

# FHAR

FÒRUM D'HABITATGE I REHABILITACIÓ DE BARCELONA  
FORO DE VIVIENDA Y REHABILITACIÓN DE BARCELONA  
HOUSING AND RENOVATION FORUM OF BARCELONA

Auditori MACBA 19, 20 i 21 de març 2019

## The Austrian Model of Limited Profit Housing Associations

Dr. Gerald Koessl

Austrian Federation of Limited Profit Housing Associations, Vienna



Ajuntament de  
Barcelona

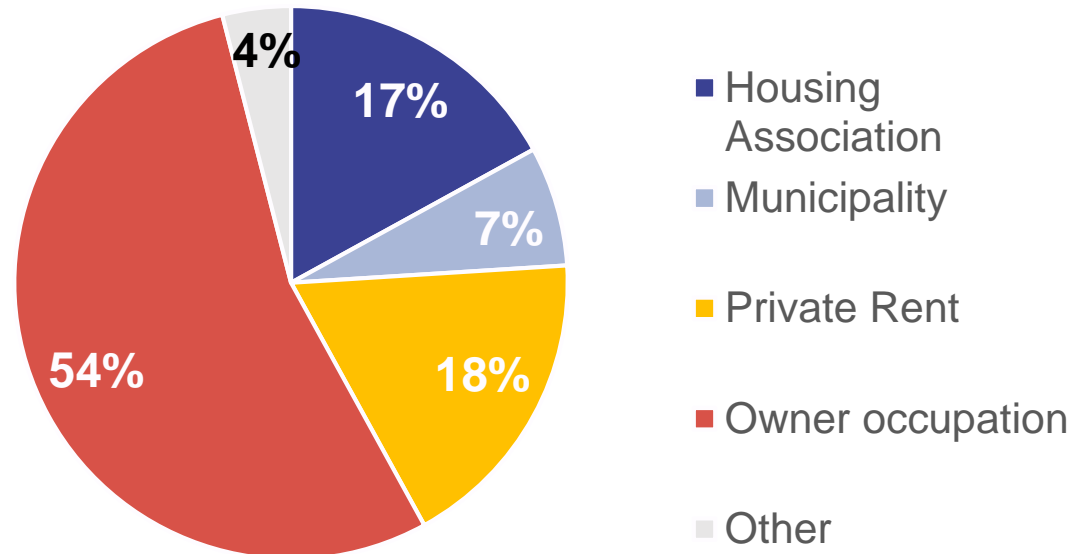
**B** Institut Municipal  
de l'Habitatge  
i Rehabilitació

## Structure

- A brief history
- Governance and regulation
- The housing association business and financing model
- Attitudes to housing associations
- Public value of social housing

## The Austrian system of social housing

Tenure structure



- Public/municipal housing and housing associations
- The two sectors provide housing for almost 1 in 4 households (24%): 7% in public and 17% in housing association homes
- 2<sup>nd</sup> highest proportion of social housing in EU (1<sup>st</sup> Netherlands)
- In Vienna 43% of all households live in social housing, of which around 20% in housing association homes

## The origins of housing associations



### Context:

- Industrialisation - severe housing shortage in late 19th/early 20th century

### Three roots:

- co-operative movement (mainly self-help groups)
- Staff housing
- Outsourced public housing

### Growth since 1945:

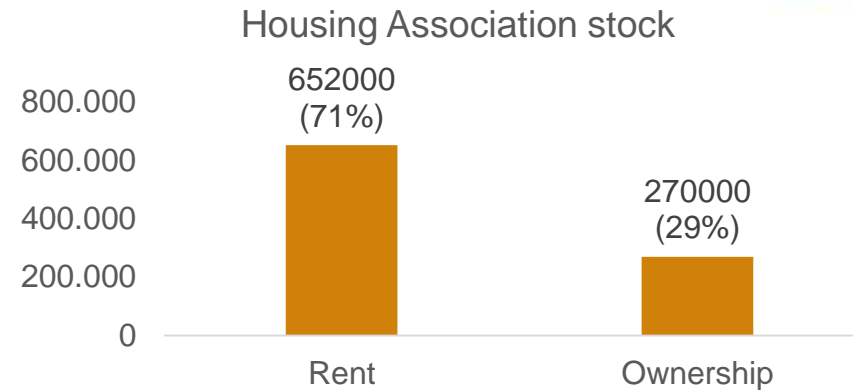
- 1945: 45,000 homes
- 2017: 920,000 homes





