

## ENGLISH SUMMARY

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Project: Reporting System on Housing Subsidy Schemes in Austria 2011  
(Berichtsstandard Wohnbauförderung 2011)

Orderer: Municipality of Vienna

Executing organisation: IIBW – Institute for Real Estate, Construction and Housing Ltd. (Institut für Immobilien, Bauen und Wohnen GmbH), PF 2, 1020 Vienna/Austria

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The study "Reporting System on Housing Subsidy Schemes in Austria 2011" by W. Amann and A. Mundt is a summary of the current housing subsidy schemes of the nine Austrian regions. It gives a comprehensive insight of the caseloads and subsidy expenses carried out annually by the regions, which hold responsible for housing subsidies in Austria. It is a follow-up on the *Berichtsstandard* 2010, which, for the first time, defined such a reporting system to be emulated in the following years. The *Berichtsstandard* draws on the latest available data, which is partly from 2010 and partly from 2011. In its descriptive part, it outlines the policy schemes available at regional level based on the legal stipulations of 2011.

The aim of the study is to render the nine regional housing policy schemes more comparable and position the specific scheme of the region of Vienna in the national context. It aims at informing housing policy practitioners at the administrative level on current developments and therefore fostering best practice exchange on housing subsidy programs across the regions. It makes use of highly condensed tables and graphs and defines benchmarks to enable comparisons.

The study is based on several sources: budgetary data provided by the Länder and collected by the Federal Ministry of Finance, additional information by the housing departments of the nine Austrian Länder, current laws and ordinances as well as budgetary accounts of the Länder, material on energy efficiency by the Federal Ministry of Agriculture, Forestry, Environment and Water Management. In addition to the condensed description of the Austrian housing policy schemes, the study also provides a chapter on international topics in order to put the Austrian situation in a broader context. This year's international chapter deals with social housing policy and housing policy expenses in the three neighboring countries Czech Republic, Slovak Republic and Hungary. This chapter draws on available literature and most current data provided by the respective housing policy departments. Additionally six interviews were carried out with representatives of the respective research communities and official representatives of the ministries in the three countries.

The study is divided in eight main chapters. The first two chapters outline the current framework of the Austrian housing policy schemes, with a focus on population dynamics, housing stock, housing costs, housing market prices and new housing production. These chapters draw heavily on most current statistical material. Chapter three displays 2010 data on the number of subsidy cases within the Austrian regions, divided in single-family and multi-storey housing as well as new construction subsidies and refurbishment subsidies. Chapter four focuses on the budgetary level of housing policy, i.e. revenues and expenses for supply-side housing subsidies, housing benefits and subsidies in the area of refurbishments. Chapter five compares the available subsidy schemes and their differing requirements across the regions. Chapter six provides a special focus

on improvements in energy consumption and efficiency, triggered by the regional housing refurbishment subsidies and ecological standards in new construction. Chapter seven contains the international comparison with the three mentioned neighboring countries.

The main findings of the study may be summarized as follows:

- Austrian population is growing at a steady rate and is predicted to increase further by about 4% until 2021, with most dynamic population growth in Vienna and Lower Austria. New housing demand is estimated at annual 49,000 apartments for the following five years.
- In most regions forecasted housing demand is covered by annual new production. In the more dynamically growing regions of Vienna and Lower Austria, current new construction does not meet demand, however.
- Household housing expenses in the overall stock are increasing moderately, more or less in unison with overall inflation. Rental expenses are increasing strongly in the private rental market while in the limited-profit rental segment increases are below the inflation rate. Household expenses for overhead and service charges are stable. In the past their increases have contributed strongly to overall increases in household housing expenses.
- In an international comparison, household housing expenses as percentage of household income are low in Austria. With approx. 18% they clearly range below the EU average of approx. 23% (2010).
- Market house and apartment prices are developing in two directions: While they are increasing heavily in some regions and especially the regional capitals (Salzburg, Vienna, Innsbruck, Linz), they are stagnating in more rural housing markets. Prices of apartments are increasing more strongly than rental rates, contributing as a consequence to a shift of new housing construction from rental housing to apartment ownership.
- Housing production stands at a high level in Austria, with 46.000 building permits and 45.000 completed dwellings in 2010. There has been a shift from subsidized housing towards privately financed housing. The number of new construction subsidy cases decreased from 34.000 (2009) to only 28.000 (2010). This is the lowest level in 20 years.
- Overall housing subsidy expenses have increased by 4,3%, however, to a level of € 2.94 mill. (2010). This is due to the fact that annual expenses are largely determined by past subsidy grants, housing benefits and, increasingly, by refurbishment subsidies. A decreasing share goes to new housing construction.
- Refurbishment subsidies have increased strongly by 19% to a level of € 850 mill. (2010). This illustrates the long-term goal of shifting the focus towards fostering energy efficiency by housing subsidies. Refurbishment subsidies now account for almost 30% of overall housing policy expenses.
- Housing subsidies have contributed strongly to improving building standards in new construction. Energy consumption in new housing construction has decreased markedly over the past years due to graded subsidy levels according to energy standards. In 2010 30% of all new subsidized construction was carried out following passive-house energy standards.
- All nine regions provide a wide range of subsidies in the areas of supply-side housing construction (single-family and multi-storey), demand-side housing benefits and mostly supply-side refurbishment subsidies. Subsidization is mainly carried out by low-interest loans, partly also by grants and annuity subsidies. New multi-storey housing construction is mainly directed towards Limited-profit housing associations in the area of rental apartments, partly endowed with a right-to-buy of tenants after 10 years. There is a broad consensus on providing

subsidies for a wide range of housing segments and tenures. The details and requirements in order to qualify for subsidies differ strongly across the regions, however.

- At the moment, private housing construction substitutes subsidized housing to a large extent. There are risks involved in this development: Private housing construction is much more volatile than subsidized housing and does not cover the segment of social and affordable housing. In the past, Austria has benefited strongly from stable and affordable housing supply. The future outlook indicates that some regions, due to budgetary considerations, are about to reduce housing subsidies to new construction.
- Housing and social housing policy in Czech Republic, Slovak Republic and Hungary will be facing even stronger budgetary cuts than in Austria. Over the last years housing policy has been much less stable and ample than in Austria, with much less subsidies accruing to new rental housing construction in the affordable segment. This trend has been aggravated by the continuous privatization of formerly state housing to sitting tenants. By now, housing is dominated by owner-occupation in all three countries, with marked deficits in affordable rental housing supply especially in Hungary and the Slovak republic.