What can we learn from international developments in social housing provision? Limited profit housing in Austria, Switzerland and the Netherlands.

Introduced by Associate Professor Vivienne Milligan
City Futures Research Centre

Recent directions in Australian affordable housing policy will catalyse new forms of partnership for the provision of social housing, generating both opportunities as well as major challenges. As these partnerships evolve and become a part of our wider housing system, it is timely to draw upon the experience of established arrangements elsewhere to provide both cautionary lessons and a catalyst for the design of relevant strategies. This seminar will move beyond the better known ‘Anglo models’, to examine the experience of Austria, Switzerland and the Netherlands, where limited profit social rental housing exists alongside both the home ownership and private rental sectors. It will examine the regulatory and financial arrangements affecting the delivery of social housing in these countries, where land policy, structured finance and non-profit regulation have become an integral part of housing supply policy with varying degrees of success. Relevant lessons for the continuing development of Australian housing policy will be highlighted, leaving room for discussion and debate.

This presentation will draw on Julie’s research for a current AHURI funded research project, “Innovations in the Provision of Affordable Housing” led by Vivienne Milligan, as well as research on the finance and regulation of limited profit housing, funded by the OTB Research Institute for Housing Urban and Mobility Studies, TU Delft, the Netherlands, where Julie is based.
What can we learn from international developments in social housing?

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AHURI Project 60504
OTB TU Delft The Netherlands
Why consider international developments?

• Australian housing policy is undergoing a period of renewal and rapid development
• This process will draw on cumulative local experience but also from outside national boundaries
• Creative work is required to extract and adapt ideas from elsewhere to address Australian needs and conditions
Assumptions

Diversity of social housing models and outcomes

Choices need to be made concerning desired outcomes within current and potential Australian conditions

Outcomes and conditions will influence system design:

- Land policy and market opportunities
- Financing model and investment institutions
- Basis for setting rents and business model
- Eligibility criteria, allocation and assistance
- Management model including limitations on ownership, realm of activities, generation of profits and accountability

Ideally choice will be based on an well informed and integrated vision of desirable housing outcomes for Australian households, which recognises existing and potential capacity of emerging institutions.

Flexible to cope with changing conditions
International trends in housing policy

Diversity in systems but some **overarching trends** (Lawson and Milligan, 2007, Stephens, 2007):

- Enabling approach to markets, amidst public sector borrowing limits, strong economic growth and broadening labour markets
- Flow of capital into home mortgages assisted by SMM and lower prudential norms based on the perceived low risk of housing sector (rising housing prices)
- Deeper promotion of home ownership across diverse countries from the US to Germany, Central and Eastern Europe and most recently China
EU policy context

No mandate to determine national housing policy, yet influential and conflicting demands amidst troubling housing markets:

• reduce government deficits (Stability and Growth Pact, Maastricht Treaty)
• competition and targeting of subsidies (SGEI, SSPEI), but also
• Social inclusion, economic stability (Lisbon treaty), aging in place and energy efficiency
Social housing in turbulent times

Supply-demand debate dominates developments in 1990s

- Decline in bricks and mortar subsidies and substantial increase in demand assistance strategies, including transfers for tenants and tax rebates for home owners
- Privatisation of public providers and growth of the 3rd sector
- Shift towards market rents and demand assistance, assistance to those ‘outside’ the market
- Strong shift towards private finance – either asset based or revenue based - in order to continue production

Recently, EU demand for increased targeting of supply subsidies

- Some governments forced to review tax exemptions, guarantees and subsidies and review more universal allocation systems (eg Sweden and the Netherlands, Milligan and Lawson, 2008)
Different financing models – relying on public and private sources of investment

