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ExRotaprint and the Heritable Building Right

How does the heritable building right enable ExRotaprint to operate sustainably in a long-term way?



Starting a community-focused project like ExRotaprint amidst increasingly speculative real estate markets and rapidly rising land prices is challenging. The heritable building right (Erbbaurecht) presents itself as one of the few legal frameworks available to decouple land from market dynamics and ensure stable, socially valuable land use over time. In this research, we begin to sketch an understanding of the ExRotaprint project, and the impact of the heritable building right on its operations, finances and social implications.

Wedding’s model for non-profit urban development

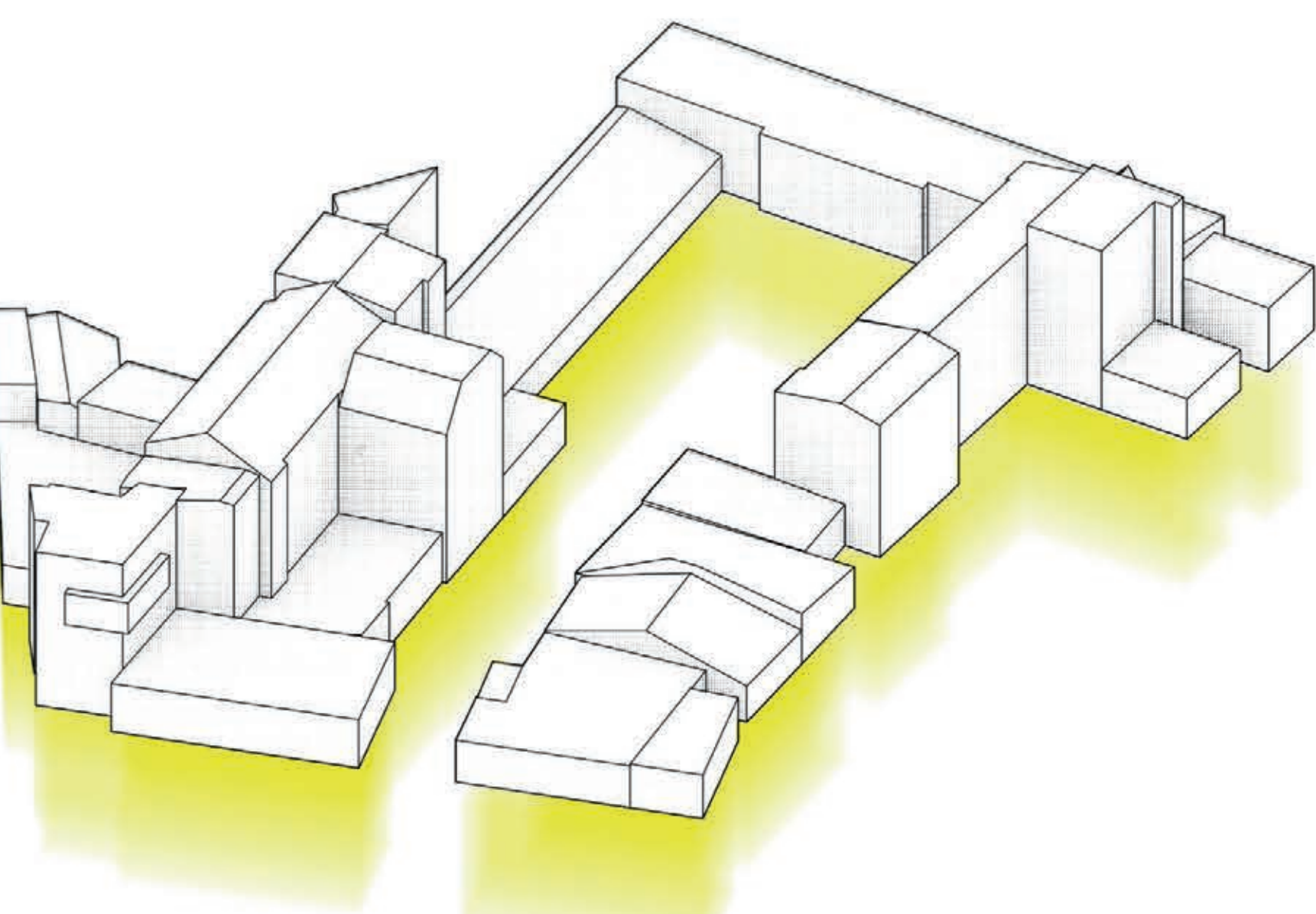
