

**Secure occupancy in rental
housing:
A comparative analysis**

Country case study: Austria

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Foreword

This country case study report was produced by OTB Research Institute for the Built Environment in January 2010 for the Australian Housing and Urban Research Institute (AHURI) project entitled Secure occupancy in rental housing: A comparative perspective. The study was led by by Kath Hulse and Vivienne Milligan with Hazel Easthope. OTB's contributing report is one of eight country cases which formed the empirical basis for the final peer reviewed report, which can be downloaded from <http://www.ahuri.edu.au>: Hulse, K., Milligan, V. and Easthope, H. (2011) *Secure occupancy in rental housing: conceptual foundations and comparative perspectives*, Final Report, Australian Housing and Urban Research Institute, Melbourne.

The four case studies produced by OTB for AHURI, concerning Germany, Austria, Flanders and the Netherlands can be downloaded from <http://repository.tudelft.nl/>.

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Austria

Part A: The context for rental housing in the country

A1 General

Austria is a small regionalised federation with approximately 8 million inhabitants and low household growth. Urban households typically rent their apartment dwellings from municipal, limited profit or for profit landlords. In rural areas ownership of individual dwellings is far more prevalent. Unlike many European housing markets, the Austrian system of housing has provided relatively stable and affordable housing conditions and has not experienced a major housing boom or significant rise in home ownership. One possible reason for this stability is that Austria has tried to maintain an adequate long term supply of affordable rental housing for working households.

Austria has long recognised the economic role of housing as an important generator of employment in key construction and allied industries (Czerny et al, 2007). In keeping with this, the government plays an influential role in managing supply to meet demand. Since the 1990s, policy has increasingly become oriented to raising private finance for this purpose. To achieve this, Austria provides strong incentives for private investment linked to public subsidies and has established special financial intermediaries (housing banks) to channel funds into the well-developed, not-for-profit housing sector.

Since the 1980s housing policy has become increasingly devolved to the regional governments who design subsidy schemes, eligibility and quality standards. Social housing promotion is the responsibility of 9 provincial governments known as Länder (of which one: Vienna is a city state), using grants, loans with low interest and public guarantees (CECODHAS 2005). Municipalities are also required to play a facilitative role by providing land, abating tax and determining the nature of local housing needs (Amann and Mundt 2006).

An annual ceiling on available subsidies is set to correspond with needs and market capacity, and to meet public budgetary requirements. Supply subsidies benefit around 80 per cent of the population, when small-scale modernisations are included (Deutsch, personal communication). However, subsidies do not support the development of second homes or high cost housing (Amann and Mundt 2006).

A1.1 Size of the rental sector in private dwellings and households

The average number of main residences in 2008 was 3,566,500. The proportion of rented dwellings in 2008 was 38.5% accommodating 1.4 million households. (Statistics Austria, 2009). This sector can be further broken down into segments comprising private and social rental housing, which are subject to either the rent act or the limited profit act. Of all dwellings, 20% are managed by social landlords being either: regional governments, municipalities, limited profit housing associations or co-operatives.

A1.2 Policy settings for rental housing

The housing sector is supported by direct supply-sided subsidies and those land lords receiving them must comply with caps on land, finance and construction costs and must set (cost) rents accordingly. With a significant share of rental market provided on a limited-profit basis, cost rents moderate market prices, especially in major urban areas such as Vienna.

As mentioned earlier, Austria provides considerable supply side support for the provision of housing, affecting almost two thirds of stock. There are subsidies in the form of grants and low interest loans for the construction, renovation and maintenance of housing by both social and private landlords as well as individual households. Subsidy conditions vary considerably across the country as the nine state governments can design their own programs. In most provinces cheaper public loans for construction reduce (cost) rent levels.

For the past decade for-profit investors have also received supply side subsidies. They can compete for access to sites allocated for housing and subsidies, provided they conform to the cost rent model and specific subsidy conditions. Grants for maintenance are only available where the landlord lacks the means to do so. Energy grants are widely available across the sector, including dwellings not subject to cost rent, limited profit conditions.

In addition to conditional public loans, social landlords must increasingly access private funds from their own reserves, as well as tenant equity and debt finance. Being subject to strict maximum cost rent levels, forces promoters of new projects to seek the most efficient and cost effective mix of finance (Lawson and Deutsch, 2010:24).

Public subsidies are primarily in the form of building loans and grants for the development and renovation of housing for affordable rental. There are also small subsidies for mortgage interest rate relief related to these developments. Further, demand assistance is increasingly available across different segments of the rental market, but consumes a minor but growing 8% of total subsidies. Finally there are loans to assist home purchase, but these comprise a very small proportion of overall housing expenditure. (More detail on this can be found in Lawson and Deutsch, 2010)

In addition to supply subsidies, regulation plays a strong and prescriptive role in the Austrian model of limited profit housing. As mentioned it promotes the delivery of *cost rent* housing, accessible to a broad range of households and supplemented by demand assistance for those households unable to pay cost rents. The legislative and regulatory framework defines the market rules of recipients of supply subsidies and influences the competitive environment in which rental housing is provided. National legislation (Limited Profit Act and Promotion Act) outlines principles for setting of rents according to the principle of cost coverage.

Overall, affordability in the Austrian system is promoted by the role of cost efficient limited profit housing promotion assisted by brick and mortar subsidies in the form of discounted land, public loans, grants and tax relief. Initial rents in LPH housing are defined as a rental cost per square meter which can be increased each year with the consumer price index, and revenues should be sufficient to repay the annuity of the capital loan as well as the interest on the public loan (Neuwirth, 2004). Calculated in the costs must also be an amount set aside for maintenance, repairs and renewal. Limited Profit Housing Associations (LPHA) can earn 2 per cent above this for risk mitigation. Following repayment, rents remain at the former level but must stay below a legislated maximum (Bauer, 2004). This enables LPHA to generate surpluses which in turn must be reinvested in new supply.

Social housing delivered by limited profit associations is accessible to up to 60 of median household incomes but is more targeted in the municipal segment (40%). When a tenant's income falls below that able to pay for decent housing, they can draw on variable forms of assistance distributed at the regional government level. However, demand assistance is not a consistent or significant feature of the housing system and its expansion has been resisted by the limited profit building sector (Ludl, 2004). Provision also varies significantly across the 9

provinces. In Vienna it is available to all tenants according to eligibility criteria such as household income and number of dependent children to tenants occupying all segments of the market (municipal, limited profit, private).

Overall, affordability is promoted by the provision of grants and favourable loans for limited profit housing, under the cost rent regime, which aims to benefit tenants by reducing rents. Housing allowances form but a small proportion of the expenditure on housing (8%) and only a small proportion of tenants receive them (3-6%, SOCOHO, 2004).

Rent allowances are also paid to low income tenants faced with large increases because of renovation work. There are also loans for low income tenants to enable them to make an equity contribution towards their tenancy, as is common in the Austrian system. Where the contribution is more than €60 per square meter for a dwelling, the tenant has the right to purchase after a defined period of tenancy.

A1.3 Sub-sectors in the rental sector

The average number of main residences in 2008 was 3,566,500. The proportion of rented dwellings in this year was 38.5%. (Statistics Austria, 2009). The rental sector comprises two major segments of private landlords, which manage 19% of all dwellings, social landlords (21%), based on a range of data published by CECODHAS (2007). The social sector can further be divided into public rented flats (9% of all dwellings) and the limited profit sector (12% of all dwellings), comprising co-operatives and housing companies (CECODHAS, 2007).

A wide range of landlords and owners have received subsidies over the years. These set conditions for occupancy and rent setting, which have varied over time, and are outlined in the table 1 below.

Table 1: Forms of tenure and subsidisation

Forms of tenure and subsidization	% total housing stock
Municipal housing 1945< without subsidy	3%
Municipal housing 1945> without subsidy	3%
Municipal housing with subsidy 1945<	3%
Municipal housing with subsidy 1945>	3%
Rented from LPHA with subsidy	12%
Private rent 1945> with subsidy	3%
Private rent 1945< without subsidy	12%
Private rent 1945> without subsidy	7%
Owner occupied, with subsidy	9%
Owner occupied, without subsidy	3%
Single family homes, no subsidies	28%
Single family homes, with subsidies	17%

Source: Statistics Austria, 2001 and GBV

A1.4 Role of rental sub-sectors in the housing market

In urban areas, renting is commonplace. However, there is certainly differentiation between the different segments of this market. Private commercial landlords tend to accommodate tenants at both ends of the income spectrum: new migrants and low income tenants in older poorer quality dwellings, which have traditionally been the first port of call for new Austrians and higher income households in the more luxurious dwellings.

Social housing accommodates both low and middle income households and is viewed as a pathway for young households en route to ownership and a tenure option to return to over the life course as living circumstances change. Competition between social and private rents moderates rent levels. For this reason the Austrian rental market is considered to have the characteristics of an integrated rental system (Deutsch, 2009).

Further, unlike many other social housing systems, 'bricks and mortar' subsidies have not been displaced by the growth of demand side schemes. Housing quality is high, with some thermal issues in older stock, and the limited profit housing sector (GBV segment) is growing in relation to the private rental sector. GBV provide not only rental dwellings, but also co-operative share and dwellings for outright ownership. The GBV sector has become increasingly active in the rent to buy market, which requires tenants to make a significant up front contribution, in exchange for the right to buy after 10 years. This product has recently increased to displace not only outright ownership produced by GBV but also their level of new rental supply. However, this may decline in a less confident economic climate, and see social housing providers return to their traditional role in affordable rental housing.

Municipal housing tends to accommodate a greater proportion of lower income households than the GBV limited profit association segment. In this segment, citizenship and eligibility have been a prominent political issue. Until recently, many municipal companies restricted the access of dwellings to permanent Austrian residents (although not Vienna, where access and immigration processes are more liberal). An EU directive in 2006 forced a change in eligibility, opening access to new-migrants without permanent resident status (which can take up to 15 years in some municipalities). Today, municipal housing plays an important role accommodating people born outside Austria and issues of integration and social cohesion are prominent management and political concerns. Some major providers, such as Sozialbau actively invest in neighbourhood development to promote more harmonious living environments and prevent social conflict.

A2 Rental dwellings

A2.1 Composition of the rental sector by dwellings type

The total number of dwellings in Austria in 2004 was estimated to be 3.2 million (Housing Statistics in the European Union, 2005/6:58), of which 52% were in apartment buildings. The proportion of apartments in the construction of new dwellings has gradually declined from 50% in 1980 to 45% in 2004 (ibid, 2006:72). Whilst detached housing is common in rural areas, in towns and urban areas there are much higher proportions of rented flats in multi-storey buildings. It should be noted that rental dwellings in single or two family houses are not subject to the Austrian Tenants and Landlord Act (MRG).

