Balancing climate and social housing policy to alleviate energy poverty

An analysis of targets and instruments in Austria

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https://balance.joanneum.at/

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Outline

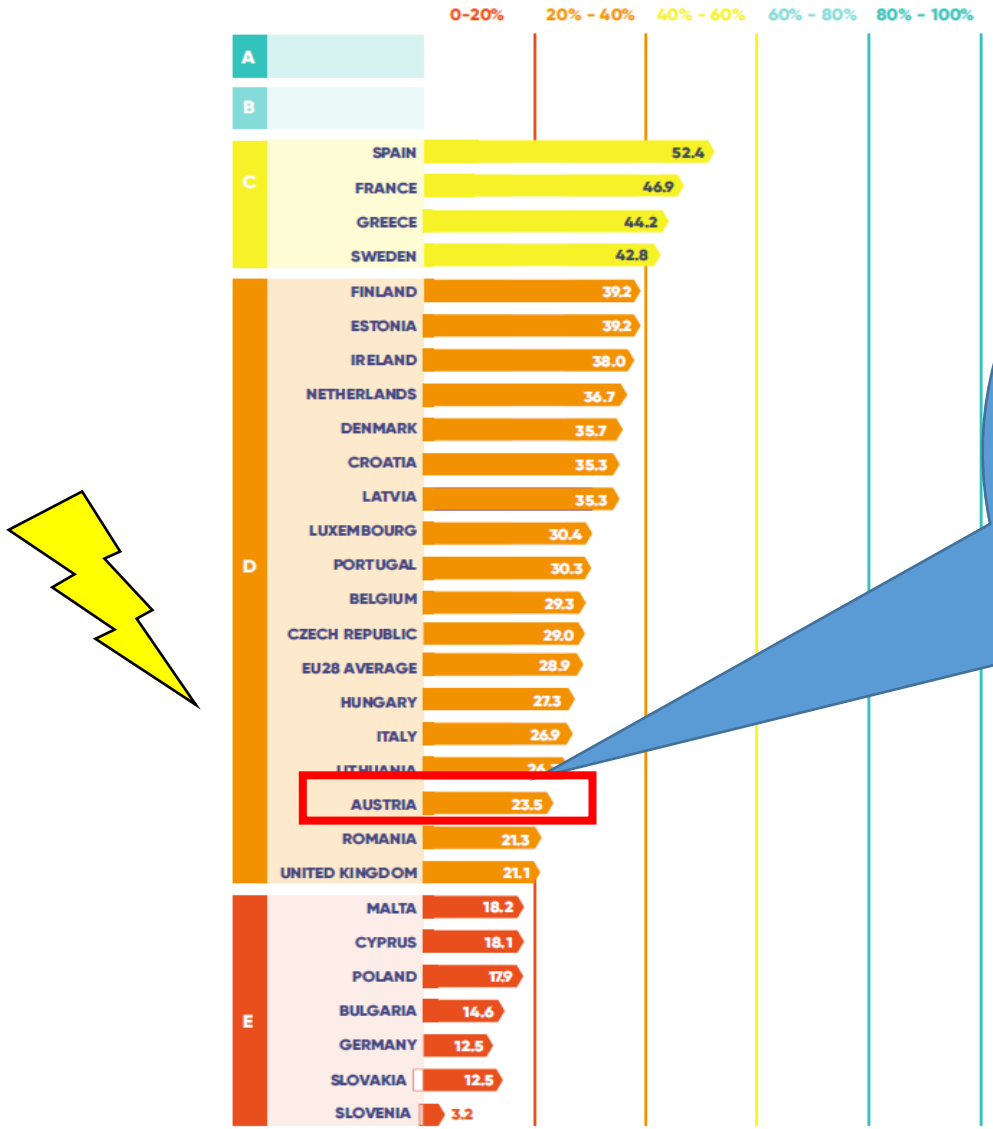
1. Austrian Context
2. Research Gap and Aim
3. Assessing Current Climate and Social Housing Policies
4. Methods
5. Housing and Energy Poverty in Austria
6. Intersections within selected Policy Instruments
7. Concluding Remarks