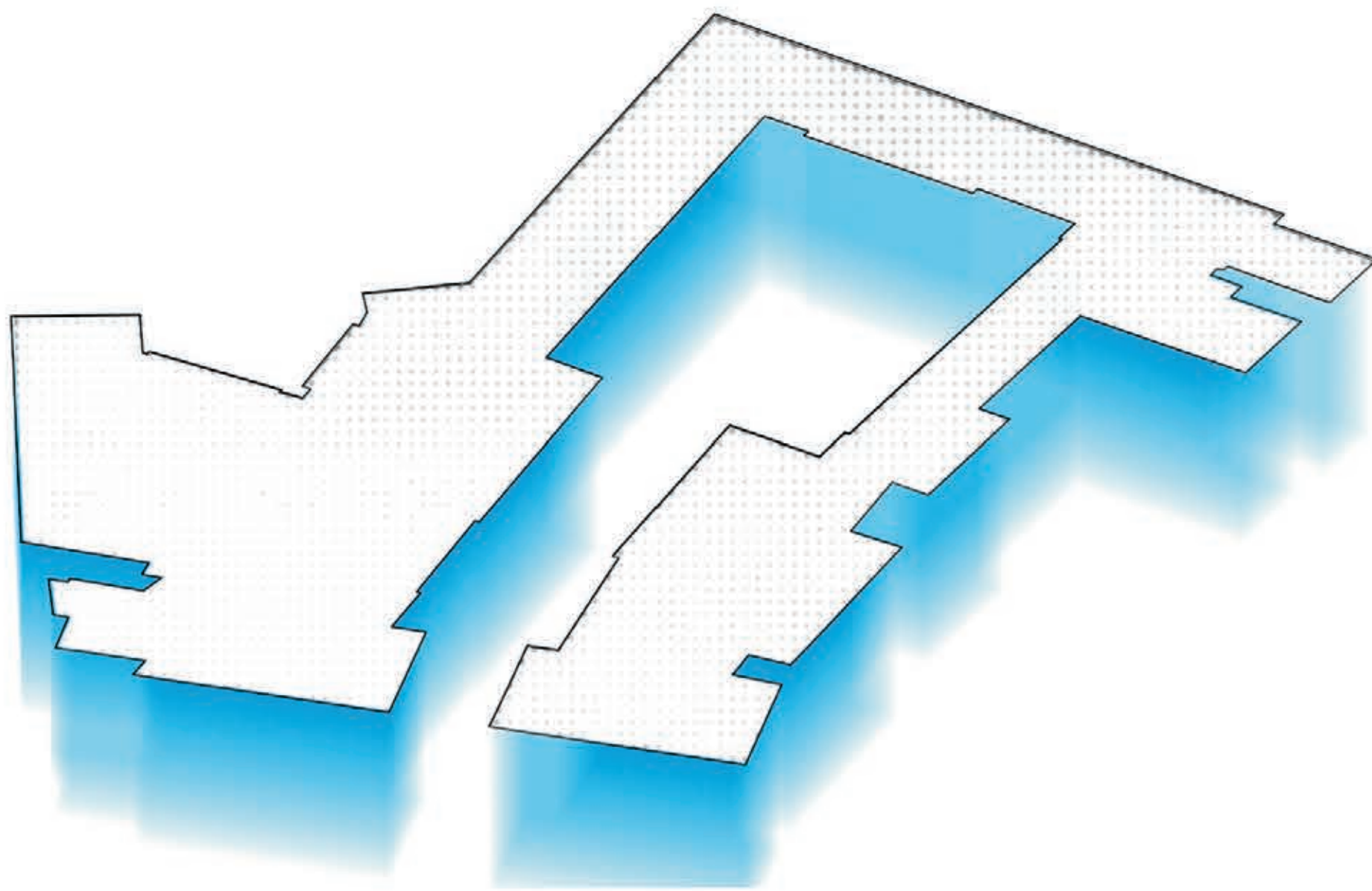
ExRotaprint is a pioneering model for non-profit urban development, combining social integration, economic sustainability and architectural preservation, limiting private profit and prioritizing long-term public benefits. Located in Berlin Wedding on the heritage-protected 10,000 m² site of a former printing machine factory, Rotaprint, ExRotaprint was founded in 2007 by visual artists Daniela Brahm and Les Schliesser. The property hosts more than 100 tenants, of which one third each fits into the categories “Work, Art, Community”. The main objective is to provide affordable rents for local businesses. It is a non-profit project (gGmbH), which means any profit from rents goes directly to the renovation of the building, or to the promotion of arts and culture. Stakeholders can not generate any financial gains.