The rented sector primarily comprises apartments in residential buildings. These vary in plan layout, quality and features. There have been notable periods in Austrian apartment design. During the 1920s Vienna led Europe in the design of rental housing which not only incorporated better internal facilities and kitchens but also services for children such as kindergartens and play areas. In the post war period, mass produced municipal dwellings were less innovative and typically 4-5 storeys incorporating small balconies. These have been substantially renovated by combining smaller apartments, adding lifts, improving heating and thermal protection. However, the single purpose nature of residential dwellings have also been criticized for their lack of small scale commercial space on the ground floor, which is more common in older private rental stock where small family business, often run by migrants, have been able to take hold.

Since the late 1980s there has been a strong urban renewal policy in Vienna, which has involved the conversion of brown field sites for mixed residential developments, generating a number of world renowned developments such as the Gasometer complex. Design competitions were introduced in 1995 as a means to promote innovation in subsidized housing design. In the late 1990s, high rise apartments were constructed in the city for subsidized social rental housing and condominium dwellings. Most recently, there is a strong emphasis on in-fill development, energy efficiency and the use of environmentally sustainable materials, as well as accommodating households with a range of lifestyles and household types.

There are visible differences in the form and quality of buildings owned by different segments of the rental market. The private market tends own older stock, at both ends of the quality spectrum. Municipal dwellings tend to be in larger more functional building blocks, constructed in the post war era using mass construction methods and homogeneous designs and LPHA dwellings are more spacious and better quality. LPHA are now the primary supplier of new apartments in Austria, as municipalities no longer build the stock they manage. Subsidized buildings are identifiable by a plaque at the entrance, proudly declaring the support of public authorities and their date of completion.

A2.2 Purpose built rental housing

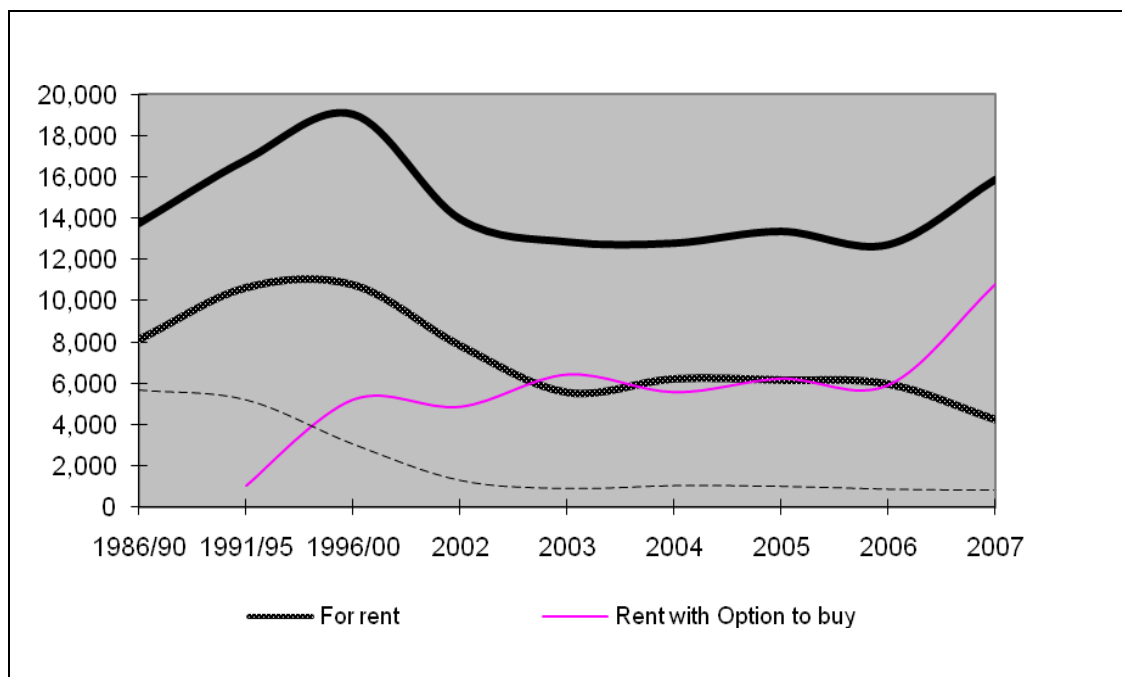
Most rental dwellings are apartments and are purpose built for renting. However, it is possible for apartments to be built for and sold as condominiums. Rental apartments can also be converted for ownership, however there are restrictions on the sale dwellings which have been subsidised for affordable rental housing purposes.

As mentioned above, the design and construction of apartments for ownership and rental purposes has varied over time (Lugger, 2007). In recent decades, between 1980 and 1990, a similar number of apartments were constructed for both tenures, being around 10, 000 each

annually. Between 1990 and 1996, the number and share of rented dwellings in construction increased to 20,000, with condominium construction rising modestly to 13,000. Since then both have declined, but rental apartments still contribute around 14,000 dwellings per year to towards the total construction of around 40,000 dwellings.

Social housing developers produce dwellings for rental and ownership. Production levels are provided in Figure 1 below, which shows stable levels of total production between 2001 and 2007. However, there have been changes in the composition of tenure produced. While the production of rental housing has remained fairly stable, dwellings with the option to buy have increasingly replaced those sold at completion. This is due to the introduction of regulations in 1993 allowing tenant equity contributions, the capping of Federal subsidies, and rising construction costs. Whilst rent to buy allows low cost entry to homeownership, schemes vary and are not always advantageous in the long run for tenants who buy.

Figure 1 Trends in Austrian social housing production



Source: GBV (2009) in Lawson and Nieboer (2009)

A2.3 Ownership structure of rental stock

The ownership of rental stock is detailed in the table below. The social sector, comprising co-operatives, limited profit companies and municipal landlords provide 57% of all the rental stock and 21 % of all dwellings. The co-operative and limited profit sector is growing. The private rental stock provides 43% of all rental stock and about 20 percent all dwellings.

Table 2: Type of Landlord, % of housing stock

Type of Landlord	Dwellings ('000)	Total social housing	% of rental stock	Total housing stock %
Co-operatives	238			5+
Limited profit companies	267			7+
Municipal landlords	300			9
Social sector		805	57	(21)
Private landlords	600			20
Total rental sector	1,405			41

Source: GPV (2009) in (Lawson et al, 2009:49)

A2.4 Quality issues and strategies to address them

There are a variety of indicators of housing quality in Austria which can be reported in this section. Firstly, the Austrian Tenant and Landlord Act (MRG) categorises all residences according to their level of amenity:

- A dwellings with inside bath room, toilet, heating and hot water supply
- B dwellings with inside toilet and bathroom
- C dwellings with inside toilet and some form of inside water supply
- D dwellings lacking water supply and or inside toilet

Major improvements in amenity have been achieved since the 1970s, with category A dwellings rising from 15% in 1971 to 87% in 2005 (various Housing Census and Statistical Newsletters reported in Lugger, 2007). Lugger argues that the decline in dwellings in the C and D categories is due to improvements by landlords, owners and tenants, partly assisted with public subsidies. Further, the establishment of a monthly maintenance and improvement charge on top of tenants' rents and the ability of landlords to raise rents with new contracts have increased the security of rent revenues and encouraged investment in housing quality (2007:32).

The average size of dwellings has been gradually increasing and useable floor areas have risen from 66 sqm in 1971 to 90 sqm in 2001. The proportion of smaller dwellings under 60sqm has been declining due to the consolidation of these dwellings during building refurbishment and lack of demand for studio accommodation. The average size of new dwellings, measured in terms of useable floor space, has risen from 80sqm in 1970 to 103 sqm in 2002. (Lugger, 2007:27-29)..

According to Amman et al, the good quality and size of Austrian housing has not driven housing expenses beyond affordable levels (2009:14), with average expenses for housing being 18% of household incomes and thus well below the European average (Statistics Austria, 2009). Furthermore, due to the long standing practice of broad based eligibility for social housing and development of municipal housing in wealthy areas, socio-tenorial and spatial segregation has been limited.

One of the main issues confronting tenants is the thermal quality of older apartment dwellings and the small size of older apartments. These less popular dwellings have been the focus on urban renewal and renovation subsidy schemes for the past two decades. In line with EU

demands, building codes have been amended to ensure higher standards of thermal quality and the use of sustainable materials. Furthermore conditional housing subsidies have increasingly focused on aspects of energy efficiency in order to meet Austria's Kyoto-commitments (Amman, 2004).

These efforts have been supported by provincial housing programs, variably focusing on apartment buildings and/or individual homes. The state of Vienna has sustained its interest in social rental housing incorporating over the past three decades an emphasis on quality through soft renewal, social inclusion and most recently energy efficiency (Lawson, 2010).

Strategies used to improve housing quality have evolved over time, shifting their focus. Since 1995 Vienna has established a competition for housing projects by social and more recently for profit housing developers within common standards to promote innovation in the achievement of quality housing developed with the benefit of housing subsidies and land allocated by the city. Competition has promoted innovation in energy efficient design and lowered construction costs of housing projects, even amidst higher planning demands.¹ Most recently these standards have included social diversity to stimulate innovative design and services to accommodate households from different cultures, housing careers, and lifestyles.

Today, large developments often involve a number of LPHAs as well as private companies. Examples include the redevelopment of disused railway freight yards for housing, the mixed residential development of the former cable works site and world renowned conversion of 19th century gas storage towers.

While the global financial crisis did not affect the Austrian housing finance, construction and consumption markets as dramatically as other European countries, public funds have been used to bolster employment in the construction sector, maintain supply levels and importantly renovate older dwellings and improve their (thermal) quality. At the provincial level in 2009, the city state of Vienna increased measures within the field of housing to maintain construction levels, secure employment and enhance the environmental performance of new construction and redevelopment (Forst, 2009 in Lawson and Deutsch, 2010).²

A3 Households who rent their accommodation

A3.1 Profile of households in rental housing in different sub-sectors

The socio-economic profile of different segments of the housing market has recently been the subject of research by Deutsch (2008) and Synthesis (2008).