## Housing Associations today

- 185 HA: 98 co-ops and 77 limited companies
- Represented by Austrian Federation of Housing Associations
- Total housing stock: 923,000
- Manage on average 5,000 properties (ranging from 8 to 40,000)
- New construction: approx. 12,000 – 15,000 dwellings per year = 25 - 30 % of total housing construction
- Tenure of choice for low and middle income households
- Social mix and high quality of homes
- Technological and social innovation driven by HA sector



## How are HA regulated and governed?

- Housing Associations are private entities
- Limited Profit Housing Act: the „Wohnungsgemeinnützigkeitsgesetz“ (WGG) provides regulatory and legal framework for HA (dates back to 1912)
- Law de-commodifies housing
- Provision for the common good instead of private interest
- HA „have to use their equity in the interest of generational fairness and sustainable/long-term housing supply“
- Social housing in perpetuity
- restricted shareholder position and tie-up of assets (profits are re-invested and not paid out)

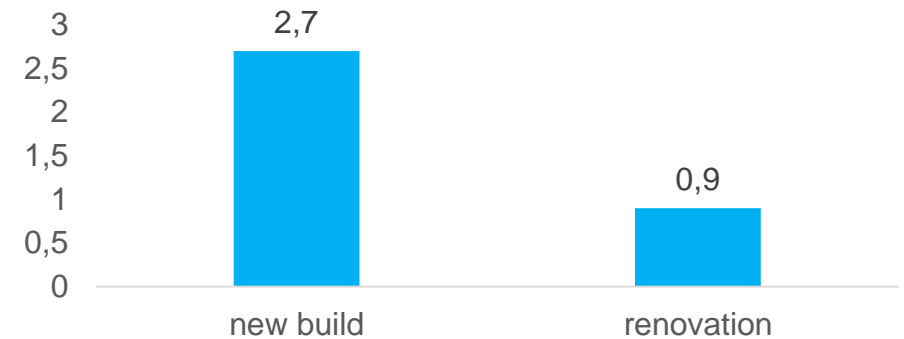
## The WGG: Limited Profit Housing Act

- Exemption from corporation tax
- Rents are regulated: cost rent – HA cannot charge more *but* also not less than it costs to build and maintain homes
- Obligation to build
- Restricted business activities (housing related only)
- New housing associations need approval
- Special auditing rules: normal audit + compliance with WGG

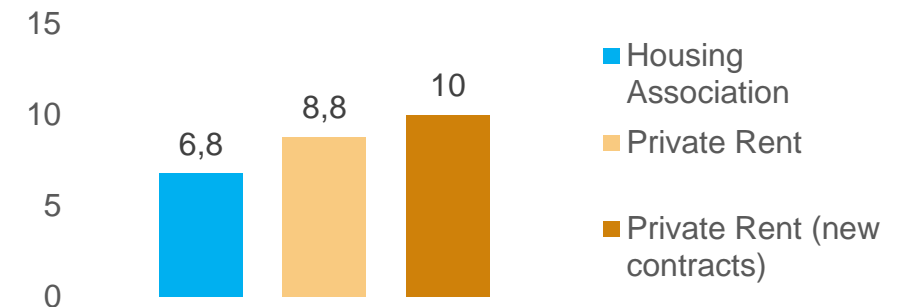
## The Housing Association business model