Austrian context National Energy and Climate Plans

Target adequacy

Policy details

Process quality



Austria has to pay penalties (approx. 8.7 billion €) if EU recommendations will not be fullfilled

European Climate Foundation

Austrian context

EU target

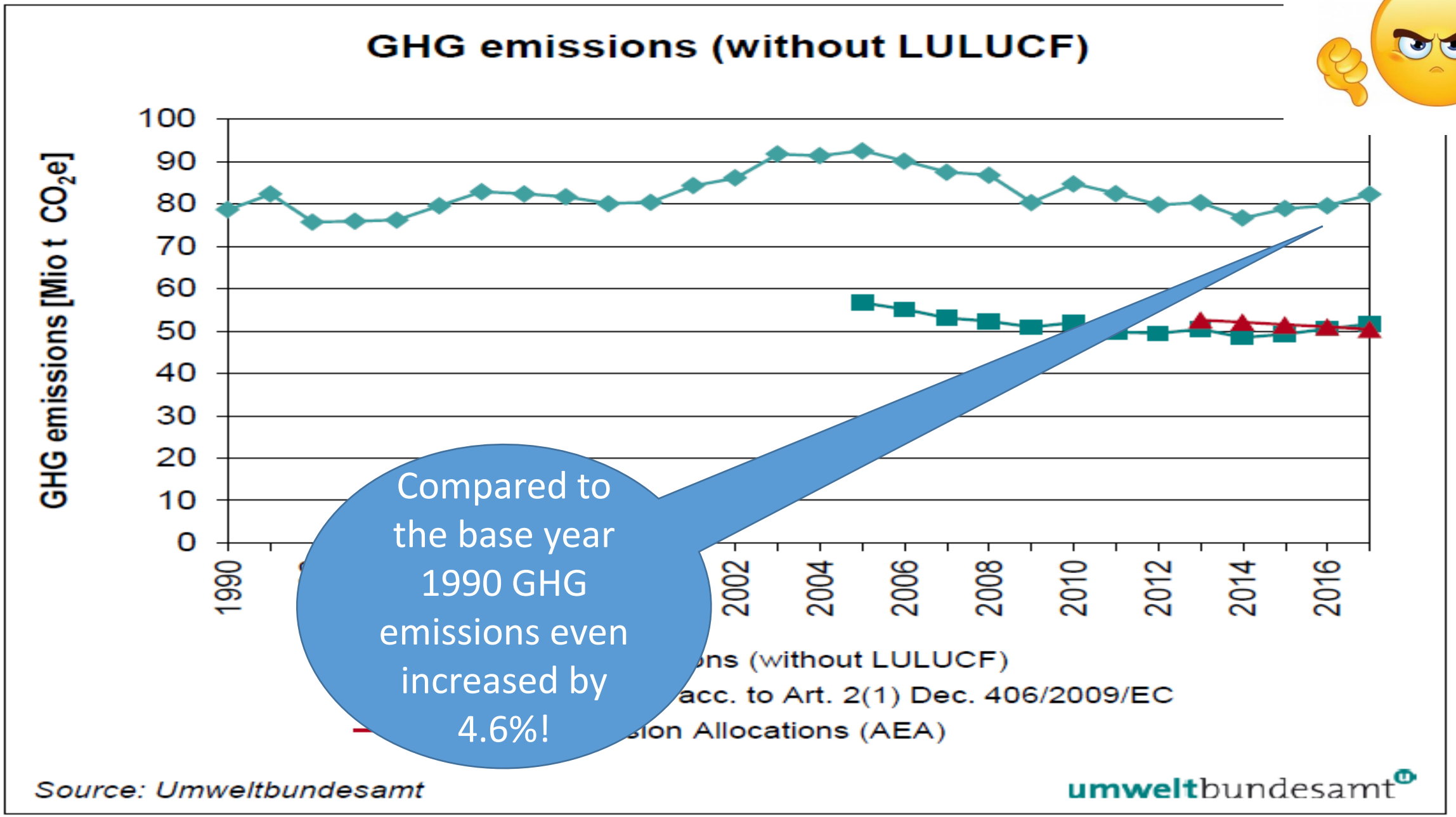
- Greenhouse gas emissions should decrease 40% by 2030 (1990)
- At least 32 % share for renewable energy
- At least 32.5 % improvement in energy efficiency

