with a migration background who often have been born in Germany. This concept has been introduced because differentiation of data by citizenship has proved to be misleading when trying to understand integration processes (ibid.).

For the practical affairs of integration (healthcare, housing, etc.), there are two offices responsible: The "*Ausländerbehörde*" (Office for Foreigners) is connected to the local authorities, and the "*Bundesamt für Migration und Flüchtlinge (BAMF)*" (Federal Office for the Migration and Refugees).

Through a decentralised structure and a nationwide network of 23 regional offices, the Federal Office for Migration and Refugees is represented in all federal states (*Länder*) and is in direct contact with all stakeholders involved in integration issues. The main work of the regional offices is to inform and advise local foreign affairs offices, course providers, local authorities, employment agencies, social and youth authorities and other bodies with integration responsibilities in all questions regarding integration measures (BAMF 2005a).

At the local level, many cities have developed or are in the process of developing local integration programmes. Administrative changes often include the creation or strengthening of a department for integration or the installation of a commissioner for integration. Changes also include what is a so-called "intercultural opening" of the administration. This refers to efforts to better serve the needs of migrants and to recruit more personnel with a migration background. Another aspect of new developments is the redefining or creating of consultative bodies of migrants to give them a stronger role in the local political process and to ensure their participation (Heckmann 2010: 6).

In terms of content, the expansion and improvement of pre-school education is a major activity of cities, financially supported by the federal states (*Länder*). This is a general measure for all children, but in particular for the support of integration of migrant children. In addition, special programmes for learning or improving German have been installed and kindergarten educators are trained for this new role of language teaching. Kindergartens are also told to undertake measures for better reaching the migrant parents of the children and to motivate them to participate in the life of the institution (ibid.).

At the local level in Münster, it is in particular the Office for Foreign Affairs (*Amt für Ausländerangelegenheiten*) and the Department of Ethnic Migrants, Refugees and Asylum-seekers (*Dezernat für Aussiedler-, Flüchtlings- und Asylbewerberangelegenheiten*) that take care of integration activities and programmes.

The Department of Ethnic Migrants, Refugees and Asylum-seekers for example has, as explained before, like other cities developed an overall migration and integration concept (*Leitbild Migration und Integration*) in which a catalogue of measures for integration is compiled. The concept is not legally binding but is broadly accepted within the local authority and its compilation together with many third sector players has increased the awareness for integration broadly.

Besides the departments and offices of the local authority, third sector and for-profit organisations play a key role in the field of integration in Münster.

First, the local Integration board (*Integrationsrat Münster*) has a kind of a bridge-building function. The local integration board is a special interest group, which is legally anchored in the local government law (*Gemeindeordnung NW*). Members of the board have more than 15 different nationalities and often are speakers of migrant organisations. The integration board is not entitled to make political decisions but can give advice and recommendations on all subjects with regard to migration like childcare and school, health care, housing or cultural affairs.

Welfare Associations and other local associations also play a key role in offering integration courses. In Münster, integration courses are currently offered by educational institutions like the *Bildungsinstitut Münster (BIMS)*, *Werkstatt für Bildung und Kultur*, or the *Verein Wissenschaftliche Internationale Partnerschaften WiPDaF*. Also the Workers' Welfare Association (*Arbeiterwohlfahrt AWO*) offers advice and support for job-seekers with a migration background.

Another important local player in the field of support for migrants, asylum-seekers and refugees is the *Caritas*. The Caritas offers advice and support with regard to job situation, changeover from school to vocational education, debt counselling or psychosocial care. The Caritas also runs a number of neighbourhood centres for education or leisure activities. Often these initiatives are offered in collaboration with migrant organisations.

Finally, the Münster Refugee Relief (*Gemeinnützige Gesellschaft zur Unterstützung Asylsuchender - GGUA Flüchtlingshilfe e.V.*) also offers advice and support, e.g through individualised counselling, assistance in developing language skills and advice on applying for a job, practical job training and help to improve qualifications and placement services for jobs and training.

One of the projects offered by the Münster Refugee Relief is *MAMBA*, a project for giving refugees access to the local labour market. The project gives advice and personal support for educational training and for the job search. Refugees are given legal advice and psycho-social care. It is also supported by the Educational centre of the chamber of crafts (*Handwerkskammerbildungszentrum HBZ*) and the *Jugendausbildungszentrum (JAZ)*.