<table>
<thead>
<tr>
<th>Country</th>
<th>Model Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ireland</td>
<td>‘Public grants model’</td>
</tr>
<tr>
<td></td>
<td>Centrally funded grants to approved providers for construction, statutory financial intermediary provide low interest loans for land acquisition, interest financed by central government, limited grants from local authorities.</td>
</tr>
<tr>
<td>UK</td>
<td>‘Leverage model’</td>
</tr>
<tr>
<td></td>
<td>Debt finance raised against future social rental income, secured by rising rents, generous housing benefit and capital subsidies (50%) to RSLs, land provided by development contributions “section 106” provisions.</td>
</tr>
<tr>
<td>France</td>
<td>‘Savings scheme model’</td>
</tr>
<tr>
<td></td>
<td>Tax free household savings scheme (CDC) finances off market loans to HLM providers along side state and local subsidies, tax incentives and other loans. Land provided by local authorities and development contributions.</td>
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</table>
Structured financing arrangements – different financial intermediaries

<table>
<thead>
<tr>
<th>Country</th>
<th>Model</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>Austria</td>
<td>‘Structured finance model’</td>
<td>Long term low interest public loans and grants, combined with commercial loans raised via HCC Bonds and developer/tenant equity sustains tightly regulated form of cost rent limited profit housing. Promotion supported by municipal land policy and land banking.</td>
</tr>
<tr>
<td>Switzerland</td>
<td>‘Co-operative finance model’</td>
<td>Commercial loans, loans from a bond issuing co-operative, revolving loans, and own equity and supported by municipal urban policy and land banking. Liberal cost rent model persists across public and private rental sector.</td>
</tr>
<tr>
<td>Netherlands</td>
<td>‘Revolving fund model’</td>
<td>Replaced direct loans and subsidies with guaranteed capital market loans and rent assistance. Free to determine own investment strategy, asset base and surpluses intended to be used as a revolving fund to achieve social task.</td>
</tr>
<tr>
<td>Germany</td>
<td>‘Tax privileged model’</td>
<td>Federal public loan program has ceased. Tax system channels investment into affordable housing via for profit and limited profit companies, variable state schemes.</td>
</tr>
<tr>
<td>Sweden</td>
<td>‘Capital market model’</td>
<td>Municipal housing companies financed by capital market loans, cost rent limits constrain rents below private for profit sector.</td>
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<tr>
<td>Country</td>
<td>Description</td>
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<tr>
<td>Sweden</td>
<td><strong>Shift away from universal subsidisation</strong> of municipal housing companies, cuts to tax breaks, allowances, amidst EU competition criticisms. Declining production, sales to tenants as co-operative shares in central locations, concentration of vulnerable tenants in remaining social rental housing (Magnusson-Turner, 2008, Turner and Whitehead, 2003).</td>
<td></td>
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<tr>
<td>France</td>
<td><strong>Sustained financing mechanism</strong> (CDC, state grants and HLM equity, low VAT), reforms to issuing of savings accounts (Jan 2009) improve financing conditions, increasing rate of social housing production and renovation. High demand in areas of low vacancy, additional output constrained by limited grants and equity, also urban decay, social conflict and public image problems. (Schaeffer, 2003, 2008, 2009, Tutin, 2008)</td>
<td></td>
</tr>
<tr>
<td>Austria</td>
<td><strong>Sustained structured financing model</strong> with generous supply subsidies, increasing requirements for tenant equity in new higher quality developments prompts right to buy, production levels gradually increasing since 2001, responding to increased demand from migrants and (contributing towards) economic upturn. Despite financial turbulence, low interest rates have favoured LPH projects and remain strategic partners in complex urban renewal (WIFO, 2007, Amman, 2006).</td>
<td></td>
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<tr>
<td>Switzerland</td>
<td><strong>Sustained co-operative financing</strong> mechanism promoting modest growth of sector constrained by scarcity of sites, additional significant Federal contributions to revolving fund, but no loans program, low interest rates have improved cost rent outcomes. (FOH, 2006, Gurtner, 2009, Lawson, 2009)</td>
<td></td>
</tr>
<tr>
<td>Netherlands</td>
<td><strong>Privatisation</strong> of municipal housing companies into non-profit private associations, <strong>self regulation, reliance on capital market financing</strong> and own equity, abolition of tax exemptions, increased activity higher end of market, sales now equivalent to the production of new dwellings, large financial surpluses, highly independent, yet deteriorating political legitimacy (Lawson and Elsinga, 2008, Boelhouwer, 2006)</td>
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Some consequences