- HA are independent businesses (decisions, risks, etc.)
- Operating within the framework of the WGG
- Reinvest surpluses in new building or renovation
- Build social and “market” housing for rent and sale (cost coverage principle applies in any case)
- However, mostly provide below-market rented homes
- Average rent of Housing Association home is 6.8 Euros/sqm (23% below market rent)

Investment into new build and renovation, in billion Euros (per year, 2017)



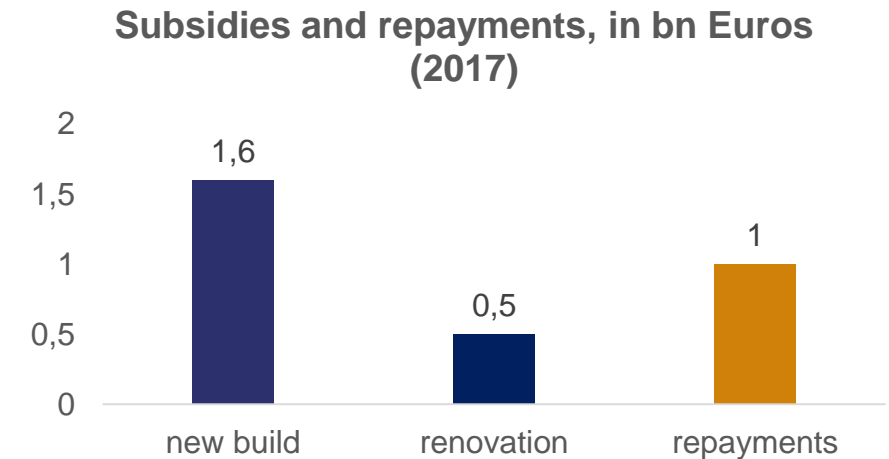
Average rent: HA vs. private rent (in Euros per square metre)