There are differences in emphasis between these studies. Synthesis (2008) focuses on trends in municipal housing in Vienna. In a research project on the socio-economic profile of high density municipal housing estates, it was found that tenants were less well integrated in the

¹ http://www.energie-cites.org/db/wien_569_en.pdf

² These measures include: issuing of a government bond (amount €200 million.) to promote investment in thermal redevelopment as well as new construction; adopting decrees affecting redevelopment and new construction, which demand stricter ecological standards and in return offer grants and loans to the value of €30 million per year; "Wiener Wohnen", the property management arm of the State of Vienna which has 220.000 housing units has increased its investments from €560 million in 2007 to more than €600 million in 2009 Furthermore in 2009 an extra €10 million has been allocated from the finance administration group to invest in state owned houses (offices and flats) (Forst, 2009).

labour market and tended to earn less income (Synthesis, 2008). However, older municipal stock is dominated by small and mid-sized housing units and tends to accommodate households with fewer children and more often aging households. Housing standards and amenities have increased over time, renovations are improving the size and quality of older dwellings and new developments are built to a higher standard. However, the older dwellings remain less attractive to families with multiple children.

Deutsch (2008) has examined the demographic cohorts moving in and out of different tenures in Austria over time. This unique research contends that the role of social rental housing is changing from being oriented towards families with children towards single households, often lone women with children. Ownership became the preferred resort for families with children:

“Contrary to the decades when the nonprofit rentals were built for civil servants, the high skilled move nowadays towards ownership.” (ibid, 2008:22).

Deutsch (2008:5) argues that the private rental sector has polarized into two completely different segments: the mobile, highly skilled singles and couples are found in the quality flats of the cities and recently also in rented suburban family homes; whereas the low quality flats in the cities accommodate the less skilled strata, in particular the immigrants from the South-East who tend to segregate in ethnic neighbourhoods (Deutsch, 2008:5).

A3.2 Position of lower income households in the rental market

Low income households are primarily housed in the rental market.

However there are long waiting lists for municipal housing and not every low income household is eligible, thus the private rental market can offer more immediate opportunities. Children of tenants can inherit their tenancy from their parents, with similar tenancy conditions (BAWO, 2008).

The position of low income households and in particular migrants in the rental market is impeded by the high entry costs for housing (BAWO, 2008), a (fading) tradition of institutional discrimination against migrants and high rents in the private sector. Such tenants are often forced into lower quality private rental housing, however migrants are increasingly present in social housing.

Upfront access fees both for social and private rental housing are high in Austria. In the private market this involves a brokerage fee, six month rent as bond, and rent tax. Social rental housing often requires a substantial equity contribution towards ground and building costs but there are low cost public loans to assist. Tenants who have experienced eviction, often due to arrears in rent, have to establish lease contracts more often.

Migrants have not had a strong position in the social housing sector and have faced institutional discrimination (BAWO, 2008). However since 2006, non-Austrian citizens also have access rights and are an increasing presence in municipal housing estates and in Vienna there are services to promote this and the establishment of inclusive neighbourhoods.

Lower income households are catered for by municipal housing companies, who target households with up to 6th income decile (in LPHA up to 8th and there is also a floor income yet this may be lifted with social assistance). After a contract has been signed, incomes are no

longer assessed and it is contended that this has resulted in socially integrated neighbourhoods (BAWO, 2008).

Synthesis (2008) examined the situation of tenants living in districts dominated by high density municipal housing and found that these households were of lower income and less fully employed.

The affordability of housing for lower income households in the rental market has been explored by a number of research projects and these are reviewed in B3.

A3.3 Capacity to pay for rental accommodation amongst low income households

The affordability of housing is addressed in section B3.

Austrian households spend on average €420 (\$672) per month or 18 per cent of their household income on housing (using SILC data for 2007, Statistics Austria), relatively low for West European standards. Furthermore, median housing costs across the housing sector are relatively low; with household expenditure on housing being only 20.6 per cent of household income, again representing less of a burden than in other European countries (Czasny et al. 2008: 819). Consequently, there is a very low proportion of households with rent arrears (2.4 per cent opposed to 9.1 per cent) and of households that see their living expenses as a heavy burden (14 per cent as opposed to EU25-average of 28 per cent) (Czasny et al. 2008:56, Amman, Lawson and Mundt, 2009, Lawson and Deutsch, 2010).

In 2007 the average *rent* burden in Vienna, across both private and limited profit sector, for couples with children was only 20 per cent of household income (Kalmár et al., 2008, Czasny and Bständig, 2008), which is very low compared to other West European capital cities. In this city, the cost capped limited profit housing sector continues to play a very important role across the entire rental sector, where today it provides 48 per cent of all rental housing. Nevertheless rising construction costs are placing increasing pressure on new cost capped LP projects, with tenants of new dwellings being required to make increasing up front contributions, albeit with the opportunity to purchase after 10 years (Lawson and Deutsch, 2010).

However, it is important to note that the share of housing costs is much higher amongst single-parent-households (31 per cent) and single female households (33 per cent). Further, households at-risk-of-poverty have to spend 38 per cent of their household income on housing costs (Statistik Austria, 2009).

There are no brokerage costs for municipal and social housing. However, tenants may be required to pay an equity contribution towards construction costs as a down payment and in Vienna this amounts to 12.5%, there after rents are lower than in the private market .

There are price differences between buildings of different ages and providers (see Deutsche in table below). Thus lower income tenants tend to be housed in older buildings and newer dwellings are more expensive. Some researchers have argued that these price differences are not significant, due to the stable and long term financing arrangements which underpin limited profit housing which dominates the rental market.

Where a tenant's income falls below that able to pay for decent housing, they can draw upon demand assistance which is provided by regional governments and outlined below A3.4.

However, tenants in temporary rental housing with a succession of short term contracts face multiple costs to establish each new tenancy.

According to a European Report on Austrian tenancy the following rules apply concerning the tenants bond:

- payments made by the tenant to the landlord are intended to cover illegal damages inflicted to the rented object by the tenant.
- “Kautio” money is specified in the contract and is intended to create a fund for possible future claims of the landlord that may arise because of a contractually prohibited or illegal usage of the rented object by the tenant.
- Deposits are typically 3 months rent but limited to six months rents and any exceeding payments violate the “key money” prohibition (“Ablöseverbot”).
- The deposit has to be paid back to the tenant at the end of the rent if no claims arose (EUI(2004? undated:35).
- The amount is paid into a savings book at any bank that is handed over to the landlord, together with a password. Interest accumulated is given to the tenant.
- The refundable deposit is usually repaid with accumulated interest.
- In case the owner prefers cash it should be stated in the lease contract that the usual interest is granted to the lessee.
- Deposits are refundable at the end of the lease, within 4 weeks, provided that all bills have been paid and the apartment is in good condition.

A3.4 Eligibility criteria for subsidies for renting households

Housing assistance may be granted to Austrian citizens or persons of equal status (such as EU citizens), and foreigners who can prove they have legally lived in Austria for a minimum of five years. Housing assistance is granted only for the apartment that the recipient of housing assistance and their family members reside in. Such assistance may be given when a tenant is in rental arrears; however, it is paid directly to the landlord until the arrears are cleared. Assistance is dependent on family size³, family income⁴ and apartment size⁵ and there are various schemes depending on the segment of the rental market and the province, as discussed below.

Households who are not eligible for assistance include those foreigners who have not lived in Austria legally for five years or who own a non-subsidized apartment or home or an apartment renovated with public funds. Also residents of nursing homes or small recreation dwellings (garden estates) or to tenants who are (co-) owners of the property, or tenant with

³Size may include spouses, children, grandchildren, life companions, grandparents, parents-in-law, siblings, uncles, aunts, nephews, nieces, cousins, brothers-in-law and sisters-in-law.

⁴ Family income is made up of the net income (social insurance and income tax deducted also) of all persons living in the same household. Monthly family income is one twelfth of the total annual income (including Christmas and holiday pay).

⁵ The adequate useful floor space is 50 square meters for one person, 70 square meters for two persons and an additional 15 square meters for each additional person up to a maximum of 130 square meters, or 150 square meters with more than five persons living in the same household.

a close relationship⁶ to the landlord of a non-subsidized apartment may not claim housing assistance.

A3.5 Differences in access to allowances across rental sub-sectors

Rent assistance schemes are a provincial responsibility and thus vary significantly across Austria. Eligibility for assistance can vary for different types of rental dwellings, thus indirectly influencing the type and level of subsidy available to tenants in different rental segments.

Three major types of housing assistance are available:

- Housing allowance (*Wohnbeihilfe*), of increasing importance across Austria and functions to balance the effect of the overall decreasing funding rate has for low-income households. It tends to have a cumulative effect as it is granted only to residents dwelling in 'object-funded' housing in most federal states.
- In addition, rent benefits (*Mietbeihilfe*) are paid by the Social Welfare authorities to tenants whose rent causes their disposable income to be below the Social Welfare threshold.
- The Ministry of Finance grants rent allowances (*Mietzinsbeihilfe*) to tenants whose rent has been disproportionately raised. Other types of housing-related allowances and benefits vary across provinces.

Since 1998, tenants in all sectors of the rental market in Vienna can receive demand assistance. The philosophy behind this broadening of access from municipal, to non-profit to private rental has been that social equity and social networks would be better served if allowances were available across the different segments (Wagner-Pinter, 2009).

⁶ Close relationship as a rule refers to spouses, children, grandchildren, life companions, parents, grandparents, siblings, uncles, aunts, nephews, nieces, cousins, brothers-in-law and sisters-in-law.

Part B: Legislation, regulation, policy and programs

B1 Legislative framework for secure occupancy in rental housing

B1.1 Type and coverage of residential tenancies legislation

According to Kofler (undated:10) tenancy legislation typically applies to both the private and the social sector, although for the latter additional regulations apply that are covered by Social Housing legislation. The two main sources of tenancy laws are the “ABGB” (General Civil Code originating from 1811) and the “MRG” (MietrechtsG, TenStatute), of 1981, which cover different dwelling types and aspects of tenancy. The MRG concerns the adequate rent according to size, situation, furnishing etc applies to flats, parts of flats or business premises and co-operative dwellings. The ABGB protects all tenants against exorbitant rents. This allows tenants to appeal to a rent tribunal even concerning rent levels even after they have left the apartment, and reclaim rent considered to be ‘overpaid’. However with new rentals, the difference between what the rent tribunal would assess and free market prices is very small and there has been a trend towards liberalising rent levels. Later on we will examine the actual success of opposing parties through various mechanisms.

According to Kofler (undated:10) most private rentals fall under the regulations of the Tenancy Law (*Mietrechtsgesetz* - MRG) of 1981. The MRG applies only partially to privately financed new (post-1953) construction, to apartments in a building with no more than two independent flats and to new (post-1945) condominiums that are rented out. The MRG does not apply to leased homes for single or aged people, apprentices or students; company housing; second homes (EUI, 2004). Some social housing is subject to additional legislation, which affects rent setting (Kofler, undated:10). The non-profit-housing law regulates the activities of housing associations, conduct and control, the calculation of rent (cost rent) and the terms of “right to buy”, as well as maintenance cost. It may be regarded as the framework of checks and balances. Municipal and limited profit social housing a regulated differently:

- The municipal rentals (‘Gemeindewohnungen’) owned by non-profit municipal bodies that fall under the general rent law MRG.
- The non-profit rentals owned by the GBV providers (‘gemeinnützige Bauvereinigungen’) that fall under the common-good housing law WGG (Deutsch and Lawson, 2010:16). Under the WGG the principle of cost rents applies, which means that rents must not exceed the level necessary for management and construction, together with a return to undertake future projects.