• Constrained or inadequate supply of new dwellings
• Rising housing prices in tight markets
• Rising inequality and polarisation along tenure divisions
• Ownership an important mechanism for wealth distribution
• ‘residualisation’ and ‘decanting’ processes on some social housing estates, overt or implicit social conflict
• Concentration of responsibility and risk amongst individual households: over indebtedness, negative equity
• Necessity for two incomes+
• Persistent homelessness in major urban areas

A critical assessment

- Adaptation to the new financial regime since the 1990s has produced vastly different results, attracting a vast amount of private capital but at some cost to public policy.

- Key differences emerge from the interdependencies between financial components and the regulation of the social task.

- Strategic and sustained public role required in land and finance markets in order to influence scale and pace of production, influence affordability and ensure fulfilment of the social task.

- Narrowing eligibility criteria and allocation mechanisms has exacerbated social polarisation, affordability-eligibility gap.

- Inherent conflicts between market conditions (scarcity) influencing the financial continuity of semi commercialised providers and a focus on their social task.

- Loss of public legitimacy has undermined subsidy arrangements (charitable status, tax exemptions).
Where are we heading?

A more balanced conception of market that appreciates the need for policy to be better informed, efficient and flexible:

"...subsidised loans and grants may be efficient in overcoming inherent market failures where housing produces positive external effects (better health, nice neighbourhoods, etc.) and that income related assistance is appropriate where there are no market failures but market incomes do not support the socially desired minimal housing standard." (MacLennan, 2005: 11)

Period of reassessment of the role of social housing in terms of its economic, social and environmental contribution – as part of the solution:

- Increased efforts to address urban decay and polarisation via soft and hard renewal
- Reversal of decline and efforts increase the supply of affordable housing
- Social housing perceived as a vehicle for innovation and sustainable design
- Application of inclusionary zoning and housing affordability development requirements
- Reviews of regulatory arrangements to improve social outcomes
- Re-evaluation of home ownership for all and shift towards a complimentary range of tenures
Evidence of a return to supply policies

UK
- £6.5 billion commitment for 2008-11 to build 45,000 social housing properties a year, keeping share of social housing at 20%.

Ireland
- Concerted efforts to increase supply across tenures including social housing and affordable housing (DEHLG 2007).
- An additional €18 billion has been allocated to social and affordable housing programs to provide an estimated 40,000 additional homes over the period 2007-2013 (DEHLG 2007).
- Investment in supply is supported by a 20 per cent set aside for social or affordable housing in new residential developments.
- Third sector delivery is being expanded from a low base, similar to Australia.
Evidence continued...

France

- Plan to increase supply of affordable housing across a range of tenures including social housing supply (now 57,000 units per year).

- More intensive use of state owned land, local planning processes and the 20% planning requirement in new developments have contributed to this increase.

- Efforts to improve quality of estates have intensified since the riots of 2005, via demolitions and renovation, coordinated by a new national agency (ANRU, established 2006).

- 2007 draft law on the right to housing for vulnerable to be extended 2012 to all households, operational December 2008. Social housing perceived as a vehicle for innovation and sustainable design.
Evidence continued...

Switzerland

- Significant expansion of Federal contributions to revolving fund of up to €18.7 million per year, to a total of €115.2 million by 2015. This will bring the fund to a total of €317.5 million.

- Adoption of Social Housing Charter (SVW, 2007 in German) required as a condition of loans to discourage speculative profit making activity and promote quality, low cost housing which is sustainable, integrates weaker households and involves tenants in housing management.

- Social housing projects are increasingly vehicles for innovation in energy efficient design and use.

- Amidst the financial turmoil, Banks are currently offering mortgages at historically unseen low rates to limited profit housing developers.
Evidence continued...

Austria

- Federal transfers to state housing programs, capped at €1.78 billion remain in place, currently 1.1 percent GDP.

- Devolution has promoted diversity in program design: a shift towards home ownership promotion and energy efficient programs in more rural provinces, whilst the supply of housing remains a priority in urban provinces such as Vienna.