### *Main welfare programmes*

Migrants are entitled to receive the same basic security benefits of the *Social Security Code* like Germans. Basic security benefits aim to support individuals in need and capable of earning in taking up or staying in employment and to cover their living expenses to the extent they are unable to do so themselves by other means. Basic security benefits for job-seekers (*Grundsicherung für Arbeitsuchende*) combine the former unemployment assistance (*Arbeitslosenhilfe*) and social assistance (*Sozialhilfe*). The benefits were introduced in 2005 when the benefit-related provisions of Book II of the Social Code (SGB II) came into effect.



The benefits are provided by the *Bundesagentur für Arbeit* (BA) and local authorities (municipal providers). While the municipal providers are mostly responsible for accommodation, heating and childcare benefits, debt and addiction advice, and psychological care, the BA is responsible for help with integration into the labour market and assistance towards living expenses, including the payment of social security contributions.

Basic security benefits contain

- basic social care (*Grundsicherung für Arbeitslose nach dem SGB II*);
- children's allowance, if applicable (*Kinderzuschlag*);
- basic social care for elderly persons and for persons with reduction in earning capacity (*Grundsicherung für ältere Menschen und bei Erwerbsminderung nach dem SGB XII*);
- social welfare allowance (*Hilfe zum Lebensunterhalt*).

Which kind of benefits a migrant is entitled to receive largely depends on the same criteria as for Germans (ability to work, age and community of members of a household in need of benefit). The amount for the basic social care currently is 364 euros for a single-person household or the head of a household and between 215 and 291 euros for further household members. However, this amount does not cover expenses for housing, heating etc.

In terms of housing costs, it is no longer necessary to apply for housing benefit when applying for unemployment benefit (ALG2). The municipal providers meet reasonable accommodation and heating costs for a claimant's household as part of unemployment benefit. These include water supply and sewage charges. The municipal providers are responsible for deciding what is reasonable and appropriate (BAS 2008).

Access to the benefits of the Social Security Code is not given to asylum seekers and refugees without permit to stay. However, to ensure living conditions, asylum seekers and refugees receive benefits of the Law on Benefits for Asylum Seekers (*Asylbewerberleistungsgesetz, AsylbLG*). The benefits for the *AsylbLG* contain basic social care (food, body care, household effects and everyday personal necessities), social care for health and other specific social care, e.g. for specific needs of children. The amount for the basic social care currently is 225 euros for a single-person household or the head of a household and between 130 and 200 Euro for further household members. This amount does not include expenses for housing.

After having received benefits for asylum seekers for 48 months, asylum seekers are entitled to receive additional maintenance costs after the Social Security Code (*SGB XII*).

With regard to in-kind services, the Münster municipality has taken the initiative to improve the standards for integrating asylum seekers through new concepts in housing: The concept for decentralised housing complexes for refugees (*Konzept dezentraler Unterbringung*) aims at avoiding segregation and buildings are constructed in a way that they also can be used as normal housing accommodation in the future. The housing complexes offer immigrants professional and volunteer social workers for advice on various topics such as legal issues and finding a job. Their high quality attracted the attention of the United Nations High Commissioner for Refugees (UNHCR): "In contrast to the large-scale, institutionalised housing, we notice that the new apartments allow for a sense of civil society to develop (...). We have volunteers from within the immigrant community supporting the social work of our office, and quite a number of immigrants have been adopted by the local community" (DWW 2005). The concept for decentralised housing



complexes was developed and realised mainly by the local Department of Ethnic Migrants, Refugees and Asylum Seekers (*Dezernat für Aussiedler-, Flüchtlings- und Asylbewerberangelegenheiten*).

#### *Public expenditure*

Local data concerning the public expenditure for the benefits for migrants or asylum seekers within the Social Security Code (*SGB II, SGB XII or the AsylbLG*) are not available.

However, what can be said is that the budget appropriation of Münster municipality for expenditures for migration and integration are relatively stable: The budget appropriation increased from 659,204.11 euros in 2009 to 735,500 euros in 2010 and then decreased to 693,330 euros in 2011 (Stadt Münster 2011a: 583). The budget appropriation contains predominantly the expenditures for personnel within the *Migration and Intercultural Affairs Department* and the expenditures for the coordination of the migration advisory board. It does not contain any budget for transfer payments for migrants or asylum seekers.