In Austria

- In total Austria's GHG increased in 2017 (1990) by 4.6%
- Also in the building sector by 1.8 %
- Building sector responsible in total for 16.1% of GHG emissions
- Yearly CO_2 from housing should be reduced from currently 8 to 5 mio. t CO_2 in 2030
- Austria is one of the worst climate policy performers in the EU

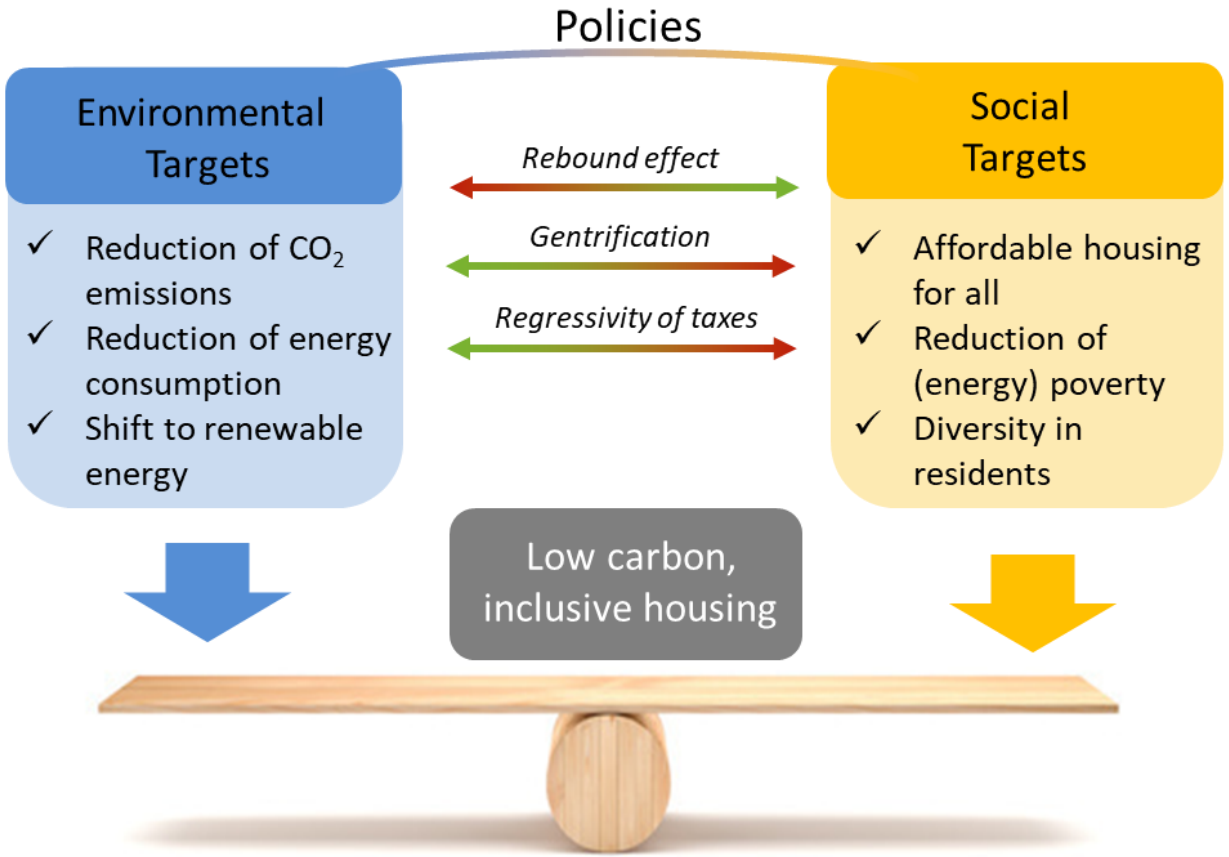
EU country-specific recommendation on Austria's National Energy and Climate Plan from June 2019