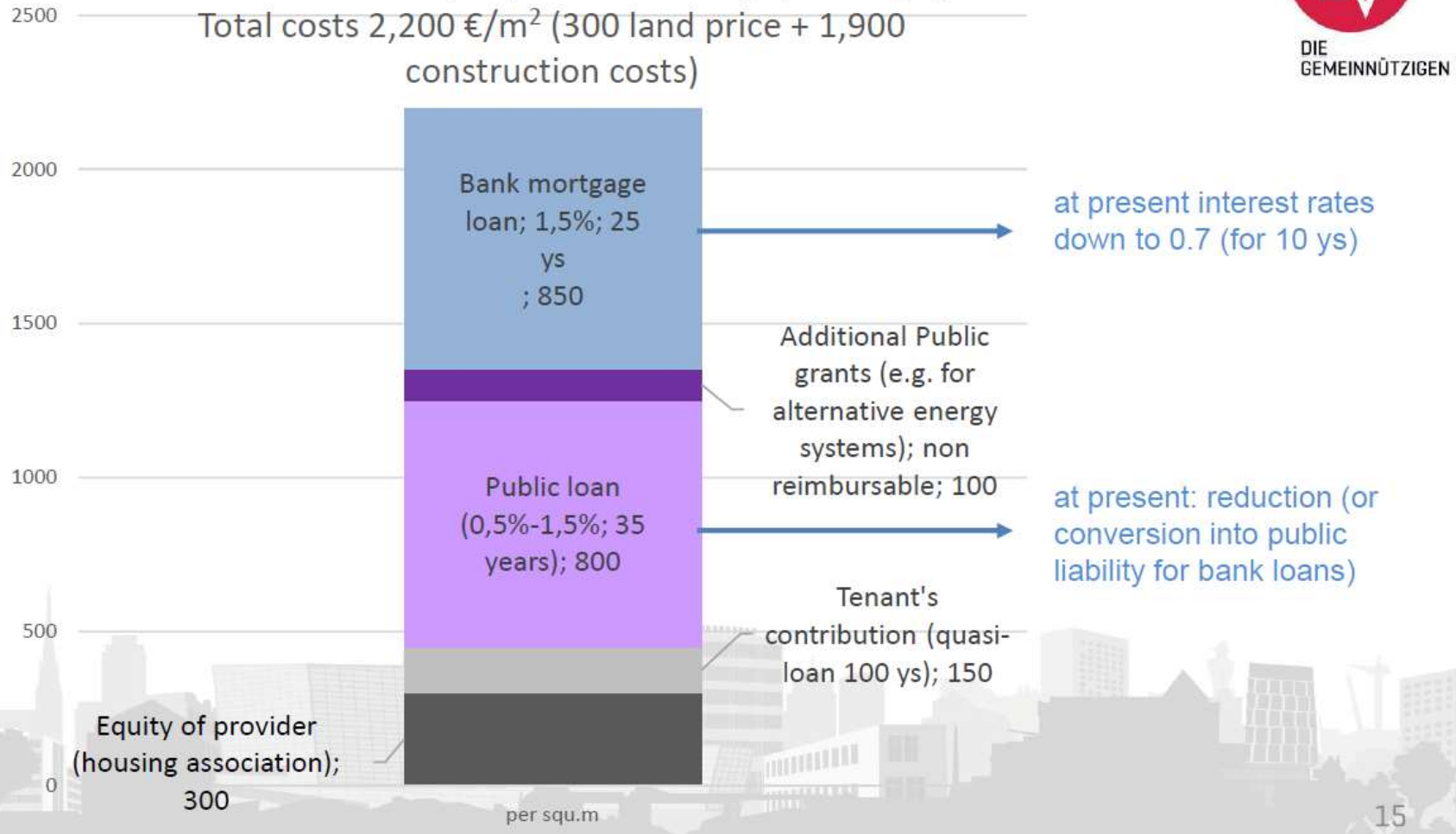
## The financing model

- Emphasis on bricks-and-mortar subsidies (object subsidies) over housing allowances (90% vs. 10% of total housing spend)
- Mainly long-term loans from the regional governments (not the federal state) at reduced interest rate (e.g. 1%) and bank mortgages – repayable
- 9 regions -> 9 subsidy systems
- Subsidisation sets eligibility criteria (e.g. income limits)
- Subsidy system is open to HA and commercial providers
- Also annuity and construction grants (repayable or non-repayable)
- HA and tenant equity





## Basic model of project financing (average)



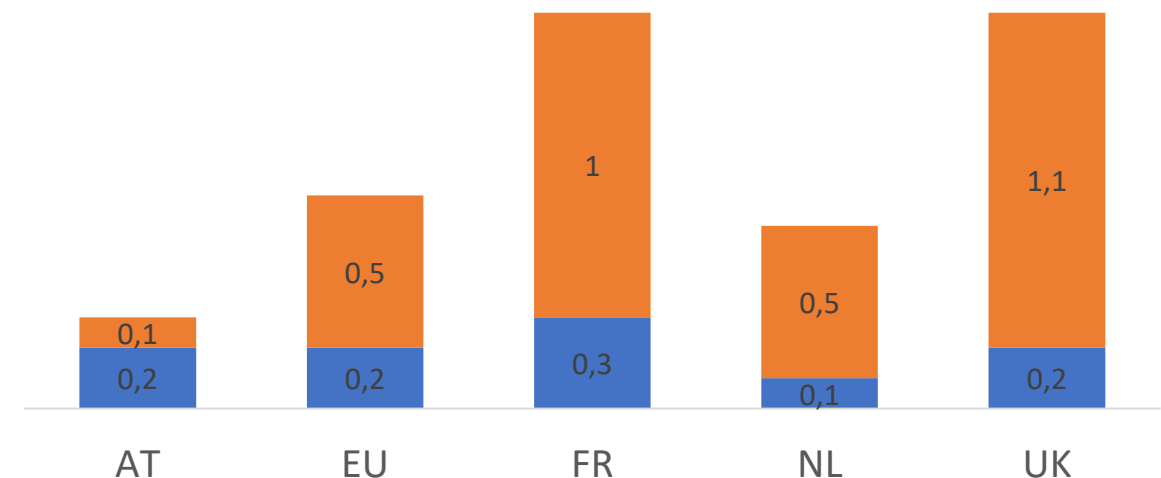
## Public expenditure on housing in international comparison