Tenancy law with a focus on the setting of maximum rents and termination of tenure has been evolving since 1917 and is frequently amended. The origins of *rent control* can be found in legislation from 1917 (Verordnung zum Schutz der Mieter MSchV 1917). Tenant protection and rent control was introduced by the socialist party and continues to be supported by the social democrats today. At the turn of the 20th century, the rationale for protecting tenants was rooted in pragmatic housing concerns regarding returning soldiers and strengthening of their morale when in service (EUI, 2004:2).

Today, Austrian tenancy law is considered moderately pro tenant (GPG, 2010), with rent control at somewhat below free-market levels. There have been periods of strict rent regulation and even rent freezes. However, in recent years rents have since become more liberal-

ised. There have also been amendments to tighten legal requirements for rent increases, to simplify the fixing of time limits and the termination of tenancies (EUI, 2004:4).

Fixed and unlimited tenancies are covered by *different* legislation. Fixed tenancies can expire without notice under the ABGB. These contracts may also be terminated on important grounds, such as unhealthy housing conditions or arrears in the payment of rent, by either party. Unlimited tenancies fall under the regulation of the MRG. These can only be terminated under exceptional circumstances, with strict requirements for notice of termination.

MRG Rent law: Some general regulations are applicable for all rental dwellings. But the core regulations, mainly regarding the limitation of rent rate, are in force only for the relatively small sector of private rental dwellings, built before 1945. Limitation of rent rate and protection against foreclosure are, none the less, areas of political discussion. ABGB Civil Code covers mainly the single family houses, which were taken out of the rent law recently. Contract law for this segment is now regulated only by Civil Code.

Individual ownership of condominiums (dwellings in multifamily blocks of at least three units, semi-detached homes included) falls under the ownership law WEG (Deutsch and Lawson, 2010:16). It regulates the relations of the owners to each other, the terms of maintenance etc. Deeper investigation is required to determine whether company or individual tenants would participate in these discussions where mixed ownership and tenure occurs. Historically there has been resistance from the LPHA sector to part privatisation of their buildings due to potential complications in managing building maintenance.

Tenancies may be based on written or oral agreements between a landlord and tenant, with the essential components including identification of landlord and lessee, the premises leased, commencement and duration of the term of the agreement and the rent paid. Terms agreed must be signed by each party. The written form of agreement is essential for the time limitations of the rent (EIU, 2004:4)

Contracts of unlimited duration, as with most tenancies, are regulated with regards to maximum rents, changes to rents, and limitations on charging operating costs to tenants. Landlords must maintain, refurbish and improve the dwelling over time and there are a specified range of reasons for eviction. Eviction of the tenant can only occur through a procedure in the court. Valid reasons for eviction under the MRG include:

1. Non-payment of rent
2. Destroying the flat or building or conducting behaviour which disturbs permanently and strongly the peace of the community in the building
3. Attacking the property, morality or integrity of the human body of the landlord/other tenants which is punished by law or bad behaviour against other tenants or persons living in the flat
4. If the tenant leaves and sublets the flat
5. If the tenant has his/her main residence in another flat and no family member lives in the flat
6. If the tenant dies and his/her family members don't need the flat (eg they are living somewhere else)
7. If the tenant doesn't use the flat for the agreed use
8. If it is a simple rent flat and the owner or near family needs to live there urgently and the harm of non-occupation by the landlord or his/her family is considered more harmful than for the tenant
9. If the landlord needs the flat and can provide another similar flat to the tenant

10. If the flat is normally used for workers of the landlord and if it was used before as a home for the workers of the landlord (company flats)
11. If it is a flat owned by the state, province or community, and this territorial authority needs the flat urgently for the administration and the tenant is provided another flat
12. If it is a sublet-contract and the main tenant needs it back for himself or family members or if the continuing of the sublet contract is unacceptable
13. if there is a public interest in the deconstruction of the building and the tenant gets a new flat
14. If the building is in such bad condition that a refurbishment isn't technically possible and the tenant gets another flat
15. If the landlord made an agreement about another reason for eviction in the contract which is similarly strong as the ones mentioned above (Tenants Association of Austria, 2009)

The Tenant's Association (2009) explains that if a landlord brings the tenant to court, the tenant may not be cross examined in court. Once eviction is requested, the tenant has only 4 weeks to protest in order to begin a counter process in the court. Without protest, the eviction becomes effective.

Vienna is the only province where there is an early warning system to alert the government so it can try to mediate with both parties in orders to avoid eviction. Statistics collected by Vienna for the year 2004 suggest that of 8,437 attempts by landlords to evict tenants, 3,706 were effective.

B1.2 Impact of other legislation on secure occupancy

Tenancy is regarded as well protected, long term (generally indefinite) and rents regulated (SOCOHO, 2004), relative to other housing systems in similarly developed countries. However, entry costs are high and households in a weaker socio-economic and citizenship position in the private rental sector can be exploited and there has been a tradition of exclusive access to Austrian citizens amongst social housing providers (although less so in Vienna).

Rents for most principal-tenant housing (Hauptmietwohnungen), social housing (Gemeindewohnungen) and association housing (Genossenschaftswohnungen) are regulated throughout Austria by the Rent Act (Mietrechtsgesetz), which categorizes principal-tenant housing (older buildings) according to their installations (heating, WC in the corridor or in the apartment, hot water supply, etc.), and also sets maximum authorized rents and standard rental rates, the procedure for raising the rent and giving notice. As a general rule, single-family houses do not come under the Rent Act, except with regards to periods of notice.

In cost rent regulated dwellings, which have received public subsidy, rents vary according to the maturity of the costs associated with the building (including financing and operating costs). Thus older stock is generally cheaper than newer rental dwellings, having repaid initial financing obligations. However, renovation work requiring additional mortgage obligations would push up the cost rent of these dwellings.

Tenancy contracts are registered under the Austrian Tenant and Landlord Act (MRG). In 2004 there were 1,320,000 contracts. However, as tenants in single or two under one roof dwellings are not subject to the MRG, their total number is not known. It is estimated that 50% of tenants live in such dwellings (Lugger, 2007).

B2 Access to rental housing

As mentioned earlier and below, there are citizenship restrictions governing access to social housing and housing assistance (see B2.1). Private rental housing is less restrictive and hosts a higher proportion of low income migrants. Until recently, only Austrian nationals were eligible to apply for social housing in some provinces.

There has been institutionalized segregation between Austrian citizens and low-income immigrants. This results from immigrants being excluded from important segments of the social dwelling supply until recent years, by economic, legal and social barriers during the biggest immigration surge in the 1990s.

Some researchers have emphasized that the private rental sector has become more deregulated charging higher rents and administration fees, providing shorter tenancies and poorer quality accommodation (Edgar et al, 2002). Others suggest that the exclusion of migrants has reserved housing subsidies and cheap social dwellings for low-income Austrian citizens in an attempt to increase social cohesion among this group, at the expense of the social inclusion of low-income immigrant households (SOCOHO, 2004). However, since 2006, at the request of the EU, non-Austrian citizens must be eligible to access social housing and their increasing presence has certainly prompted a number of integration issues.

Now all households with permanent residency in the EU and EEC can apply for social housing. As mentioned earlier, municipal housing is accessible to households with an income below the 6th income decile and for LPHA housing 8th income decile, thus this latter form of housing is not directed towards very low income households, who are typically new migrants.

B2.1 Effect of selection processes upon access to secure housing

The procedure for allocating municipal housing is organized by municipalities, involving rules regarding income levels, household composition and dwellings size. In Vienna, the City has set aside 2000 municipal dwellings to meet urgent housing needs. Most LPHA use a first come first served basis for available dwellings, according to broad access rules and capacity to pay. There are no formal eligibility rules for accessing private rental housing other than capacity to pay.

Co-operative dwellings allocated by Limited profit housing associations, do consider citizenship (Austrian, EU/EEA, other households with residence permit, officially recognized refugees. Tenants must be over 19 years and have an income within defined minimum and maximum limits. Tenants are required to pay 12.5% of construction costs at commencement of tenancy, which may be financed by a favourable public loan (BAWO, 2008)

As indicated earlier, a broad range of household incomes are eligible for municipal and limited profit housing. As a consequence, the tenure is broadly accepted by the population and provides both a long term rental option and stepping to home ownership and back to rental during the life course.

Social housing is not responsive to short term or new arrivals. The waiting list is currently at least 3 years for social housing in Vienna (BAWO, 2008). Migrants have formerly been excluded from these tenures. Today, 'new' Austrians must have been legally residing in Austria for five years in order to apply. Thus the private rental market has been their only option and the lowest income migrants remain concentrated in this sector and in some of the worst accommodation.

However, the City of Vienna and municipal housing companies have been become actively open to new groups of migrants in recent years, opening access to social tenancies and supporting services to enhance housing opportunities amongst vulnerable groups.

B2.2 Incentives for landlords to accommodate low income households

Subsidies are provided for the promotion of affordable rental housing. Landlords which are in receipt of subsidies for the promotion of affordable rental housing are regulated with regard to the quality of rentals supplied, the rent levels within maximum cost rent ceilings and with regard to tenant protection against undesired or unlawful activities of the management.

The subsidy authorities ensure the compliance of limited profit companies with the subsidy rules. They audit the land, construction, financing and operating costs within the prescribed ceilings and they check the correctness rent setting. A special commission sets rent value of the dwellings in a given block and determines the number of units which the authority withholds for allocating low income or high needs households. The commission gives the permission to differentiate the rents according to quality and location within the block, within certain limits. That procedure enables some cross-subsidization what makes the allocation of low income households feasible. In case of non-compliance, the subsidy authority has the right to decline or to recall the granted subsidies (Lawson and Deutsch, 2010).

Municipal housing, owned by the government, can set aside dwellings for vulnerable tenancies and housing emergencies. In Vienna, municipal housing companies allocate a proportion of their stock (2000 dwellings in 2008) for households urgent in need of housing. These dwellings are allocated to tenants with limited income, who are Austrian, Swiss, EEA or recognized refugees, over 17 years and have lived in the same address for more than two years. To receive priority allocation, an applicant must be either living in an unhealthy apartment, need to move for health or age reasons, be living in over crowded conditions, in the process of marital breakup, lost apartment through no fault of own, be under 30 without of own apartment or require a special dwelling due to disability (BAWO, 2008).