- Energy is emerging as a strong theme in housing policy and is conditional of all supply programs

- There are plans to introduce a capital gains tax in August 2008.

- Amidst the government security given to savings, there has been a shift away from housing construction convertible bonds and the volume generated via this vehicle is declining. However, declining interest rates have alleviated potential financing problems (Amman, 2009).
Yet some systems are having problems..

The Netherlands

- Central government wants to make agreements with housing associations and municipalities to address regional problems, giving central government the capacity to intervene when these parties do not perform.

- Forty neighbourhoods have been identified for major restructuring and improvement but responsibility between government and housing associations for additional investment is being contested.

- Following criticisms from the EU, Dutch housing associations must separate for profit from non-profit activities in their business accounting, to prevent ‘robin hood’ (cross subsidy) activities and they can only receive support from the guarantee fund and central government for non-commercial social activities.

- Since January 2008 housing associations subject to corporate tax on their commercial activities and must pay a new levy to aid investment in problem areas.

- In January 2009, cost price limit on new social houses temporarily raised to permit corporations to take over stalled private developments.
Specific innovations in social housing finance and regulation

- Bringing it all together, Housing Land Fund, supply subsidies, structured finance and Limited profit cost rent regulation: Vienna, Austria
- Small scale co-operative arrangements in a facilitative urban policy: Switzerland
- A dedicated circuit of investment and savings – France’s savings scheme
- The limits of self regulation amidst strong financial independence – NL
Bringing it all together: Limited Profit Housing in Vienna, Austria

Austrian policy and programs have contributed to stable housing markets and modest rises in housing prices. This is an exception in Europe where over inflated house prices, stagnating production levels and declining affordability are the norm (WIFO, 2007).

Key features are:

- Cost rent cost capped limited profit rental and ownership housing
- Facilitative land policy of urban governments
- Structured financial arrangements
- Strong legislative framework
- Core features and social task retained throughout 90s

Access is more universal in Austria than most social housing systems and research shows that it has become an integral part of many households housing careers, moving in and out during different life phases (Deutsch, 2007).

Municipalities create their own allocation schemes which specify nomination rights dependent on subsidy levels, which are high in Vienna (25-50%).

Now being adapted for application in several CEE countries (IIBW/Amman, 2006)
Facilitative land policy – Vienna’s Housing Fund

Land policy plays an integral role in affordable housing development and there is a legal obligation for municipalities to find suitable development sites.

Over many decades, Vienna has played a strong role in the urban land market, coupled with their social, economic and environmental objectives.

The Housing Fund addresses land shortage for housing; provide land for social housing; and combat land speculation. It was originally financed by the donation of municipal land and together with the proceeds of land transactions and fees for the completion of rehabilitation projects is now self financing (Förster, 2000).

For larger sites, the Municipality of Vienna arranges a competition between private and non-profit builders for public subsidies to construct affordable housing. This process aims to reduce construction costs, thereby reduce rents, and improve plan design and environmental quality of projects.

The Fund continues today as a financially independent non-profit making institution working in close co-operation with the Municipalities area-renewal offices to rehabilitate inhabited blocks of buildings with sitting tenants (Förster, 2000, Weber and Meyer-Cech, 2001).
## Structured Finance and HCC Bonds

The **core business model** involves the recovery of cost rent. Affordability is produced by reducing housing supply costs rather and does not heavily rely on demand side assistance (Bauer, 2004).

**Mortgage conditions** are very favourable to LPHA, due to high credit worthiness being well supervised by their umbrella organisation, financially sound, of large size (average around 8,000), have a mature asset base and a clear ownership structure, they are a low financing risk given co-financing with the state.

Laws were passed in the 1990s to establish specialised **housing banks** as a part of five major private banks, to raise additional funds via tax privileged Housing Construction Convertible Bonds.

Total **housing expenditure** in Austria equals about 1% of GDP, which is mid range in terms of European levels. Public loans are financed by a predetermined proportion of federal government revenue which is capped around 1.6 billion annually over 12 years (72%), additional contributions by provincial (state) governments (6%) and returns on outstanding loans (22%). This is dedicated towards both refurbishment and new residential development (92%) as well as demand assistance (8%) (Amman and Mundt, unpublished).