- Better integrate just and fair transition aspects, notably by providing more details on social, employment […]. Further develop the approach to addressing energy poverty issues, including by providing additional details on existing and potential measures, the energy-poverty plans and their expected impact.


GHG emissions (without LULUCF)
GHG emissions [Mio t CO_2e]
100
90
80
70
60
50
40
30
20
10
0
1990
2002
2004
2006
2008
2010
2012
2014
2016
Compared to the base year 1990 GHG emissions even increased by 4.6%!
Source: Umweltbundesamt
umweltbundesamt

BALANCE Project

- Strives to design low carbon policies for the housing domain that reach climate targets without cutting back on the social agenda.



Research Gap and Aim

For **low carbon transformation** to be **successful**, policy fields need **no** longer be conceived as **isolated silos**, but should be **harmonized and balanced** in order to be successful

Research gap

Little attention to the interlinkages of climate and social housing policy in (re)producing or alleviating energy poverty

Aim

Explain critical contradictions and possible synergies between targets and instruments of climate and social housing policy that may lead to reducing carbon emissions as well as current levels of poverty and inequality

Assessing current climate and social housing policies

- Starting point of our analysis:
  - Housing as a root cause for energy poverty
  - Lack of inter/intra-sectoral policy integration and coherence

- External climate change policy coherence: Reduction of negative interactions (trade-offs) and the pursuit of positive interactions (synergies) between climate change aims AND non-climate policy objectives

Methods

Concurrent triangulation design

Four concurrent steps

(1) Secondary data analysis (EU-SILC 2016)

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(4) In-depth analysis of three policies (renovation subsidies, rent regulation and personalized energy support)

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→ Data is analyzed separately but then compared and combined.

Energy Poverty – Causes and Solutions

Low household income

Income increase/
Support schemes

High cost of energy

Fuel price regulation (taxes)/
Fuel subsidies/ social tarifs

Deep Energy Retrofits in Dwellings

Long-term solution!