B2.3 Costs of establishing a tenancy

Each segment of the rental market has specific entry costs, however they are generally considered high, whilst ongoing costs in the social sector are low. There is a political discussion on the accessibility of low income households to the rental market (BAWO, 2008:11) which is debating how to reduce access costs. Dwellings offered for rent are not typically furnished.

Austrian tenancies in the private rental market require high up front payments: a security deposit of around 6 months rent and the equivalent of 3 months rent for the brokerage fee (BAWO, 2008:11). Further a tax must be paid when the lease is signed. Together this amounts to almost 10 months rent. There are two different arrangements concerning the deposit. In the *befristet* contract (set period, minimum 3 years), the deposit must be put in a savings account to earn interest, which must be paid to the tenant at the end of the contract, assuming it is not used to repair damage. After the expiry of the set term, the contract is null and void, unless three months prior to expiry, one party sends a written invitation to extend, which is accepted by the other party in writing. In the unlimited term *unbefristet* contract, the deposit does not accumulate interest (GPG, 2008).

Deposits are limited to six months` rent; larger deposits are regarded as key money and illegal. However, there is research which suggests the minorities and migrants are discriminated against and often pay more for the housing than Austrian nationals (BAWO, 2008:12).

The cost of establishing a tenancy in municipal rental housing is also quite high. Although tenants pay lower monthly rents, they are expected to make an equity contribution when signing a lease. This varies from 90 days rent and upwards.

As mentioned above, access to co-operative limited profit housing requires a substantial down payment, being 12.5% of total construction costs. The state can provide low or no interest loans to assist tenants in making this equity contribution. Further, a variety of right to buy schemes have been present in the market since 1993. Where tenants make contributions of more than €60 per square meter, they automatically have the right to buy an available flat in the same complex after ten years.

B3 Affordability of Rental Housing

Austrian households spend on average €420 per month or 18 per cent of their household income on housing (SILC, 2007, Statistics Austria), relatively low for West European standards. However, 17% of the population dedicates more than 25% of their household income towards housing costs (BAWO, 2008).

According to EU Statistics on Income and Living Conditions (SILC, 2007), the share of housing costs is particularly high amongst single-parent-households (31%) and single female households (33%). For households at-risk-of-poverty housing costs are a considerable burden, on average they have to spend 38% of their household income on housing (Statistik Austria, 2009). Based on the same data, 12% of the population considered their housing costs a high burden in 2006 (BAWO, 2008:6).

Tenure analysis of SILC data suggests that poor households paid on average 28.2% of their income in rent, single parents 22.9%, young couples with children 13.6% and senior citizens 16.3% (SOCOCO, 2004).

Focusing on Vienna, according to research using micro census data for 2007 the average rent burden across both private and limited profit sector, for couples with children was only 20 percent of household income (Kalmár et al., 2008, Czasny and Bständig, 2008).

It has been argued, that an important contribution towards affordability and accessibility of housing for different household types, is the founding financial arrangements of subsidised housing, its strong position in the market and the role of cost rent regulation. Cost capped limited profit housing sector influences rent levels across the rental sector, where today it provides 48 per cent of all rental housing. However, rising land and construction costs are placing increasing pressure on new cost capped LP developments, leading to more economical designs, higher density projects and the requirements for tenants to make significant equity contributions, albeit with the option to purchase after 10 years (Lawson et al, 2009, Lawson and Nieboer, 2009).

B3.1 Rent payments and secure occupancy

Rents for most principal-tenant housing (Hauptmietwohnungen), social housing (Gemeindewohnungen) and association housing (Genossenschaftswohnungen) are regulated throughout Austria by the Rent Act (MRG, Mietrechtsgesetz), which categorizes principal-tenant housing (older buildings) according to their installations (heating, WC in the corridor or in the apartment, hot water supply, etc.), and also sets maximum authorized rents and standard rental rates, periods of notice, etc. As a general rule, single-family houses do not come under the Rent Act, except as regards to periods of notice but are subject to the civil code (ABGB).

Further more, the cost rent principle is used to calculate rents in limited profit subsidized housing for the duration of subsidised loans and there have been a variety of subsidy programs over time with different conditions. This means that there are price differences between buildings of different ages and segments of the rental market.

Deutsch (2009) has researched sample data amongst existing and new rental contracts for category A (decent standard) rental properties between 1999 and 2001 to examine the different rents for low, median and higher income households by construction period for private, municipal and non-profit sector in Vienna, which are provided in Table 3 and 4 below.

Table 3 Per sqm rents in category A rentals, Vienna 1999-2001 for all rent contracts (Deutsch, 2009)

<i>PRIVATE RENTALS</i>	<i>QU20</i>	<i>MEDIAN</i>	<i>QU80</i>	<i>SPREAD</i>	NOBS
All construction periods	2.88	4.31	7.46	106.2	923
constructed until 1944	2.77	3.85	6.53	97.6	701
constructed from 1945 to 1980	3.24	5.43	9.10	107.9	130
constructed from 1981	5.40	6.82	10.51	74.9	92
MUNICIPAL RENTALS					
All construction periods	3.48	4.28	5.34	43.4	1037
constructed until 1944	3.00	3.86	4.90	49.2	253
constructed from 1945 to 1980	3.52	4.16	5.06	37.0	643
constructed from 1981	4.78	5.43	6.30	28.0	141
NON-PROFIT RENTALS					
All construction periods	4.20	5.16	6.19	38.6	672
constructed until 1944					
constructed from 1945 to 1980	3.83	4.84	5.88	42.4	313
constructed from 1981	4.71	5.44	6.37	30.6	333

Table 4 Per sqm rents in category A rentals, Vienna 1999-2001 for New rent contracts (entry within past 24 months) (Deutsch, 2009)

<i>PRIVATE RENTALS</i>	<i>QU20</i>	<i>MEDIAN</i>	<i>QU80</i>	<i>SPREAD</i>	NOBS
All construction periods	5.37	7.47	9.73	58.4	143
constructed until 1944	5.54	7.31	8.86	45.4	83
constructed from 1945 to 1980	4.72	7.08	9.64	69.4	32
constructed from 1981	6.28	9.53	11.62	56.0	28
MUNICIPAL RENTALS					
All construction periods	4.14	4.86	5.46	27.2	75
constructed until 1944	3.47	4.51	5.38	42.4	21
constructed from 1945 to 1980	4.25	4.80	5.34	22.6	36
constructed from 1981	4.72	5.29	5.70	18.4	18
NON-PROFIT RENTALS					
All construction periods	4.82	5.62	6.33	26.8	74
constructed until 1944					
constructed from 1945 to 1980	4.38	5.60	6.79	43.0	23
constructed from 1981	5.03	5.80	6.33	22.5	49

Source: Austrian Census Data 1999-2001. Values in EUROS at prices 2001.

Notes from Deutch (2009):

Category A apartments: with inside toilet, separated bathroom, automatic heating

Rents are gross rents including utilities and modernization cost.

Heating cost excluded, but self description of respondents unreliable.

The small stock of non-profit rentals built between the World Wars is excluded.

As can be seen from the tables above, the pattern of tenure, household income and rent contracts is complex. Generally, low income households pay lower rents. Low income tenants tend to pay the least rent in older private rental housing. However, recent contracts established in the past two years, are cheapest in older municipal housing for both the lowest and

highest income households. Rents in LPHA dwellings tend to be higher than municipal dwellings, yet are similar for dwellings constructed since 1981. Recent LPHA contracts are moderately higher than municipal dwellings.

B3.2 Other expenditure which affects secure occupancy

As mentioned in section B2.3 on the cost of establishing a tenancy are high and a great burden for low income tenants who may be faced with a sequence of short term contracts. In private rental housing the brokerage fee is not well regulated and can be used to exploit vulnerable groups. In addition to high entry costs, the cost of heating can also be a burden, often adding 30% to housing related expenses. In poorly maintained older dwellings, often owned by private landlords, this can be exorbitant.

The rent levels specified by Deutsch (2009) above for various segments of the Vienna housing market, do not include heating costs, which can be considerable in this country of severe winters. In 2009, subsidies given to housing providers previously for oil-based heating systems will be phased out and there will be significant subsidies offered for the adoption of eco-innovative heating and hot water systems, and a greater use of renewable forms of energy. It is claimed that these measures will reduce heating costs for tenants, currently reliant on oil based heating systems, and reduce carbon emissions towards meeting Kyoto targets (a major focus of national policy).⁷

With regards to national housing supply subsidies and demand assistance programs, over the past decade Austria has experienced a process of devolution in which the 9 provinces, known as *Länder*, have become increasingly responsible for the design of programs to promote housing policy. These programs vary from those supporting affordable home ownership, urban renewal, energy efficiency and affordable rental housing. Most recently, Federal contributions to housing programs have become untied, thus it is now largely up to the provinces to allocate sufficient resources to manage their own housing policies. However, tied funds for energy efficiency programs remain.

B4 Safety, privacy and quiet enjoyment

B4.1 Standards to improve safety and their regulation

There are a wide range of regulations concerning maintenance and housing renewal:

- the maintenance regulations of the Tenancy Act,
- Standards of the Building Code,
- Owners obligation to properly maintain their buildings,
- Tenants rights to demand urgent repairs
- Tenants obligation to participate in renewal costs
- Public renewal orders

These regulations and standards are promoted by different mechanisms. In Austria arbitration committees sets the rents of subsidised dwellings at levels to cover costs of repair and renewal, and mediate between owners of buildings and their tenants. Where rents are not sufficient to repair a substantially run down building, subsidies for renewal may be available from provincial programs.

⁷ http://ec.europa.eu/environment/etap/inaction/showcases/austria/321_en.html

Private rental housing has suffered from a lack of investment, also in repair and maintenance, partly due to an era of strict rent regulation for many decades. Older pre 20th century apartment buildings, whilst of monumental significance, often suffer from poor insulation, costly heating systems and poor equipment standards. In Vienna there has been a trend to sell older pre-1918 dwellings to sitting tenants, often passing on maintenance and standard problems to those forced outside the official social housing market, such as migrants (UNECE, 1998:5). Urban renewal programs have focused on improving these dwellings, fitting internal bathrooms, improving heating systems and insulating windows. However, owners who fear public control have not applied for subsidies (UNECE, 1998:10). The condominium Act does not allow sub standard dwellings to be subdivided from a building and sold individually.

In the past, low rents in the public sector have also been an impediment to adequate levels of investment in maintenance. However, tenants rent must now include a percentage for maintenance, there are more subsidies for renewal and tenants have more say to demand improvements.