- Across EU: decreasing capital funding, increasing housing allowances
- Austria as exception
- Most housing expenditure in Austria is not classed as public debt according to Maastricht rules as it is loans (that are repayable)

### Public expenditure on housing in % of GDP

Source: Eurostat 2018

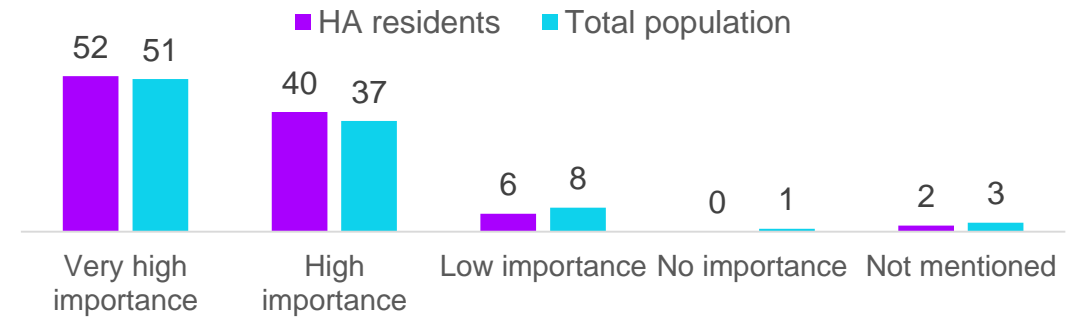
■ Housing development ■ Housing allowances



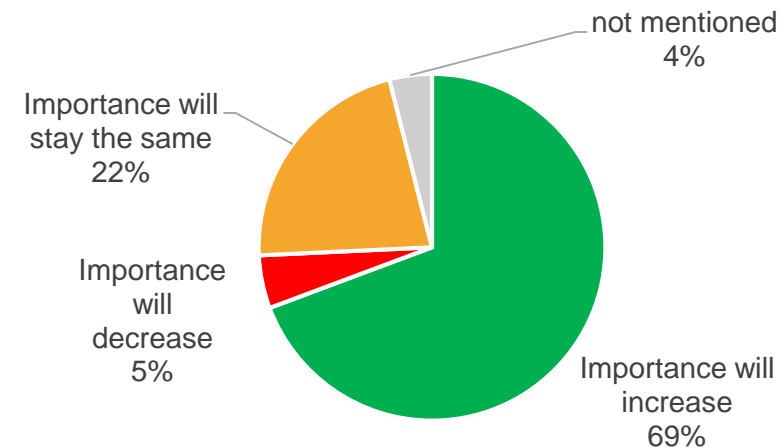
## Attitudes to housing associations

- High acceptance in Austrian population
- 92% think HA are important
- 70% think importance of HA will increase in the future

How important do you think are HA for the Austrian housing market?



What do you think will the role of HA be in the future?