#### **4. HOUSING IN MÜNSTER**

From the investors' point of view, Münster is a highly attractive city. A five stars ranking in the well-known magazine CAPITAL for most profitable fields for investment in real estate gives Münster a top position among German cities. The population grows and the income is above average - to build or buy flats and houses in a rich, growing city is a business producing rich men. But what about those who are financially less equipped in a city with rent rates similar to those of Munich or Milan? People with low income, like single parents or youngsters, have more and more problems to find affordable flats - particularly close to the city centre, reachable by bike shortly from university, *Prinzipalmarkt* (central square) or main station. Financially disadvantaged people would find appropriate flats only by chance or among the bare offers of the social orientated housing companies. In the field of housing, several, partly non-profit oriented housing associations exist. That is prominently *Wohn+Stadtbau GmbH* offering nearly 6,000 flats in Münster. Nevertheless, it is obvious that the provision of sufficient social housing was neglected by administration and politics in the last ten years. The number of affordable social flats is even strongly declining in Münster. Those who built affordable social flats were subsidised through attractive state loans - however, they were obligated to rent the flats for an affordable price-bound rate for ten years. If owners pay back the state subsidies they can enter the open market - and because Münsters housing market is very attractive, most investors formerly owning price-bound social flats are now entering the more abundant market.

Even new social housing is more expensive than old flats from the 1950s or 1960s, but those are disappearing everywhere in Münster because they are converted to modern condos. Particularly in the centre of town, new buildings are aspired to be prestigious, demonstrating wealth and prosperity. Anyway, Münsters marketing focuses much on the centre of town where ground and flats undergo large value increases - suburbs and peripheral quarters show huge new development areas for new family houses and flats, including a high consumption of former natural green spaces, e.g. *Gievenbeck, Roxel* or *Amelsbüren Hansapark*. But in some suburbs, highly desolate housing situations can be encountered. The gentrification of the centre and the segregation of migrants, unemployed and the poor in social hotspots are two sides of the same coin. An example for strong social segregation is the high-rise housing estate at *Kinderhaus-Brüningheide*, erected in the 1970s under the leitmotif "urbanity through high density". Two thirds of the high-rise flats have been sold to the Australian private equity company *Babcock&Brown* in 2005, with devastating consequences: The investor rented the flats without considering

any aspects of social cohesion, even allowing drug dealers and illegal prostitutes to set up businesses in the housing complex. It furthermore ignored the urgent needs for investment into infrastructure such as elevators, heating or windows. Also no sufficient garbage collection was organised. All these failures concluded in a near slum-like situation in the suburb. Today it seems to be clear to all policy actors in Münster that cooperation with socially and locally not present and responsible actors from overseas - particular in social hotspots - is really difficult. As a consequence, the political parties in the city council currently debate the suggestion of the Social Democratic Party to create a rescue company to repurchase the flats for an acceptable price as fast as possible. Thereby, the cooperation with those housing companies owning the remaining one third of flats will be necessary, because the repurchase and modernisation could not be funded by the public budget. Private housing companies are also interested in sustainable investment - and the total drop of two third of the flats in their neighbourhood endangers the image of their own property. Even if private housing companies calculate on market basis, they know that the image of a quarter is decisive for a long-term profitable real estate investment. And therefore it can also be attractive for private companies to pay for a social worker - like the *Parea* project of the private company *SAHLE* - and to guarantee for a balanced social mix in the quarters.

As an initiative of the *Arbeiterwohlfahrt* and the Social Democratic Party, the meeting centre *Sprickmannstraße* was established in the 1980's in the middle of *Brüningheide*. Today it is funded through the federal/country programme *Soziale Stadt*. The meeting centre's philosophy is to function as an attorney of the population of *Brüningheide* to move issues from the towns' periphery on the agenda of the town hall and city council by meetings or public relations on the one side. On the other side, the meeting centre gives inhabitants consultancy and help in disputes with renters and state authorities. A reason for stronger social segregation in cities like Münster lies furthermore in the since 2005 existing federal *Hartz* laws because the rent rates of people getting state support was fixed on a relatively low level - and consequently, if the cities cannot fund it by themselves, welfare recipients are forced to move to cheaper flats and meet each other in respective quarters.