<table>
<thead>
<tr>
<th>Conditional subsidies (grants, low cost loans) with limits to keep construction and financing costs down.</th>
<th>20-40%</th>
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</thead>
<tbody>
<tr>
<td>Equity of developer</td>
<td>5-10%</td>
</tr>
<tr>
<td>Equity of future tenants (right to buy in some circumstances)</td>
<td>0-15%</td>
</tr>
<tr>
<td>Commercial loans: today financed by commercial loans and via Housing Banks, which refinance by housing construction convertible bonds (HCCB) with very favorable conditions.</td>
<td>50-70%</td>
</tr>
</tbody>
</table>

Amman, 2006
Strong legislative framework

The Austrian legislative framework for non-profit housing is very well developed, and is now being exported to emerging social housing systems in Eastern Europe (see IIBW, 2009) and concerns the following:

- definition of acceptable activities, which restrict them to limited profit cost capped housing or moderate but adequate standards,
- interest limits on financing provided by the capital market
- rules for setting rents and the principles of rent contracts,
- the compulsory re-investment of profits into to supply and renovation,
- limits on administration costs including income ceilings for managers,
- the decision making and management process which involves tenants, and has a key role for government in regular systems of evaluation and auditing, as well as enforcement procedures
- the design principles for state based programs
Small scale co-operative arrangements – Swiss LP housing

- The importance of public agencies in facilitating access to land.
- Cost effective and cooperative role of small and regionalized umbrella organizations in providing professional support, project assistance and managing revolving funds.
- The supportive role of the Federal government in facilitating access to capital markets, when public funds were limited, by providing a guarantee and contributing towards a revolving fund.
- A strategic and collaborative approach to establishing institutions, setting standards, assessing proposals, and conducting post occupancy project evaluations.
**Bond issuing co-operative**

**The Bond Issuing Co-operative pools smaller financial demands**

The Bond Issuing Cooperative raises funds for non-profit housing entities, which are typically 1 percent below market rate, enabling lower rents for tenants.

It allows smaller non-profit builders to join together, improving their access to private finance on more favourable terms.

The financial cooperative issues 8-15 year bonds, which are covered by a state guarantee.

It is able to issue loans to members with a fixed interest rate over a fixed term and has helped to finance approximately 30,000 non-profit dwellings since 1991. (Lawson, 2009)

(Federal Office of Housing, 2006)
Revolving fund and guarantee

Revolving Funds allocate loans which draw in project finance
- Federal payments began slowly in 1978 and since 2004 the fund has been able to issue small, low-interest loans which have assisted the construction of 4,663 dwellings.
- Typically, the fund contributes about 5 percent of required project finance, being around CHF 30,000 per standard dwelling.
- There is now provision for CHF 45,000 per dwelling for proposals meeting higher environmental standards. Interest on revolving loans is currently 2 percent and always 1.5 percent below the going market rate; loans have less than 20-year terms and are administered by the umbrella organisations of the non-profit sector.

The Mortgage Guarantee reduces the cost of private finance
- The sector has cooperatively established a Mortgage Guarantee Fund (CHF 32.6 million), which guarantees banks for 90 percent of loans for new buildings and renovations. It is a sector funded (238 members), state backed guarantee, through which eligible non-profit builders can access lower interest rates for their first or second mortgages.
<table>
<thead>
<tr>
<th>Financial Source</th>
<th>Millions CHF</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan from the Canton Bank of Geneva</td>
<td>5.400</td>
<td>54.6</td>
</tr>
<tr>
<td>Loan from the Bond Issuing Co-operative</td>
<td>2.500</td>
<td>25.3</td>
</tr>
<tr>
<td>Second loan from the Canton Bank of Geneva</td>
<td>0.350</td>
<td>3.5</td>
</tr>
<tr>
<td>Loan from the Revolving Fund (SVW)</td>
<td>0.540</td>
<td>5.5</td>
</tr>
<tr>
<td>Total private finance</td>
<td>8.79</td>
<td>88.9</td>
</tr>
</tbody>
</table>