View of one of the ExRotaprint-buildings: The corner tower, built between 1957 and 1959, was designed by architect Klaus Kirsten. It was awarded monument status. (own photograph)

A solution for financing common-good oriented projects?

The heritable building right was originally designed to facilitate housing provision and enable lower-income social groups to build homes without requiring land ownership in a post-war context. Non-profit foundations such as Stiftung trias and Stiftung Edith Maryon have adopted this model as part of a commons-oriented land policy, granting heritable building rights to projects committed to affordable housing, social, or cultural uses. Contracts can take on periods from 30 or 60 years, up to 99 years. The contractual structure, as codified in §§2–5 ErbbauRG, typically includes a purpose clause defining the permitted use of the land and buildings, ground rent terms, reversion provisions in the event of contract violations or insolvency, compensation rules for the value of buildings at contract termination and sometimes resale restrictions.



Foundation(s)

Trias and Edith Maryon are two foundations that provide financial support for local and sustainable housing projects. The Edith Maryon Foundation is based in Switzerland and was established in 1990. The trias foundation was established in 2002. Their overall aim is to withdraw land from the speculative market. Both foundations have joined forces for the ExRotaprint project. The foundations are not investors. In addition to a property, a strong motivation on the part of the project initiators and a concept that suits the location are prerequisites for cooperation.

Financing

ExRotaprint gGmbH pays an annual ground rent to Stiftung Edith Maryon and Stiftung trias. They charge purely what they need to keep operations running, since nothing will be distributed to shareholders. Motivation to work with this instrument goes far beyond any financial benefit, as it ensures the property to be taken out of the speculation market on the one hand, and on the other hand, all projects help finance new projects and contribute to the overall goal of solidary urban development. ExRotaprint’s equity capital has gone up every year, thus, the model is sustainable.

Social implications

First and foremost, the tenants understand ExRotaprint as their workplace. There is an emphasis on the impact of the tenants on the surrounding neighbourhood, which further consolidates ExRotaprints’s social aspirations to positively influence the existing neighbourhood without resulting in displacement and gentrification. The project contributes to the mutual exchange of culture and ideas between different areas of work and diverse people. In times of financial difficulties, renting at ExRotaprint allows the tenants, who are likely affected by cuts in the social sector, stability instead of fear of displacement.

Even if, in the long term, the project invests more money than it would have initially paid for the purchase of the land, the heritable building right has the advantage of making cooperative projects possible in the first place, as it is often difficult for small projects to compete against large investors or to take out loans. The heritable building right can be a valuable tool to establish sustainable, cooperative projects. However, the model is limited by financing difficulties, municipal inertia, and political will, stemming from cultural skepticism toward non-ownership land tenure models.



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HOW TO BUILD A BETTER WORLD? IN SEARCH FOR COOPERATIVE TRANSFORMATION