Growth is seen as the major way to reduce pressure on Münsters housing market. But there exist different opinions on the quality of growth. Conservatives state that the housing market functions on its own. If luxurious flats for the higher price segment are built, flats for low-incomers open up. However, young families settle down in cities and villages 15 up to 30 kilometres around the city to commute on a daily basis. Such flats will not be attractive for those with low incomes because of the outstanding demand. Therefore, progressives stress the need for more social living space, for the intensification of the activities of the public owned *Wohn+Stadtbau GmbH* to create new and also central flats and to hinder that newly released living space - like the former NATO housing and barracks of British soldiers - will be purchased by the highest bidders in every case. Even if housing policy was always a topic in Münsters local politics, it is not clear if and how the obvious growing problems of outstanding demand, high prizes and growing segregation will be in the focus of policy measures in the future. In contradiction to awards and self-descriptions, serious future problems and also highly problematic focal points like *Brüningheide* are the result of a close-up picture of the housing situation in Münster. Social division becomes visible. The policy field of housing is regarded as one where the city and politics have little influence and steering competences. Some experts in parties and administration recognise the growing pressure in the housing market and stress the necessity to act - but it doesn't seem to be clear how to act. Things could be moved forward if political will comes together with economical will - however that needs a lot of creative intelligence of actors and the competences to a clear and transparent long-term balance of interest between public and private bodies.

**Innovators:** The market (private capital), public owned housing companies, Social-Democratic-Party, civil society as an attorney of local people,  
**Innovations:** Programme *Soziale Stadt (Städtebauförderung)*, *negative innovation of privatization*  
**Future Innovations:** Bringing together public and private interest by creating new flats, the public company *Wohn+StadtBau*, social work  
**Subscriptions of innovativeness:** CAPITAL-ranking, *PAREA Projekt der SahleBau*

#### 4.1. Socio-economic trends in the field of housing

##### *Development of the housing market*

On Münster's housing market, a high demand for housing meets a relatively low supply. This characterisation is not only true for both rentable flats and the real estate market, but also for all price segments. A situation which Münster is facing for more than 20 years now and which is expected to last on for the next years.

Compared to Germany and the federal state of North Rhine-Westphalia, Münster is a high-price area for property and rent. The only comparable regions in North Rhine-Westphalia are Düsseldorf and Cologne. Regions in Germany being more expensive than Münster are Munich, Frankfurt and Hamburg. Regarding rising rents and real estate prices, Münster is in line with Germany overall, where rents grew slowly during the last years and prices for new homes grew at about 12 percent from 2000 to 2009.

The average prices in Münster for square meters to rent are among the highest in North Rhine-Westphalia: In 2010, the average rent was 8.35 euros/sqm which is more than 2 euros or 30 percent higher than the average in North-Rhine-Westphalia (6.30 euros/sqm). Merely Cologne (8.67 euros/sqm) and Düsseldorf (8.55 euros/sqm) are even more expensive (VdW 2011). However, average prices differ depending on the quality of the area and the distance to the city centre, so that average prices range from 6.80 euros/sqm to 10.50 euros/sqm (2010, rents for dwellings in newly built houses). With regard to the trend over the last years, the average price for square meters to rent increased from 7.41 euros/sqm in 2000 to 8.35 euros/sqm in 2010 which is nearly 15 percent (WFM 2011).

The average prices in Münster for square meters to buy (land prices) range from 220 euros/sqm (moderate real estate area) to 300 euros/sqm (good real estate area) to 450 euros/sqm (excellent real estate area). The average prices for square meters to buy also increased about 15 percent in the last ten years (2000 to 2010) (WFM 2011).

The average price in Münster for a single-family house in 2010 was 400,000 euros, with a range from 300,000 euros to 580,000 euros. The average prices increased about 17 percent in the last ten years (2000 to 2010) (WFM 2011).

Responsible for the high price level in Münster are the low number of new homes, the growing share of single person households, the increasing amount of young families with children who are not moving to the suburbs or outer parts of the city and finally the high demand in real estate for financial investment, following the 2008 financial crises.

##### *Access to housing*

Access to housing has been extremely difficult in Münster for more than 20 years. Generally seen, this is true for all population groups, but mostly affected are people with low income, as the affordable housing supply is extremely limited. The high share of

students in the population of Münster is one important reason for this tight market situation. This worsens the condition for other people with low income.

