

Evaluation of rental purchase as an instrument of Vienna's housing policy

Brief description

Analysis and evaluation of the developments in housing law that have taken place since statutory pre-emptive rights were established under the third Housing Law Amendment as well as economic and sociological aspects from the perspective of the housing industry and housing users or entitled persons.

Summary

The third Housing Law Amendment (3rd WÄG) introduced explicit regulations regarding the rental purchase or rather purchase option models that had previously existed in various forms on the basis of oral or written agreements into the legal framework of the Non-Profit Housing Act (WGG) with effect from 1.1.1994. Since then, it has been possible to realise the statutory rights to acquire housing and establish housing ownership that have developed in the subsidised construction of new rental housing since this time under certain conditions – in particular payment of a financing contribution whose amount exceeds the legal thresholds – after rental use during a minimum of 10 years, i.e. in principle since 2005.

Retroactive establishment of housing ownership by standardising statutory pre-emptive rights of tenants was already the subject of housing policy debate and various governmental agreements some years before the basic legal framework was established under the 3rd WÄG. The intention to clearly push housing ownership in the Austrian housing sector after expiry of a minimum period of use, and thereby to create a savings period and partly eliminate financial thresholds for entering into (original) housing ownership forms, was counterbalanced by various concerns, particularly relating to the "selling-off of social capital" (or socially tied-up economic capital) that this would cause as well as a general concern about the long-term threat to social housing in Austria.

The research project investigated legal doctrine, housing policy, economic and sociological aspects of the way in which rental purchase worked in Vienna on the basis of fundamental statistical principles and findings as well as expert interviews. Essentially, the following issues were examined (in addition, in particular, to basic housing policy considerations on the concept of rental purchase):

Representation of basic legal principles and aspects

An overview of the development of the relevant basic legal principles was prepared. The descriptive and comparative representation relates to the development or existence of mandatory standards of the WGG, the Viennese Subsidy Act and the relevant implementing regulations:

- a) Representation of development and existence of relevant regulations in the area of the WGG;
- b) Representation of special features of subsidy law, in particular:
 - differences in financing, alternative subsidy models;
 - special features of subsidy law in the event that the purchase option is asserted.

Representation and analysis of basic statistical principles and aspects

The statistical data available (including data from Statistics Austria, the Austrian Federation of Limited-Profit Housing Associations [GBV], subsidy department, construction associations) on proportions of rental and ownership segments, proportions of rental purchase housing since 1994 and proportions of purchase options realised in the housing stock at district level was collected and evaluated.

Analysis of subsidy financing

Calculations were made for various subsidy models of rental housing subsidy that had been established since 1994, taking as the basis a rented dwelling with average key figures, especially in terms of size and the proportion of total construction costs. The financing models and capital market conditions used were in line with the relevant subsidy regulations in Vienna. The results focused on calculating, showing, comparing and evaluating the key factors (debt development) influencing the decision to exercise the rental purchase option.

Assessment of contractual and civil law regulations in terms of legal doctrine and legal sociology

For a supplementary determination of features of the rental purchase instrument that have been recognised as problematic, key players affected on the housing industry side (primarily GBV) and on the consumer side were questioned about their assessment and evaluation of the models and about issues and possible barriers in practice (e.g. purchase price formation, comprehensibility, acceptance by residents) and a summary of the results was presented.