**Own equity (11.1%)**

<table>
<thead>
<tr>
<th>Financial Source</th>
<th>Millions CHF</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sustainable energy funds</td>
<td>0.344</td>
<td>3.5</td>
</tr>
<tr>
<td>Funds for the efficient use of solar and timber</td>
<td>0.751</td>
<td>7.6</td>
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**Total project finance**

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<td></td>
<td><strong>9.886</strong></td>
<td><strong>100</strong></td>
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Financial sources for Les Zabouches project (CODHA) Ouches, Geneva
### France’s dedicated circuit of investment and savings for social housing

- Steadily increasing production of social housing (57,000 new units 2007)
- Social housing (HLM) sector managed via public offices or privately run companies
- Limited profit (4%) company tax exempt
- Controlled by Ministry of Housing and Finance, which can force mergers.
- Sustained amidst countervailing pressures and financial turbulence
- State regulated rents various schemes plus demand assistance
- Secure tenure but supplement may be paid by higher income households

<table>
<thead>
<tr>
<th>Price/Housing</th>
<th>100,000 euro</th>
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<tbody>
<tr>
<td>State subsidy</td>
<td>3%</td>
</tr>
<tr>
<td>Local authority subsidy</td>
<td>7%</td>
</tr>
<tr>
<td>Off Market loan</td>
<td>70%</td>
</tr>
<tr>
<td>Other loans</td>
<td>13%</td>
</tr>
</tbody>
</table>

Schaefer, CDC, December 2008
French Livrét A Savings accounts

Various banks

Various banks

Defined interest and fee

Caisse de Dépôts

Guarantee

State budget

Household savers (50 million)

Short term tax free deposits, capped 15,300 euro

Repayments at 3.5% + fee 0.6%

Long term 15-50 year loans

"for 50 years we transform short term deposit savings (which are 8% of financial assets of households in France) into long term loans (15 to 50 years) for financing rental housing and urban renewal. And this has not changed much, recent changes are more adjustment to European union regulations and better tuning of the system which is rather robust in the present financial world turmoil..."

J-P Schaefer, Principal Economist, CDC, March 2009
The limits of self regulation amidst strong financial independence – NL

- Regulating the social task of limited profit landlords varies from the clearly prescribed and enforced models of Austria to more code of conduct and conditional funding standard of Swiss LP providers, to more voluntary arrangements in the Netherlands. Tenants play a varying, often weak role in this regulation.

- In the Netherlands, guarantees and the strong asset base of housing associations have enabled access to private finance, primarily via Bank of Dutch Municipalities.

- The financial independence of associations from government has made them less easy to control, within self regulatory management structures as distinct from financial arrangements.

- On a project basis, the guarantee fund assesses the viability of development proposals, with an emphasis on the financial continuity of the project, as distinct from the social task of the associations overall building program.

- Within this framework housing associations are free to sell, invest and chose the way they allocate their “revolving fund” to social task.
Regulation of the social task:

Each housing association reports annually to the Minister of Housing, who is responsible for their supervision. The social task of housing associations is defined in the Social Housing Management Order (BBSH) as six performance fields:

- Contribute to affordability (which is primarily achieved by demand assistance)
- Contribute to good quality housing
- Involve tenants in policy
- Take care of financial continuity
- Contribute to liveability
- Contribute to combining care and housing

The BBSH recommends housing associations and local governments write down the desired goals in performance agreements. It is up to the local level to further specify what is needed at the local level, yet only one third have actually prepared agreements (Conijn, 2008). Further, many important decisions are made on a project by project basis which are closely scrutinised for their financial viability rather than their social task.

However, at a national level there is considerable debate about the social performance of associations and the government is frustrated by their independence. Their public image is currently poor.