The demand for affordable housing is not producing a higher supply, as the federal state cuts down its financial support for social flats and rising land prices prevent investors from starting real estate projects aiming at the lower price segment of the housing market. A change in this situation is not expected for the next years, rather an aggravation of the situation.

Compared with other regions in Germany, Münster belongs to the most critical areas concerning the availability of housing, especially with regard to the affordability of private property. Together with the relatively low share of homes, suitable for families, this led to a low ranking (380/439) in a nation-wide comparative study on housing accessibility for families.

#### *Critical situations in housing*

As explained above, affordability is a very relevant problem in Münster. From the owners' perspective it becomes rapidly more difficult to invest. Prices are high and rising, while building sites become rare. Nevertheless returns on investment are high and property investment is highly profitable.

On the renters' side, the housing market is extremely difficult and affects business and all private renters. Lower income families are pushed to the outer districts. Many middle incomers leave Münster for rural towns nearby and commute to work.

When it became public that mainly Roma families that were placed in the refugee residence *Schwarzer Kamp* had to live in very hard hygienic conditions, a local scandal arose through press and NGO work. Other than that, hygienic conditions do not represent a problem in Münster.

The number of homeless fell from 640 in 2000 to 444 in 2006, which is a share of 0.16 percent of the whole population of Münster.

#### *Changes in the most critical urban areas*

The problematic residential areas in Münster developed mainly through failed privatisation of social living complexes. Ownership did not pay attention to a healthy mix of renters and in some cases did not keep the living space in appropriate conditions.

The situation is slowly improving. Advocacy work by NGO that are working in the districts and complexes led to public problem awareness and forced the local authorities to take action.

The main strategy is to change problematic ownership situations by either reacquiring the property through city-owned housing associations or by promoting and monitoring the change of private ownership to local and more responsible investors.

## **4.2. Regulations in the field of housing**

As pointed out in the WILCO WP2 Country Report for Germany, social housing and subsidies are regulated by federal law (*Gesetz über die soziale Wohnraumförderung*). Since 2006, with *Förderalismusreform I*, responsibilities for social housing were completely assigned to the federal states (*Länder*) and to the municipalities (*Städte und Gemeinden*).

The *Länder* are the players in the German political system where potential house builders and building societies have to apply for subsidies. Subsidies are given in the form of cheap credits, house building benefits, the acceptance of bails or cheap building areas (*Schader-Stiftung 2005*). The *Länder* are financially supported by the federal government with 518.2 million euros each year until 2013 (*Bundesministerium für Verkehr, Bau und Stadtentwicklung 2011*). As for the housing benefits, financial burdens are shared between the *Länder* and the federal government. In 2009, 1.56 billion euros were spent for housing benefits (Federal Statistical Office 2010).

The local level is also involved in social housing policy. People who want to apply for social housing or housing benefits have to do this at their local housing or social office. As well, the local municipalities do often own social housing (even though, there is a growing privatisation in this sector) and are responsible for town planning (Lampert 2007).

On the local level in Münster, the following departments and offices are involved in the regulation of the housing market and in the provision of services and benefits to people who have difficult access to housing:

Regulation of the housing market:

- Office for Urban Development, Town Planning and Transport (*Amt für Stadtentwicklung, Stadtplanung, Verkehrsplanung*);
- Office for Property Management (*Amt für Immobilienmanagement*).

Provision of services and benefits:

- Office for Local Housing (*Amt für Wohnungswesen*);
- Social Security Office (*Sozialamt*);
- Office for Children, Youth and Family Affairs (*Amt für Kinder, Jugendliche und Familien*);
- Department for Migration and Intercultural Affairs (*Dezernat für Migration und interkulturelle Angelegenheiten*).

All these departments and offices are located in the city hall buildings within or close to the city centre of Münster.

With regard to the suburbs and districts, there are a number of neighbourhood centres, which are partly driven by the local administration. These neighbourhood centres, like the *Begegnungszentrum Sprickmannstraße* in Münster-Kinderhaus or the *Stadtteilhaus Lorenz-Süd* in Münster-Berg Fidel do not have any responsibilities with regard to the regulation of the housing market and the provision of services and benefits, but they are important local contact points. Predominantly, these neighbourhood centres offer a range of activities for people living in the neighbourhood, but often the social workers are also contact persons for inquiries of the residents in the area.

