

EVALUATION OF DEMAND-SIDE HOUSING SUBSIDIES IN VIENNA

Project: „Evaluation of demand-side housing subsidies in Vienna“
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The study at hand documents the available demand-side subsidies pertaining to housing policy in Vienna within a national and international context. Accordingly, we analyse the provision of housing benefits, social assistance for housing expenses and personal loans substituting future tenants' capital contributions for limited-profit housing for all of Austria's nine regions. We address the question in how far demand-side housing subsidies (especially housing benefit) in Vienna are able to attain the intended effect of means-tested, personal housing subsidies (minimum standards, increase in affordability, regional and social mix) and at the same time prevent the inefficiencies often related to such instruments (negative work incentives, low take-up rates, overconsumption, triggering of rent increases, etc.).

For the international and national comparison, we turned to the regional administrations for housing subsidies, evaluated existing literature and conducted expert interviews. Empirically, we could make use of the very detailed and recent Viennese households survey of 2008, "Sozialwissenschaftliche Grundlagenforschung für Wien", which provides comprehensive data on households in receipt of housing benefits.

The following main conclusions could be drawn:

- ▶ Austria's housing policy still focuses on supply-side subsidies. Only around 13% of all housing policy expenses accrue to the demand-side. Just around 5% of households receive housing benefits. However, some Austrian regions make more use of demand-side subsidies than others, especially Upper Austria. The region of Vienna is around Austrian average. Personal loans to future social tenants play a very important role in Vienna, since capital contributions are high.
- ▶ Housing benefits differ considerably amongst the regions, in terms of the included housing stock, the definition of reasonable housing expenses, the entitlement level etc. All regions except Lower Austria have by now introduced housing benefits not only within the limited-profit housing stock, but also for private rental apartments.
- ▶ Empirically, housing benefits in Vienna show to increase housing affordability of low and middle income households considerably. Also, they provide an incentive for minimum standards. However, there is some evidence that for some household types take-up rates are inadequately low and incentives for additional housing supply do not seem to arise.
- ▶ Budgetary savings are not likely to arise from an increased relocation of housing policy funds from the supply-side to the demand-side. A forecast of housing benefit expenses in Vienna up to 2013 predicts further sharp increases.