Tax facilities and most supply side subsidies were abolished which made housing associations doubt the social task does still outweighs the financial support. There is a court case currently deciding whether an association can deregister itself, abrogating social responsibilities, if successful many will follow (Lawson and Elsinga, 2008).
Catalysts for strategic land policy

**Approaches**

- Using land assets wisely
- Promoting the right kind of competition between registered developers to promote project quality and social value
- Establishing clear design standards as well as feasible indexed cost limitations
- Making social and environmental goals a condition of planning and project funding approval
- Ensuring effective partnership with local government

**Illustrations**

- Vienna’s land bank and Housing Fund plays an integral role in land acquisition and the promotion of limited profit housing. Zurich and Amsterdam also have supportive land policies.
- Vienna employs a competitive tendering process for affordable housing developments, which can involve collaborations for large complex sites.
- Austria’s indexed, cost capped construction limits, imposes quality standards over modest size dwellings for low and middle income households.
- Switzerland’s Development standards and project approval process, inclusion of energy standards into social housing design, utilities and materials, promotion of further innovation via top up loans
- The Dutch and French central government requires local government performance agreements with corporations to respond to housing needs, specifying development strategies to achieve unit targets, which are enforced in France.
More ideas for financing mechanisms

**Approaches**

- Revolving public loan programs financed by a capped percentage of taxation revenue.
- Favourable household savings schemes channel investment towards social housing.
- Jointly funded revolving funds.
- Privileged bond financing mechanisms.
- Specialised financial intermediaries with appropriate expertise.
- Co-operative financial intermediaries.
- Government guarantee funds to reduce the cost of private lending.

**Illustrations**

- Austria’s inter governmental agreements, Austria and Switzerland’s public revolving loans and provincial program design, housing is considered an integral part of economic policy and management. Public loans are used to stabilise housing markets and related industries and achieve appropriate housing outcomes.
- France’s Livret A revised tax free savings circuit and the new role of private banks in channelling these (since November, 2008).
- Swiss Government and sector revolving funds are allocated quarterly, competing on value for money, good design and innovation.
- Austria’s Tax privileged bonds for a defined investment and the role of government in ensuring their appropriate use.
- Austria’s special purpose housing banks and their competitive, specialist expertise in financing social housing.
- Switzerland’s bond issuing co-operative and state guarantee.
- Swiss membership guarantee, French state guarantee, Dutch WSW social housing guarantee and CFV central fund funded by both the public and housing sector.
And promoting good housing outcomes...

**Approaches**

- A clear legislative framework
- A constructive auditing process
- Strategic agreements
- Clear and measurable social tasks
- Business model for rents and allocation
- Building in evaluation
- Giving a respectful role to tenants

**Illustrations**

- Austria’s clear and enforceable legislative framework for cost rent, cost capped, limited-profit housing
- Austria’s constructive auditing process is implemented by the sectors own auditors which report on investment and production outcomes to provincial governments which can apply a range of enforcement strategies
- Netherlands performance agreements with local governments and corporations, French inclusionary targets and penalties
- Charters and Codes, Articles of Association and performance agreements with measurable outputs, constructive rectification procedures and effective enforcement measures
- For example, Austria and Switzerland’s long term secure rental housing on a cost-rent, cost capped basis plus a reasonable risk margin. Affordability achieved by lower costs but also demand side assistance when needed. There are many alternatives...
- Almost universal access, diverse tenant base, nomination rights based on level of public grant and loan. Choice based letting and centralised weighted waiting lists (NL and UK) reflecting social task.
- Good policy keeps in touch and learns by experience. Switzerland has built in evaluation to program management. UK’s tenant focused regulatory reviews have elevated the position of tenants and landlords are encouraged to improve client services
Some concluding comments

• Catalyst for and contribution towards social housing policy development in Australia
• Illustrates the different capacities of government to achieve desired housing policy and socio-economic outcomes
• Significance of land policy in the scale and pace of affordable development opportunities
• Importance of retaining a leading and consistent role for government in financing arrangements and third sector provision
• The variety of well established financial mechanisms which channel significant resources into the social sector
• The significance of rent/allocation/assistance models in sustainability and social inclusion
• Contrasting approaches for regulating important relationships
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More background?

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Thank you for your attention...

and participation.