In Münster, all the general instruments for the regulation of the housing market like e.g. subsidies and benefits for certain population groups, subsidies for the modernisation and upgrading of buildings and dwellings or subsidies for the construction of new social housing buildings, are framed by the local action programme housing (*Handlungsprogramm Wohnen HPW*). This local action programme was first initiated in 1993 and has been updated for three times until now. The local action programme is the concept for all housing activities in Münster and it has to be recognised that most political decisions for this programme have been taken with consent. With the latest update in 2005, the focus is in particular on



the demographic change, the provision of housing units for all groups and "market segments" and in particular for people who have difficult access to housing.

The most significant market player in the field of housing is the local building company *Wohn+Stadtbau GmbH*. *Wohn+Stadtbau* is exclusively owned by the local authority. In general, local building companies support the local authorities in housing affairs by measures like e.g. general neighbourhood improvements in critical areas, providing infrastructure for neighbourhood activities, participation of tenants or allocation of tenants in specific areas (*Belegungspolitik*). It is these local building companies, which become more and more relevant for the provision of housing units for low-income and underprivileged households - not only in the outer suburbs but also, as far as possible, in the inner city areas (Kiepe 2006: 4). A current example for this strategy in Münster is the new construction of a rental apartment building in the quarter *Schulstraße/Kreuzviertel*, which is very close to the inner city area.

Further for-profit players in the field of housing are private building companies, like e.g. in Münster *LEG Wohnen NRW*, *WGM Wohnungsgesellschaft Münsterland*, *Sahle Baubetreuungsgesellschaft*, *Bauverein Ketteler* and *Evonik Wohnen*. Their role is the construction and administration of rented apartment buildings and they are usual market players. The most relevant housing cooperatives in Münster are the *Wohnungsverein Münster von 1893* and the *Bauverein Ketteler*, which also offer and administrate rental apartment buildings. However, the number of dwelling units owned by housing cooperatives in Münster is relatively low compared to those cooperatives e.g. in the cities of the Ruhr area like Dortmund or Duisburg.

Significant third sector players in the field of housing in Münster are the *Mieterverein Münster* and the *Mieterschutzbund*, which are both lobby- and interest-groups for tenants.

A pre-condition to get advice and support by the *Mieterverein* and the *Mieterschutzbund* is that tenants become member of the associations. The counterpart for owners is the *Haus- und Grundeigentümerverein Münster*.

Further players are the interest group of local architects and civil engineers, the *Münsterländer Architekten- und Ingenieursverein*, and - since Münster is one of the largest German university towns - the *Studentenwerk Münster*. The latter, the Münster Student Support Services, offers reasonably priced accommodation in 21 residence buildings.

A specific characteristic in the field of housing in Münster is that all these players are part of the Working Group Housing in Münster (*Arbeitskreis Wohnen*). The Working Group Housing was founded in 2004 and is coordinated by the local office for urban and regional development (*Amt für Stadt- und Regionalentwicklung*). Members of the working group are besides the offices of the local administration, the building companies and representatives of the political parties as well as the Institute for Geography of Münster University, which offers scientific supervision for the working group. Meetings take place two times a year and deal for example with topics like housing policies for migrants, neighbourhood improvements or the need for new student accommodation. Since it is intended to have trustful working conditions, meetings are not open to the public. This is also intended to avoid a public debate on critical housing areas and critical tenant groups, which often leads to a reinforcement of stigmata of certain ethnic groups in the public. The role of the working group has only the dimension of exchange of information and of political consultation. The committee is not in a position to make appeals or decisions for any political measures of housing programmes. The Working Group Housing in Münster is a specific characteristic in the field of housing insofar, as there is no comparable committee in any other city in the federal state North Rhine-Westphalia.

Moreover, it is important to mention that there are quite a number of further third sector players in the field of housing on the level of the suburbs and districts. These are e.g. the *Verband Alleinerziehender Mütter und Väter* (VAMV), the *Gemeinnützige Gesellschaft zur Unterstützung Asylsuchender* (GGUA) or the *Südviertelinitiative*. Their role is to offer advice and support for specific ethnic groups, single parents and migrants or refugees.