Dwellings built between 1920 and 1950 differ considerably from those older apartment buildings mentioned above. As a reaction to the poor housing conditions of the 19th century, the 1920s was a period of social democratic experimentation in housing design and the advancement of tenant rights. Most dwellings from this era are not provided by the commercial sector. These dwellings are now very low rent (and low return) and in need of technical repair and upgrade: thermal insulation, installation of lifts, merging of smaller flats where possible and better heating systems. Despite these problems, these well located and low rent flats are very popular and accommodate a diverse range of households (UNECE, 1998:9).

More recent dwellings, developed in the 1960s and 1970s have a different range of quality and comfort issues. They are typically managed by the municipality and increasingly by limited profit associations and are well maintained, needing only minor upgrade to ensure adequate standards of thermal protection. However, some estates have more serious maintenance problems, such as leaking flat rooves and monotonous internal layout. On some estates, due to the monotony of dwellings, a narrow range of households reside (UNECE, 1998:10).

Quality standards in more recent developments are high. Competition in the allocation of subsidies to all developers of housing has promoted innovation in design, improved energy efficiency, diversity of dwellings types and value for money in new projects.

B4.2 Autonomy in home making

No literature available.

B4.3 Measures to support privacy and quiet enjoyment of home

Noise

According Koster (2007) noise related issues are surveyed every 3 years as part of the micro census. The results suggest that neighbourhood noise - after traffic noise – was a serious disturbance until the mid-1980s. However, as a result of improved sound insulation in housing construction and the strict observance of standard requirements in subsidized housing construction, neighbour noise is now perceived as less of an issue (ibid, 2007:1).

In Vienna, reducing the noise from railways and other forms of transport has been a focus of urban policy, housing subsidy conditions and transport strategy (Vienna Environmental Report, Chapter 10, 2007). Today Austria is considered to have very strong standards for the reduction of noise, relative to other European countries (Rasmussen, 2009).

B5 Comfort and Standard of repair

B5.1 Means for ensuring basic standards of physical comfort

Heating

Heating and cooling are important issues affecting not only comfort but the cost of occupying a dwelling. As mentioned in B3.2, improving these conditions is a recent and strong focus of national and state governments. Traditionally, dwellings on the ground floor and under the roof top were the least desirable. Even today, dwellings on the ground floor in older buildings tend to be more difficult to heat and suffer from rising damp. Conversely attic dwellings are hot in summer.

In the private rental sector, migrants are often concentrated in ground level and even basement dwellings, through limited choice (BAWO, 2008).

Part of the rent received by the limited profit social landlord must be set aside to maintenance work, which is specified in law and tenants have the right to check that landlords comply. Tenants can enforce that maintenance work is undertaken via arbitration boards in court. Where renovation leads to higher rental costs, there is an upper limit for rent increases, which can be legally enforced. Public low cost loans and housing assistance are also available to help landlords renovate and tenants afford the rents of improved dwellings.

Tenants can only be forced from an improved dwelling if he or she refuses to have a toilet in the new dwelling or the dwelling has a permit to be demolished. Where tenants are evicted due to demolition they must be offered a similar quality dwelling (SOCOHO, 2004).

B6 Landlord Tenant Relations

B6.1 Policies and programs to improve the quality of rental management and provide information for landlords and tenants

Landlords and their rent policies are subject to close scrutiny in Austria, in order to ensure fair rents, promote investment in maintenance and protect tenants from unfair eviction.

LPHA are both self-auditing and publicly regulated. An umbrella organisation audits and regulates individual associations and represents them in negotiations with the government, whilst regional governments also act as external supervisors. This arrangement improves the creditworthiness and, importantly, the financial rating of the sector (Lawson and Deutsch, 2010).

There are various bodies regulating the LPHA sector:

- internal controlling by departments of the LPH company;
- auditing and control by the "Revisionsverband", a special body within the umbrella organization of the GBV-sector;
- auditing by the supervision departments of the Austrian Länder;
- project auditing carried out by the subsidy authorities of the Länder;
- reviews of rents charged by courts.

The most important issues are tenant's protection with regard to prices and rents, with regard to the quality of rentals supplied and with regard to tenant protection against undesired or unlawful activities of the management.

Tenant protection against unjustified notice is both a case for internal control as for an outside court.

The *Revisionsverband* audits, among others, the finance and the cost-adequacy of green land or urban brownfields, then the correctness of calls for tender and of awards of contract, and importantly for this case study the observance of cost-based calculation and utility regulations. The reports of the *Revisionsverband* must be delivered to the supervisory authorities of the Länder, who have the right to order additional checks. In case of faults they can set sanctions (removal of faults, withdrawal of public assistance, in the worst case dispossession of the GBV-status).

The subsidy authorities deal with the compliance of GBV-companies with the subsidy rules. They audit the cost estimates and final bills, that is the construction cost including extra cost (equipment, service units and the like) within the prescribed ceilings, and importantly they check the correctness rent setting.

A special commission is endowed to state the "users value" of the dwellings in a given block, and to determine the number of units which the authority withholds for allocating low income or high needs households. The commission gives the permission to differentiate the rents according to quality and location within the block, within certain limits. That procedure enables some cross-subsidization is what makes the allocation of low income households

feasible. In case of non-compliance, the subsidy authority has the right to decline or to recall the granted subsidies (Deutsch and Oberhuber, 2010 in Lawson and Deutsch, 2010).

Housing related assistance and services to tenants vary across the provinces. The following are available in Vienna.

Wohnservice Wien Ges.m.b.H.

Wohnservice Wien was established in January 2000 to provide a centralised information and web site for home seekers on all available subsidised apartments in the city. Tenants can view available properties and register their applications via this site. This service is supported by the Fund for Housing Construction and Urban Renewal (Wohnfond) and the City of Vienna.

Wohnservice Wien services include:

- Information on available housing (subsidized rental and co-operative apartments, subsidized condominiums, co-operative apartments that can be re-rented and renovated apartments in old buildings)
- Information about apartments owned by the City of Vienna
- Assistance with subsidies (housing allowances)
- Financing assistance (loans for tenant contribution)
- Concluding rental agreements (advice on rents and tenancy conditions)
- Assistance with residence rights (when these are perceived as threatened)
- Referring requests for direct problem solutions
- Managing complaints

<http://www.wohnservice-wien.at/>

Housing Promotion and Arbitration Board for Legal Housing Matters (Municipal Department 50)

As mentioned earlier, there is an arbitration board which is responsible for implementing tenants' rights (tenants of community-owned and co-operative apartments), landlords' and owners' rights. Importantly, its activities include calculating the rent and running cost assessments and verifying useable floor space.

<http://www.wien.gv.at/wohnen/schlichtungsstelle/>

Tenants Assistance Hotline

Vienna's tenants assistance hotline offers free and quick response assistance and advice for more complex matters, concerning community-owned apartment buildings, as well as private buildings and property owned by non-profit building societies. The service provides information on rent and running costs, on how to deal with landlords and agents, how to read and understand your rental agreement and what to do with noisy neighbours.

They also have information on projects for new subsidized housing implemented by the City, commercial companies and non-profit building societies.

A number of specific services for vulnerable tenants are detailed in section C.

B6.2 Form of tenancy agreement and affect on secure occupancy

Most tenancies are for an indefinite period, unless for holiday accommodation. There are different conditions for time limited and unlimited contracts.

In the *befristet* contract (set period, minimum 3 years), the deposit must be put in a savings account to earn interest, which must be paid to the tenant at the end of the contract, assuming it is not used to repair damage. After the expiry of the set term, the contract is null and void, unless three months prior to expiry, one party sends a written invitation to extend, which is accepted by the other party in writing. For unlimited *unbefristet* contracts, the deposit does not accumulate interest (GPG, 2008).

Tenancy contracts are registered under the Austrian Tenant and Landlord Act (MRG). In 2004 there were 1,320,000 contracts. However, as tenants in single or two under one roof dwellings are not subject to the MRG, not registered and thus their number is not known. It is estimated that 50% of tenants live in such dwellings (Lugger, 2007).

According to Sec 1120 of the Austrian Civil Code (ABGB), when a property is sold, any lease agreements automatically transfer to the purchaser who becomes the new landlord. However, the purchaser is not bound by the provisions regarding term and termination or by any unusual provisions (unless he knew or should have known them). Thus, the lease agreement runs the risk of being terminated earlier in the event of a sale (except within the full scope of the MRG), unless the lease agreement has been registered or the parties have explicitly agreed on the transfer of the lease (e.g. in the lease agreement).

The Rent Act outlines principles for rent contracts, and rules for rent setting. For subsidised limited profit dwellings, the Limited Profit Act governs rent setting, as this must be according to the principles of cost covering rents. There a proportion of rent earmarked for maintenance and renewal.

Municipalities are subject to the Rental Act and, where subsidised, the Promotion Act. They can employ a limited market rent or free market rent and there is no separate rent component earmarked for maintenance and renewal. However rents are subject to political pressure to keep below a legal maximum but in the future could reflect the quality and location of dwellings more closely (Bauer, 2004:44, 52).

B6.3 Management arrangements for rental properties and impact on secure occupancy

Landlords tend to be large and professional in Austria, managing on average 3900 dwellings. They must fulfil requirements of civil and rent law and if in receipt of subsidies a limited profit association housing promotion and limited profit laws. According to the Tenants Association of Austria (2002), rents across the sector have been favourable due to the strong market position of publicly promoted housing which provides strong competition for the private for profit sector. Landlords in receipt of subsidies must set their rents at a cost rent level and waive the maximum profits; they must invest in construction and maintenance of affordable dwellings.

B6.4 Length of tenancy

According to Deutsch (2008:9) the expected median tenancy is 7 years in private renting and a lengthy 17 years in social renting.

As mentioned above, open ended tenancies are the norm in Austria (also the Netherlands and Sweden) and short term or fixed term tenancies are far less common than other European countries such as the UK, France and Spain. However, dwellings rented in the private rented sector tend to be shorter term and thus have less statutory protection than in the social housing sector (SOCOHO, 2004:63, 274).

Indefinite lease agreements are governed by the Austrian Tenancy Act (MRG) and may only be terminated by the landlord for specific important reasons listed in the MRG, i.e. default of rent, adverse use, inadmissible subletting, etc. Any further reasons entitling the landlord to termination may only be agreed upon if they are comparable to the list set out by the MRG. Alternatively, the tenant may terminate the lease agreement at any time without specific reasons.

Due to this strict regulation of the termination possibilities of the landlord in cases of an indefinite lease agreement, more private lease agreements are concluded for a definite term only. A minimum term of 3 years is required in cases of a lease regarding an apartment. However, this forces private tenants to have a succession of contracts and places them in a subordinate bargaining position.

