

Austria: Financing Social Housing (from Social Housing in Europe, by Christine Whitehead et. al, July 2007)

Today in Austria social housing is financed by a fixed, earmarked proportion of income tax, as well as corporation tax and 'housing contributions' (paid by all employees).

The housing sector is subsidised in three ways: direct subsidies for construction and renovation (which make up approximately 70 per cent by value); individual subsidies for low-income households (approx. 5-10 per cent), and tax incentives (15 per cent).

Housing subsidies accounted for an average of 1.7 per cent of GDP over the period 1995-2000 (approximately €3 billion per annum).

Austria's states have developed a variety of subsidy schemes for new social rented housing (both municipal and housing association), combining grants and subsidised loans. Rents in new social housing are related to the cost of new construction; in some cases tenants are also asked to contribute a proportion of the construction cost.

There are three major types of housing allowance available. Details of which are eligible for them and how much they may receive differ by province.

Housing allowance

· This is of increasing importance, and acts to balance the decreasing funding for low-income households. Owner-occupiers can also receive housing allowance if their housing costs are too high as defined by provincial legislation.

Rent benefits

· These are paid by the social welfare authorities to tenants whose rent causes their disposable income to fall below the social welfare threshold.

Rent allowances

· These are paid to low-income tenants faced with large rent increases because of renovation work.

Housing providers

Social housing is provided by municipalities and limited-profit housing associations. In the 1980s, responsibility for housing policy shifted away from the central government and municipalities to the federal provinces. (This had relatively little effect on Vienna, however, because it is both a city and a federal province.) Nevertheless, the central government is still responsible for the regulation of home ownership and laws governing the rented sector. Central government also continues to be responsible for raising funds for new construction, although distribution of these funds is through the federal provinces.

Privatisation

Since 2000, the (right-wing) government has pushed the privatisation of state-owned dwellings. This affects mainly those dwellings owned by the federal government (a very small percentage of all social housing). In 2004, the BUWOG federal housing cooperative (which was created in 1950 and manages 19,500 dwellings) was sold to the Immofinanz investor group.

At the same time, national legislation allowed cooperatives (and states) to sell their stocks at market value. So far demand has been low, with only a few units sold, but the potential commoditisation of the public housing stock represents a crucial change in public/ urban governance.

Since 1994 the sale of housing association dwellings to residents has been permitted (residents must have lived in the dwelling for ten years). However, housing providers are not obliged to sell, and some do not.¹

The debate about social housing

In Austria, the public debate about social housing is embedded in the strong corporatist tradition of the country (known as 'social partnership'). This corporatism is undergoing a process of economic and political restructuring; European integration and globalisation have weakened its traditional structures, but it remains an important framework. The housing debate also reflects Austria's well established conservative welfare regime (per Esping-Andersen's typology). There is a general political consensus that society should be responsible for housing supply, and that housing is a basic human need that should not be subject to free market mechanisms; rather, society should ensure that a sufficient amount of dwellings are available.

One important feature of the corporatist tradition is that the state, special-interest organizations (i.e. trade unions, chambers of commerce), and political parties each have a role to play in policy formation. Each of these actors sees itself as representing a social client group. Social housing policy is now mainly the responsibility of the nine provinces and the municipalities, and subsidies and dwellings are distributed on the basis of regional and local bargaining between political parties and other actors.

The current academic debate about social housing focuses on three issues:

1. The ongoing liberalisation of the housing market Housing policy is increasingly dominated by neo-liberal concepts. Recent policy changes include a weakening (or abolition) of rent regulation, privatisation of publicly owned dwellings, and subsidies for private as well as public developers. As the private sector's involvement grows, that of the public sector shrinks, particularly with a continuing fall in municipal construction. The concepts of 'public-private partnership' and 'new governance' have strong resonance among Social Democrats and Greens.

