

Berichtsstandard
Wohnbauförderung 2014
Zusammenfassung
Reporting System on Housing
Subsidy Schemes in Austria 2014
English Summary

Dezember 2014

Im Auftrag des Landes Wien,
Magistratsabteilung 50

ENGLISH SUMMARY

Project: Reporting System on Housing Subsidy Schemes in Austria 2014
(Berichtsstandard Wohnbauförderung 2014)

Orderer: Municipality of Vienna

Executing organisation: IIBW – Institute for Real Estate, Construction and Housing Ltd.
(Institut für Immobilien, Bauen und Wohnen GmbH),
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Duration: February to December 2014

The investigation "Reporting System on Housing Subsidy Schemes in Austria 2014" by Wolfgang Amann, Alexis Mundt and Robert Wieser continues the successful undertaking of previous years: It is an up-to-date documentation of the housing subsidy schemes of the nine Austrian regions, which also provides information on a wider context of housing markets and policy. The *Berichtsstandard 2014* draws on the latest available data on housing policy expenses from the year 2013. It outlines the policy schemes available at regional level based on the legal stipulations of 2014.

Like in previous years, 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 common obstacles faced by builders in their building activity. It addresses building land costs, construction costs, financing and competition. For a detailed analysis of Viennese building plot prices and their dynamics, data on land transactions was provided by MA 69, Vienna.

The structure of the *Berichtsstandard 2014* follows previous publications with the same name. The aim of the study is to render the nine regional housing policy schemes more comparable and position Vienna in the national context. It aims at informing housing policy practitioners at the administrative level on current developments. It makes use of highly condensed tables and graphs and defines benchmarks to enable comparisons. It also highlights novelties that are introduced each year into the existent subsidy schemes.

The study is divided in seven main chapters and an appendix. 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 on most current statistical material. Chapter three reports data of 2013 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 documents the state-of-the-art of available regional housing subsidy schemes. Chapter six provides a special focus on improvements in energy consumption and efficiency, triggered by housing subsidies and standards. Chapter seven contains the international comparison with focus on the availability of building land in Vienna and methods to cope with this increasing problem.

Here are the main findings of *Berichtsstandard 2014*, with a focus on current developments.

- The population forecast for Austria was revised recently. Especially for Vienna, a much stronger population growth is expected for the coming decade. In the mid 2020's, Vienna will again have over 2 million inhabitants.
- Housing costs are still increasing above the inflation rate. Private market rents are the segment that increases most (4.3% p.a. on a five-year-average), regulated rents and especially limited-profit housing rents show less dynamics.
- There is an increasing gap in housing costs across market segments. Owner-occupied apartments, especially in Vienna, are very dynamic. Their prices increased by 8% in 2013 in Austria as a whole, and by 13% in Vienna.
- In an international comparison, household housing expenses as percentage of household income are still low in Austria, but the increases have been strongly above EU averages in the last couple of years. 19.2% of incomes are spent on housing in Austria (EU-SILC).
- Price signals have revived housing construction. In 2013 there were 46.000 building permits for new housing construction. Including dwellings in existing buildings and conversions, some 60.000 new housing units entered the market, a very high level compared to previous years.
- Subsidized housing in multi-storey building strongly encouraged this development. 24.000 units received housing subsidies in 2013, a level 25% above the 10-year-average. Strong increases were registered in Vienna (Housing Construction Initiative 2011) and Lower Austria.
- Also housing subsidy expenses increased strongly in 2013 (+6% compared to 2012). Overall, the nine regions spent € 2.710 million on housing subsidies in 2013.
- Refurbishment subsidies, on the other hand, are declining. The IIBW collects data from the regional housing subsidy departments to document the number of new-built units following "Passivhaus"-standard. There was a strong increase in 2013, with 16% of all subsidized dwellings following this highest energy conserving standard. Large-scale refurbishments with subsidies, on the other hand, declined strongly between 2012 and 2013 (-20%).
- Chapter 5 documents the various subsidy schemes of all regions concerning new construction, refurbishments, housing benefits and others. Many regions have introduced schemes to subsidize housing for the elderly. Some regions have changed to subsidy schemes that make use of the low market interest rate environment.
- This year's international chapter deals with obstacles faced in the building process. Excessive price dynamics in building land is one of those obstacles increasingly faced by builders in the urban areas in Austria. Vienna is no exception, but the in-depth analysis of land transaction prices shows that prices for large-scale building projects increased at a much slower pace than prices for building plots for single-family and low-density housing. Adequate policy instruments in Vienna (maximum limits to building plot costs in subsidized housing, land banking and competitive tender procedures by the Vienna *Wohnfonds*) seem to have contributed to this development. However, even for subsidized housing, building plots are increasingly hard to find in Vienna, especially at the prices the subsidy department classified as maximum. Austria as a whole, compared to other countries, does not use all the land planning policy tools that could contribute to a better availability of building land, even though in most regions such policy instruments are already now legally possible. The international chapter discusses further strategies to increase the availability of building land and positively influence other cost components in the building process, such as construction cost and alternative financing sources.