Within the MRG, definite lease agreements are automatically renewed for one further term of three years unless termination notice is given in due time and form or the parties agree on the renewal of the lease before the definite lease agreement expires. If after these three years the lease again is not duly terminated, the respective lease agreement is automatically regarded as an indefinite lease agreement. However, the tenant of an apartment is – after one year – entitled to terminate the lease agreement at the end of each month following three months' written notice.

B6.5 Mediation and conciliation of disputes

Different provinces have developed alternative dispute resolution systems. In Vienna the system of mediation is quite well developed. When there is a conflict between the tenant and landlord both parties must proceed first with arbitration by a special agency (Schlichtungsstelle in Mietrechtsangelegenheiten). Conciliation proceedings in matters of tenancy are free of charge. This service deals with around 11,000 cases per year. Only after a decision of this agency can either party pursue the matter in court.⁸ About 2100 cases per year reach the court system.

A study examining more than 2017 court cases in 2003, found that private tenants were the main users of these services. Tenants were typically less successful than landlords and their proceedings were lengthier. Representation by a lawyer is allowed, but is not mandatory. The use of barristers improved the tenant's chance of success. Municipal landlords tend to agree with arbitration more readily than private landlords but successful tenants gain more money from private landlords than municipal landlords.⁹

In certain disputes relating to the Not-For-Profit Housing Associations Act (Wohnungsgemeinnützigkeitsgesetz) or the 2002 Property Act, which have to be decided in a court in non-contentious proceedings, where the local authorities in question have conciliation boards that deal with tenancy law disputes, local conciliation procedures have to be initiated before the matter can be referred to a court (EJN, 2009).

⁸ http://www.wohnbauforschung.at/en/Projekt_ArbitrationAgency.htm

⁹ http://www.wohnbauforschung.at/en/Projekt_ArbitrationAgency.htm

Rent law may concern the carrying out of maintenance and improvements, the legality of agreed rents or the distribution of overheads. In such proceedings, it is mandatory to bring matters before an arbitration tribunal relating to a tenancy in one of the local authority areas where there is an arbitration tribunal. Such cases can only be brought before a higher court if previously brought before the local authority's conciliation board and the conciliation board had already made a decision or if proceedings had not been brought to a close within three months (EJN, 2009).

Hearings before the conciliation board are closed sessions. Only the parties to the proceedings have access to the records. Furthermore, certain documents are exempted from the right of access to records. This is the case where inspection of the contents of the files could harm the lawful interests of one of the parties or a third party. It also applies where local authority functions might be put at risk or if it would interfere with the purpose of the proceedings.

Details on the procedure are as follows:

Applications, petitions, notifications, complaints and other communications can be sent by any technical means available, including by telegraphic means, by telex, automatic data transfer or any other technological means. Applications can also be made electronically if the conciliation board in question has the required technological equipment.

However, in most cases hearings need to be held. The parties should appear in person (and not simply be represented by a lawyer), as this in itself encourages an amicable settlement of the dispute. As a rule this will present no difficulty, however, as the proceedings of the conciliation board take place in the local authority area where the rented property lies.

If the attempt to settle the dispute amicably is unsuccessful, the conciliation board has to make a decision on the application. If one of the parties is not satisfied with the conciliation board's decision, the party may ask for the case to be referred to a court within four weeks of the serving of the conciliation board's decision. The conciliation board's decision becomes ineffective once the case has been referred to court. Either of the parties may also bring the matter before a court if the proceedings before the conciliation board have not been concluded within three months. As soon as a request of this kind has been duly made, the conciliation board must suspend its proceedings.

If none of the parties has brought the matter before a court within four weeks of the serving of the conciliation board's decision, the conciliation board's decision becomes final. It then constitutes a writ of execution. It is then not possible to refer this tenancy question to a court; at this point the only rights of appeal and judicial remedies available are those provided for in enforcement proceedings. 10

B6.6 Professionalization of rental management

Given the long history, strong role of municipal companies, limited profit associations and co-operatives in rental housing management and the considerable scale of their operations

¹⁰ http://ec.europa.eu/civiljustice/adr/adr_aus_en.htm

(average 4000 dwellings), tenancy management can be considered as a professionalised task. However, small co-operatives are largely self managed.

In addition to social landlords private individuals and companies are also active in the rental market, albeit on a smaller scale. They tend to dominate the older segment of the market, where buildings were constructed in the Founders period. Typically, such buildings are located in the city centres and contain more than 10 flats. For newcomers to Austria, they are easier to access than social housing and thus often accommodate migrants. However, there is evidence of discrimination against certain migrants (Africans) by individual and company landlords (CLIP, 2007:39).

B6.7 Umbrella organizations and their scale of operation

The Tenant's Association of Austria is a national umbrella organisation, which provides counselling and support in legal questions concerning landlord and tenant law (including rent arbitration)

[\[Mietervereinigung Österreich\].](#)

Vienna City Administration provides a tenants assistance hotline, rental assistance, construction subsidies, an arbitration board for legal housing matters, and community-owned apartments.

<http://www.wien.gv.at/english/housing/>

The Austrian Federation of Limited Profit Housing Associations – Audit Federation (GBV) represents the interests of their 192 members, being housing co-operatives and limited profit housing companies. GBV is also the legal body which conducts compulsory audits of members for compliance with the co-operative and limited profit housing laws. It is funded by member's fees and charges for auditing and advice.

There are a number of specific agencies of relevance to secure occupancy amongst vulnerable groups in Vienna:

Centre for Secure Tenancy (FAWOS)

Tenant protection to avoid eviction.

<http://members.aon.at/fawos/en/>

Wohndrehscheibe

Assistance in finding accommodation for migrants.

http://sozialinfo.wien.gv.at/content/en/10/InstitutionDetail.do?it_1=2098511&senseid=1448

B7 Specific provisions to improve secure occupancy for lower income and vulnerable households

B7.1 Programs for low income and vulnerable tenancies

Housing programs are designed at the provincial level and there are nine different provinces, thus great variation in scale, focus, eligibility criteria and outcomes. In general, the housing subsidisation system is not strongly targeted towards low income households; rather it acts as a promotional tool to ensure the supply of affordable rental housing for low and importantly moderate income households.

Assistance is available for tenants of renovated dwellings, unable to afford higher rents and low income tenants unable to afford rents for appropriate decent accommodation. Municipalities are able to influence the allocation of social housing via their subsidy programs and allocation rights. Some cities, such as Vienna, own a considerable proportion of dwellings in the rental market and are able to set aside a portion of this to accommodate vulnerable households. In Vienna, 2000 dwellings have been designated for this purpose. Again, the City of Vienna provides advice for tenants who have a weak market position such as new migrants and has established special services to cater for their needs. Finally there are services to assist tenants in avoiding eviction and brokerage services to help access dwellings for very vulnerable households. These are outlined in section C.

At a national level, the system of Limited profit housing has been legislated with the intention of providing a mainstream, socially inclusive housing option in Austria, which today has become widely available in urban areas. Access to social housing is broader in Austria than most social housing systems, despite income limits being set slightly differently by each province. However, Municipalities do create their own allocation schemes which specify nomination rights, which are high in Vienna (25-50%) due to their strong role in subsidisation.

In terms of housing careers, research shows that social housing consumption has become an integral part of many households housing pathway, to be moved in and out of during different periods (Deutsch, 2008). This tenure provides an important option for households at different life stages and circumstances such as single parents, young people, new migrants (recently) and the elderly. Increasingly, it is providing accommodation for more vulnerable households, including single low income households, single parents and new migrants.

Deutsch (2008) has shown that households access social rentals at various times often returning later in life. Social housing caters for the young who enter the housing market and start their housing career in a social flat; during periods of stress due to family breakdown and loss of income, and when elderly, attracted by the convenience of compact housing and nearby services of social rental housing in urban areas. Unlike Australian public housing, Austrians do move from the social rented sector to ownership, but they also move back (Deutsch, 2008).

To qualify for housing association accommodation, tenants need to satisfy certain formal preconditions (e.g. minimum age requirement, Austrian or EEA citizenship or recognized refugee status, etc) and their income may not exceed a certain upper limit. The upper limit for the individual provinces is governed by housing promotion laws and covers almost 90% of the population (Wohnbauförderungsgesetzen) (BAWO, 2008).

As with all housing supply programs, design of rent assistance schemes varies across Austria. The following refers to Vienna where rent assistance is available for people receiving social assistance called “Mietbeihilfe”. The amount depends on the number of persons in the dwelling and the number of square metres of the flat. Formerly only residents in municipal housing were eligible to receive assistance, but in recent years this was extended to limited-profit housing and most recently private tenants. Now tenants across all segments of the rental sector may apply for assistance. Consequently, Vienna’s budget for housing allowances has steadily grown and represented 12% of the annual housing budget of €568 million in 2005. Where tenants are in arrears, assistance is paid directly to property management arrears are cleared (BAWO, 2008)

B7.2 Policies and programs to identify at risk tenancies

Due to barriers to social housing for the very poor and recent immigrants, cheap and poorly equipped units in the private rented sector caters for some of these households, but dwellings are overpriced and there is little security of tenancy (BAWO, 2008, Whitehead and Scanlon, 2007).

In the City of Vienna, there are special services to assist tenants at risk of eviction and migrants in a weak position in the housing market, to find accommodation. Further, the City of Vienna also offers local street based approach to service delivery to assist people in need, including those with vulnerable tenancies. Decentralisation provides small islands of social services, which are more accessible to people, with the intention that local agencies are more quickly able to recognize, intervene and respond to needs.

The renewal of private rental apartments, socio-economically weaker tenants may be driven out in the course of improvement procedures. To prevent this the City of Vienna practices a process of soft renewal, to ensure that tenants are protected and disruption is kept to a minimum with renovation-related promotion- and tenant protection regulations (UNECE, 1998, SOCOHO, 2004).

B7.3 Financial and legal assistance for tenants

See 7.1 and C 2.1

As mentioned above, municipal housing is available for a broad range of household incomes, including low income households and housing assistance is available for tenants when paying their initial equity contribution and rent (also when in arrears) when these costs are an excessive financial burden. Further, where renovation drives rents above affordable levels, tenants can also receive assistance from the City of Vienna.

Households in immediate housing need and who are in imminent danger of homelessness, have access to emergency dwellings in the municipal housing stock. These households include those whose health is very impaired in their current accommodation, and/or who have very low incomes or on social allowance (City of Vienna, 2009, Whitehead and Scanlon, 2007).

Part C Policy Context and Innovations

C1 Policy context

C1.1 Secure Occupancy – A policy issue?