### *Changes in the distribution of responsibilities*

For the local housing situation in Münster, three main changes that took place in the last years have to be mentioned:

First, German federalism has been reformed twice during the last years, in 2006 and 2009. In 2006, with *Föderalismusreform I*, responsibilities for social housing were completely assigned to the *Länder*. This shift of responsibilities takes into account that demands for social housing vary a lot among the federal states. The *Länder* have different problems on their housing markets, varying from vacancy to housing shortages.

Second, in 2010, the federal government has shortened the financial support for the programme *Socially Integrative City* radically. In the future, there will be only financial support for building measures but not for non-infrastructure measures like for e.g. neighbourhood improvements in critical urban districts. How far this will hit the relevant urban area in Münster, Kinderhaus-Brüningheide, cannot be said at the moment. However, the town council has made a decision to continue the local support of the urban area Münster-Brüningheide with 150,000 euros per year from 2011 to 2013 (Stadt Münster 2010b).

Third, the federal state North Rhine-Westphalia has cut back the financial support both for the construction and purchase of privately owned houses and for the construction of apartment buildings (*Städtebauförderungsmittel*). This will be an extensive problem for the further development of the housing market in Münster, as surveys forecast the need of 25,000 new dwellings in Münster until the year 2030. Moreover, in the future, the allocation of financial support both for the construction and purchase of privately owned houses will depend on the existence of a local action programme for the housing sector. However, in this regard, Münster is quite well prepared, as they already started a local action programme in 1993 as said before. This programme now is a good basis for adjustments and a further updating.

Further changes in the field of housing are not foreseeable at the moment. The group of the local players in the field of housing seems to be stable, and there are no intentions for a further change in the distribution of responsibilities.

Moreover, it is not likely that more municipally owned apartment buildings will be sold to international equity funds, as all local players and in particular the political parties in Münster are very sensitive with regard to this subject now. Since spring 2011, there is also a new *Enquête-Commission* on the level of the federal state North Rhine-Westphalia, which deals with the impacts of the private equity funds activities in the field of housing (*Enquête-Kommission Wohnungswirtschaftlicher Wandel NRW*).



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**Dr. Annette Zimmer** is the chairwoman of the Department of Political Science and Professor of Social Policy and Comparative Politics at the University of Münster. She was affiliated with the Program on Non-profit-Organisations at Yale University (USA), served as the DAAD Visiting Professor at the University of Toronto (Canada) and co-ordinated the EU-funded Research and Training Network "Women in European Universities". She has served on the Board of the German Political Science Association and on the Advisory Board of the German Volunteer Survey.



## THE WILCO PROJECT

**Full title:** Welfare innovations at the local level in favour of cohesion

**Acronym:** WILCO

**Duration:** 36 months (2010-2013)

**Project's website:** <http://www.wilcoproject.eu>

### **Project's objective and mission:**

WILCO aims to examine, through cross-national comparative research, how local welfare systems affect social inequalities and how they favour social cohesion, with a special focus on the missing link between innovations at the local level and their successful transfer to and implementation in other settings. The results will be directly connected to the needs of practitioners, through strong interaction with stakeholders and urban policy recommendations. In doing so, we will connect issues of immediate practical relevance with state-of-the-art academic research on how approaches and instruments in local welfare function in practice.

### **Brief description:**

The effort to strengthen social cohesion and lower social inequalities is among Europe's main policy challenges. Local welfare systems are at the forefront of the struggle to address this challenge - and they are far from winning. While the statistics show some positive signs, the overall picture still shows sharp and sometimes rising inequalities, a loss of social cohesion and failing policies of integration.

But, contrary to what is sometimes thought, a lack of bottom-up innovation is not the issue in itself. European cities are teeming with new ideas, initiated by citizens, professionals and policymakers. The problem is, rather, that innovations taking place in the city are not effectively disseminated because they are not sufficiently understood. Many innovations are not picked up, because their relevance is not recognised; others fail after they have been reproduced elsewhere, because they were not suitable to the different conditions, in another city, in another country.

In the framework of WILCO, innovation in cities is explored, not as a disconnected phenomenon, but as an element in a tradition of welfare that is part of particular socio-economic models and the result of specific national and local cultures. Contextualising innovations in local welfare will allow a more effective understanding of how they could work in other cities, for the benefit of other citizens.