Energy poverty

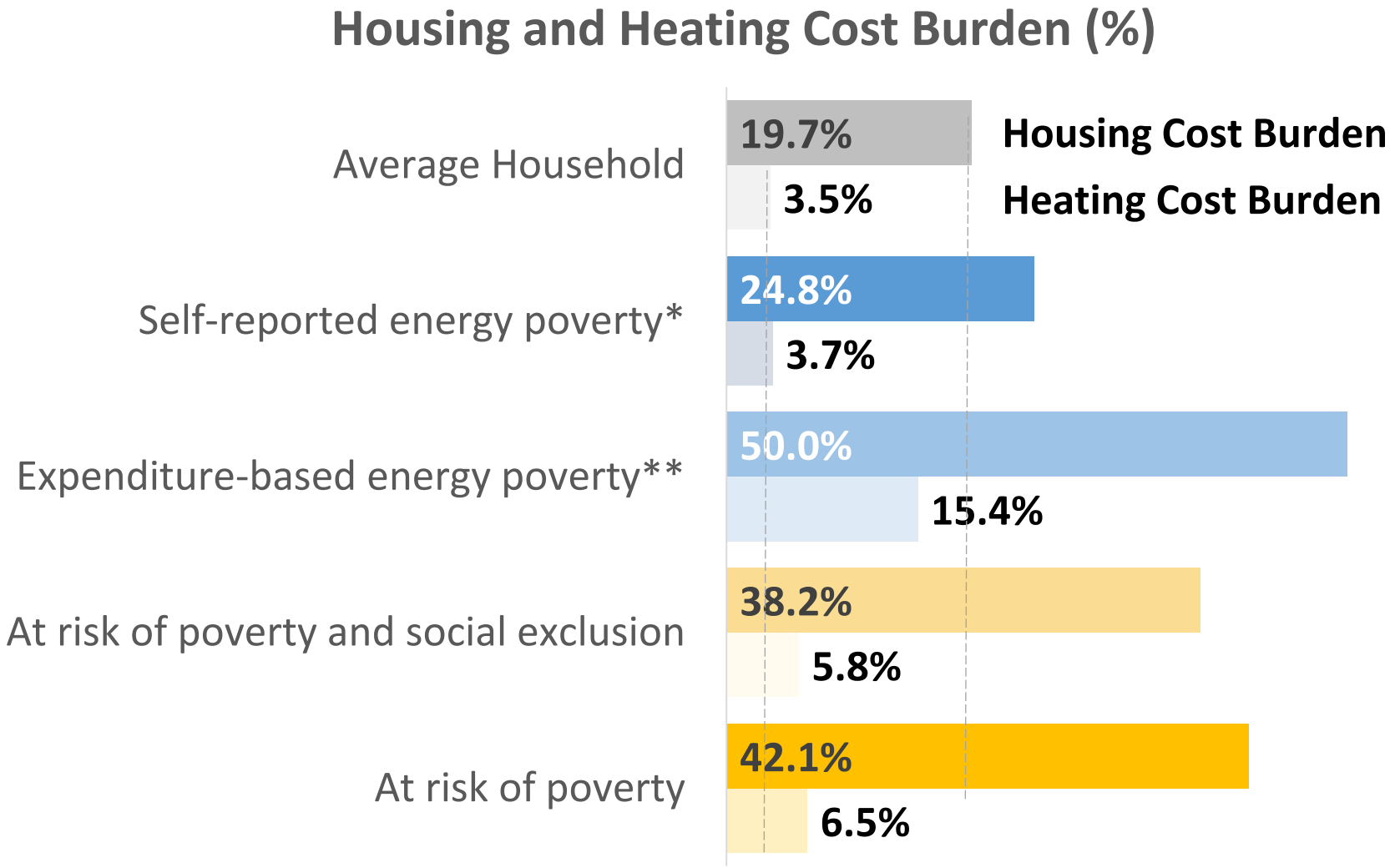
- A common definition of energy poverty is still missing
- EU-SILC: availability of a set of proxy indicators that can be used to compare energy poverty levels but it offers also insides on housing characteristics
- Estimated range 10-20% of population in energy poverty in the EU
- Energy poverty

(i) households spending more than 10% of the disposable income for heating

(ii) households stating that they have arrears on energy bills or have poor housing conditions (such as leaking roof, damp walls or rotten windows) or are unable to keep their home adequately warm

→ We use several poverty and energy poverty definitions to generate a more nuanced picture of the current Austrian situation