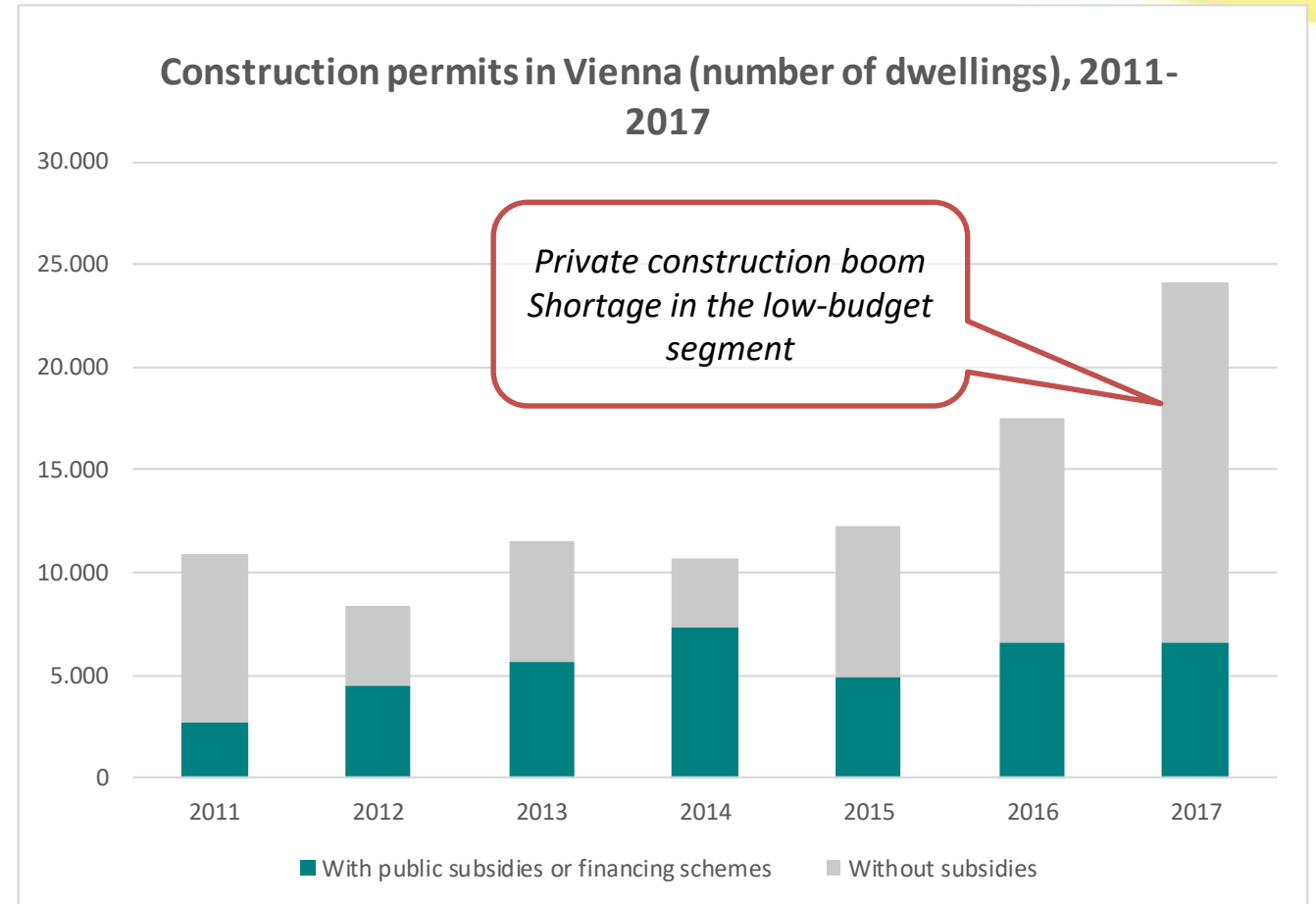
## Economic, ecological and social impact of housing association activity

- The public value of housing associations
- Stabilising effect on housing and job market: Counter-cyclical effect: HA are building during economic downturns (falling house prices)
- Continuous provision of affordable housing
- Social integration and social mix (HA provide more than bricks and mortar)
- Integration with planning goals (e.g. densification)
- High energy efficiency
- Innovative approaches



## Current challenges

- Affordable housing supply does not meet demand, esp in urban areas
- Cost of land
- Construction costs: private construction boom has inflated costs



## Contact

- Gerald Koessl
- Austrian Federation of Limited Profit Housing Associations
- [gkoessl@gbv.at](mailto:gkoessl@gbv.at)
- Twitter: @geraldkoessl

[www.habitatge.barcelona](http://www.habitatge.barcelona)



Ajuntament de  
Barcelona

**I** Institut Municipal  
de l'Habitatge  
i Rehabilitació