The policy of rent control and legal protection of tenants has been supported by the Austrian socialist/social-democratic party throughout the 20th century, whenever electoral franchise was broadly granted. Austria has a long and strong history in supply side subsidization of housing and increasingly it has supported the growth in demand side subsidies, albeit from a low base.

The quality of dwellings in the older private rental sector is a concern, and has been subject to an intense renovation program by the city of Vienna. Secure occupancy for tenants of buildings under going renovation (soft renewal) and access to social housing by new Austrians are important policy issues. Only in 2006, under EU pressure, were provisions discriminating against migrants removed from all social housing schemes. However, some cities have long maintained more liberal allocation policies and work to include new communities in their housing estates. The high cost of entry to the private rental sector (brokerage fees, taxes, equity contributions) is also the subject of policy debate. There has been liberalisation of private rent setting in recent years and this is a concern of the Austrian Tenants Association.¹¹

C1.2 Changing importance of secure occupancy

Secure occupancy has changed focus over the decades. In the 1980s with the passing of the Housing Renovation Act and establishment of the Vienna Land Procurement and Urban Renewal Fund (Wohnfond), the objective has been to preserve and improve older dwellings in both the private and public sector without evicting the sitting tenants (UNECE, 1998) This soft renewal process gave more say and assistance to tenants in the improvement process, establishing different decision making platforms and processes and a special allowance. Rents are capped by an arbitration committee, which assesses whether the increased rents exceed a certain percentage of the tenants income and subject subsidies are offered to the sitting tenants.

¹¹Sources in English see:

Austrian Tenant's Association (2009) Official website [Mietervereinigung Österreich]. Accessed 15 February, 2010

BAWO (2008) Austria – National Report 2008: People who are homeless can be housed by Christian Perl, Austrian Umbrella Organisation for Organisations Working with the Homeless, BAWO

EJN (2009) Austrian Tenancy Law, European Judicial Network

EUI (2004) Austria, Tenancy Law Reports, European University Institute, Accessed 15 February 2010 <http://www.eui.eu/DepartmentsAndCentres/Law/ResearchAndTeaching/ResearchThemes/ProjectTenancyLaw.aspx>

SOCOHO (2004) The Importance of Housing Systems in Safeguarding Social Cohesion in Europe, edited by K. Czasny Stadt + Regionalforschung GmbH (SRZ) and funded by the European Commission as part of the Fifth Framework Report <http://www.srz-gmbh.com/socoho/project/>

Statistics Austria (2007) EU SILC in Austria Report on 2007 Results, Vienna: Statistics Austria http://www.statistik.at/web_en/dynamic/statistics/social_statistics/publdetail?id=6&listid=6&detail=514&lang=EN

As mentioned throughout this case study, there has been an increasing concern for social integration and the position of new and established migrants. However, there remain stringent residency conditions, such as a 5 year residency, governing social housing allocation schemes. Thus only established migrants can enjoy the subsidised housing system and if in urgent need of housing, must find their way in the commercial sector.

Rental assistance, while not the only instrument to promote affordability, has become more important and more widely accessible. Originally, it was only available to social security recipients in municipal dwellings, to permit rent increased require to cover the cost of renovation etc. Now it is far more broadly available. However, in Austria's Federal system, schemes vary significantly across the 9 provinces.

As mentioned above, there is a growing concern for the high cost of entry to different segments of the rental market, especially in the private market where shorter term tenancies and brokerage fees are commonplace. There are also substantial deposit requirements and equity contributions for tenants of social housing, which however tend to enjoy lower rents and greater security thereafter. There is financial support for these costs for those who need it, within income eligibility criteria. Further, the LPHA have been experimenting with rent to buy schemes since 1993, and this has become an important dimension of their business, often requiring significant up front contributions from tenants, who must wait 10 years to purchase a dwelling in the same building. There are issues associated with the fairness of these programs (Lawson and Deutsch, 2010).

C1.3 Source of ideas promote innovation in secure occupancy

As mentioned earlier, subsidising housing supply has been a long term policy direction in Austria. Government policy makers have viewed housing supply as a legitimate realm for government intervention for almost a century (Norris and Shiels, 2004). This view has been shared not only by government, but also industry and employees in order to promote economic stability, provide construction work, moderate wage claims, maintain a steady supply of housing and improve the standard of living (Lawson and Elsinga, 2008).

Since constitutional reform in 1987, four yearly negotiations between the Federal government and the nine Länder governments have determined expenditure on housing policy, which continues to focus on adequate supply (CECODHAS 2005). The transfer of funds to the Länder and their role in designing appropriate programs has ensured bi partisan commitment to the housing supply policy.

The negotiated agreement to cap transfer payments for 12 years and divide housing resources between the nine provinces, and give these governments the freedom to design programs which suit their ideological and electoral preferences has led to diverse programs. What is now lacking in Austria is a national-regional agreement to ensure housing is built at a cost and high quality where it is most needed. However, given the ongoing trend towards decentralisation homogenisation is unlikely.

The EU competition rules, a concern of social housing providers in many countries, have not been a major issue in Austria, where subsidies for the construction of affordable housing are available to both public, LPHA and private companies to provide a service which Austria considers to be of general economic interest. Indeed, for the past 15 years, the private sector has enjoyed access to subsidised loans for LP housing and thus, do not perceive LPHA as having an unfair advantage in the housing market.

Turning to the view of consumers, the housing careers and aspirations of ordinary Austrians include a role for social housing. It remains a mainstream housing option for urban dwellers and the term 'social' housing is not used. Providers of affordable rental housing do accommodate low and middle income households and are viewed as a pathway for young households en route to ownership and a tenure option to return to over the life course as living circumstances change. In many city centres renting is the only option and competition between social and private rents moderates rent levels (personal communication, Deutsch, 2007). Further, Austrian social housing has not been stigmatised in an effort to promote other tenures such as home ownership (Lawson and Elsinga, 2008).

Research by Lawson and Elsinga (2008) contends that the following regulatory relationships, their contexts and qualities have contributed towards the resilience of the Austrian model of affordable housing provision:

- The existence of well established, efficiently managed and doubly regulated limited profit housing associations
- The long term, committed presence of supply side subsidies, in the form of staggered loans and grants, which are subordinate to private loans
- The cross party support for LP housing and their tax privileges
- The distribution of these subsidies across political power bases in different Landers, and the untied flexibility of these funds enabling Lander to design and take credit for their own programs
- The role of local governments providing dedicated development sites for affordable developments and offering these via competitive tender for LPH developers
- The development of auditing and financial expertise in limited profit developments and the development of local knowledge to understand the requirements of local subsidy programs and development conditions.
- The existence of compulsory, constructive and transparent auditing, reporting and penalties governing the cost rent, limited profit regime (Lawson and Elsinga, 2008).

C2 Innovations

C2.1 Innovations to improve secure occupancy

There have been a number of innovations to improve secure occupancy, which have been mentioned in this report:

- The development of strong tenant protection legislation
- A rent setting regime which relates to dwelling quality and size, which is regulated and can be arbitrated
- The strong presence of subsidised housing in the rental market, based on a cost rent model, which provides competition in an integrated rental market, keeping overall rents and housing costs low.
- Protection and assistance for tenants of renovated buildings and the promotion of a soft renewal process
- Services to broker access to dwellings for vulnerable groups
- Mediation to reduce the likelihood of eviction
- Services to provide information and advocacy or migrants, who have a weak position in the housing market

C2.2 Illustrations

The following illustrations from the City of Vienna have featured in country reports by advocacy organisations (BAWO, 2008) and best practices guides (UN Habitat). The City of Vienna has established two agencies: the Centre for Secure Tenancy (FAWOS) and Wohndrehscheibe [Housing Exchange] to work towards preventing homelessness and specifically assist migrants in the field of housing (BAWO, 2008).

Centre for Secure Tenancy (FAWOS)

FAWOS was established in 1996 to provide rapid, efficient help to persons facing eviction. Under the current legal provisions, the district courts notify FAWOS of court-issued execution titles and eviction dates relating to dwellings. FAWOS help clients to retain their dwellings by providing counselling on legal aspects; information on available financial support and client entitlement to benefits; household planning; short-term, intensive social work and ad hoc financial support. It has considered by UN Habitat to be an example of best practice in the field of social integration.

Compared with the 1995 figures, FAWOS succeeded in reducing evictions from 61 percent of cases to 36.5 percent in the first year and 25 percent in the following years. In 67 percent of all cases of eviction, FAWOS was able to provide the evicted tenants with a council flat through the Social Necessities Unit. FAWOS was instrumental in lobbying for amendment of the Tenancy Law (Article 34/3) to require notification as soon as eviction proceedings are instituted. The amendment of the legal provisions saw the extension of time limit for appeals against lease terminations from two to four weeks. In 2000 the intended repeal of the Tenancy Act, to incorporate oppressive clauses, by the Government was abandoned after intensive lobbying by FAWOS and other social institutions in Austria.¹²

Wohndrehscheibe [Housing Exchange]

The Wohndrehscheibe [Housing Exchange] service was established in 1997 to offer counselling for migrants, young people, single parents, victims of domestic violence, social delinquents, and the elderly. It was an initiative of Volkshilfe Österreich, the Vienna Integration Fund (WIF), and the Vienna Housing Information Office (WBZ) together with several church organizations. These partners founded an informal taskforce called “Better Living for Foreigners” (Besseres Wohnen für Ausländer). In 1997, that task force developed into the Wohndrehscheibe (“Housing Exchange”). A time consuming task is the persuasion of property managers and real estate agencies to accommodate vulnerable households. Wohndrehscheibe was established by Volkshilfe Oesterreich (People’s Aid Austria) and the work group Better Housing for Foreigners in 1997 with the aim to improve the housing market for lower income refugees and migrants.

The aim of the project is to offer advice, guidance and care to people with little income and very specific social problems in search of adequate housing. Most clients (75%) do not have Austrian citizenship. Half of those were not born in Austria. The issues at stake are manifold, including lack of resources (lack of information and funds), as well as discrimination and racism on the part of landlords. Advice efforts are geared towards finding long-term, affordable and acceptable housing solutions.

¹² http://www.unhabitat.org/downloads/docs/2115_40209_inclusive_cities_WHD.doc

“Wohndrehscheibe offers a wide range of specific services as needed, from pure information on the housing market in Vienna, specific advice with housing-related issues, intensive guidance for the illiterate and individuals with mental problems or other disabilities in search of housing, to mediation in conflict situations. There is a team of eight working at Wohndrehscheibe, all from different cultural (Austrian, Turkish, Bosnian, Macedonian, Kurdish) and educational backgrounds (lawyers, social workers, a social scientist). Services are available in German, Serbian/ Bosnian/ Croatian, Turkish, Kurdish and English at our central office in Vienna.”¹³

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