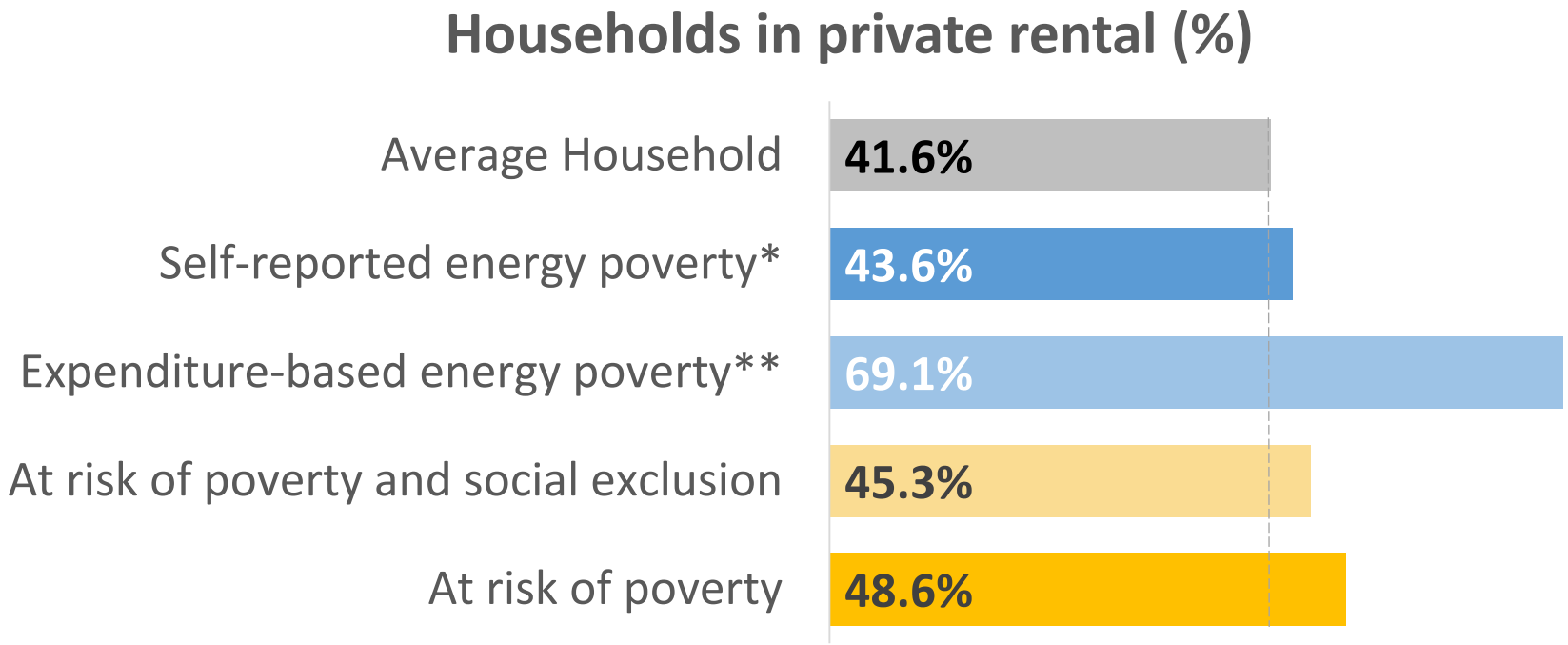
Housing and Energy Poverty in Austria



- Higher burdens of housing and heating costs amongst (energy) poor households

*Self-reported energy poor households that report arrears on utility bills or adequately warm or housing faults, ** Households that pay more than 10 % of their disposable income for heating Source: STATISTIK AUSTRIA, EU-SILC 2016, own calculations

Housing and Energy Poverty in Austria



- Households in private renting and multistorey buildings are more vulnerable to (energy) poverty