2. Immigration and the risk of increasing segregation

The shrinking role of local authorities aggravates the risk of segregation and concentration of immigrants. The Viennese example demonstrates the results of a failed housing policy for immigrants (increasing segregation outside and within the municipal sector).

It is important to open access for immigrants not only to municipal housing but also to housing association and other social housing sectors (where there are restrictions in some provinces). At the same time, long-term participation and integration strategies must be developed, which should include the creation of local mechanisms for conflict management and interest bargaining outside the traditional corporatist system.

3. Risk of increasing polarisation

There is an increasing gap between Austria's 'winners' and 'losers' in terms of income, employment, access to the labour market and housing. These differences and inequalities are not only accelerating distributional conflicts, but are also leading to the spatial exclusion of marginalized groups, and increasing the risk of creating a vicious circle of deprivation.

In sum, the social housing debate in Austria is dominated by themes of market liberalisation, privatisation of public housing, the retreat of corporatist governance traditions, and immigrant and social exclusion issues. Those characteristics are specific to the Austrian system, such as the territorial fragmentation of housing policy, the influence of political parties, and the pattern of the conservative welfare state (in particular the strong family orientation) and will help determine the future political and public discourse on social housing.

Only Austrian citizens had access to municipal housing in some states until 2006, when an EU ruling forced changes. Citizenship is difficult to acquire, and can only be applied for after 15 years of permanent residence. In Vienna, the region with the highest percentage of immigrants in Austria, a liberal local naturalisation policy (municipalities are responsible for naturalisations in Austria) and a system of emergency flats had already opened access to municipal housing for an increasing number of immigrants.

Today, 19 per cent of Austrians and 21 per cent of non-Austrian citizens live in social housing.

The official statistics only contain information about citizenship; there are no data about ethnicity. Most non-citizens come from the former Yugoslavia and Turkey.

There are important differences between the federal states. Whereas in Vienna, with its prestigious tradition of municipal housing, 53 per cent of Austrians and 17 per cent of non-Austrian citizens live in social housing, in Upper Austria the respective figures are 19 per cent and 37 per cent. Overall, 6 per cent of social housing units are occupied by households with an immigrant background, but in Vienna the figure is one third. They are not equally distributed across the stock, however. They tend to live in older buildings from the inter-war period, and some of these blocks house increasing concentrations of immigrants and disadvantaged people. This has led to an increasing number of conflicts between established residents and newcomers, and the municipality has set up local conflict-mediation institutions to minimize and civilize the disputes.

Newer municipal housing, in contrast, is inhabited mostly by younger middle-class families. live on older estates. The municipal stock is becoming polarised, with an old stock that houses the elderly, very poor and disadvantaged, and a new stock that is similar to that of the housing associations.

ACCESS

There are formal income limits for access to social housing, but these are high enough to cover 80-90% of the population, and subsequent salary increases are not taken into account. In Vienna, income ceilings for housing association homes are 20 per cent higher than for municipal housing.² Eligibility rules are set by central government, and municipalities or housing providers determine if households are eligible and assign them to individual units. Priority is given to key workers and those in employment.

Those in extreme housing need have access to emergency dwellings in the municipal housing stock. There is no central definition of extreme need but in Vienna such housing is targeted at households who are in imminent danger of homelessness, whose health is very impaired in their current accommodation, and/or who have very low incomes or on social allowance.

Because of barriers to access to social housing for the very poor and immigrants, cheap and poorly equipped units in the private rented sector serves as a kind of quasi-social housing for these groups. These dwellings are overpriced and there is little security of tenancy. disposable income to fall below the social welfare threshold.

Rent allowances

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Housing providers

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5. Rents

In principle both social and private rents are regulated and cost-based in Austria; in practice, however, rents for buildings built after 1953 are not regulated.

Permitted rents for older buildings depend on the quality of accommodation;

Category A dwellings have bathrooms and central heating; Category D dwellings have no inside toilet or even none at all. A maximum rent per square metre applies in each category.⁴

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