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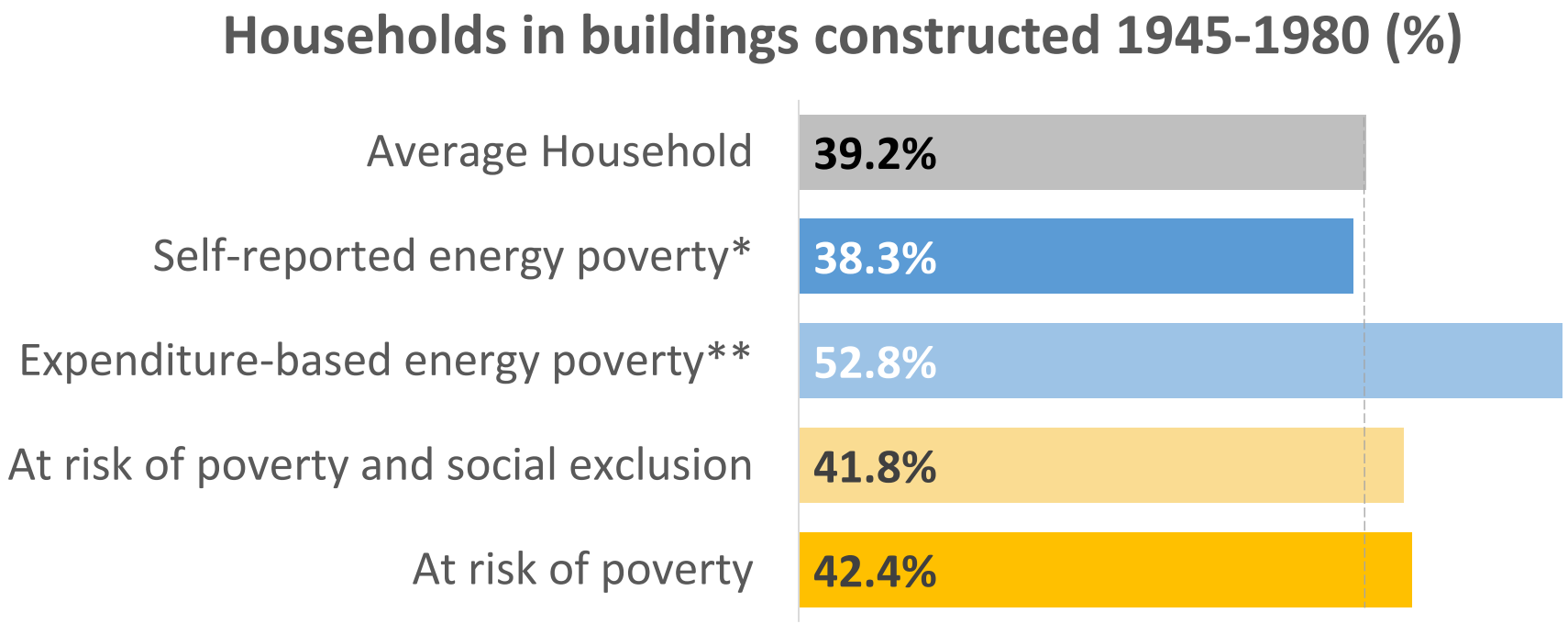

- Heating cost burdens are associated with poorly insulated buildings constructed between 1945 - 1980

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Housing and Energy Poverty in Austria

- Energy poverty and general poverty relate to similar disadvantages caused by poor housing quality

- Efforts at improving housing in one policy sphere will most likely also affect the other policy sphere

Climate vs. social housing policies in Austria

Climate policy goals

1. Increase rate of renovation of existing buildings
2. Build energy awareness
3. Phase out oil heating systems in a socially compatible manner

vs.

Social policy goals

1. Decrease poverty and social exclusion
2. Affordable housing
3. Adequate housing conditions

Climate vs. social housing policies in Austria

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vs.

CRITICAL CROSS IMPACTS

Social policy goals

1. Decrease poverty and social exclusion
2. Affordable housing
3. Adequate housing conditions

Status quo in Austria

- Lack of transparency (trajectories) how to reach targets
- Lack of obligatory regulations and sanctions
- Lacking integration of both policy spheres is clearly a consequence of the Austrian institutional context (federalism), as none of the interviewed key actors reports any current attempts at systematic coordination between climate and social policy and tackling energy poverty

Status quo in Austri

- Lack of tr o reach targets
- Lack of s
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Absence of interdepartmental liaisons at the federal level, such as the "absence of a formal structure for policy-field integrated work", and a "missing formal contact person for housing at the federal level" (Provincial Administration & Federal Administration)

Fragmentation of policy fields

- Both policy spheres suffer from:
  - Fragmented jurisdictions
  - Fragmented responsibilities
  - Contrasting priorities for housing issues between federal and provincial administrations complicate tighter integration
- Goals are not attuned:

Structural investments and the provision of cheap, liveable housing conflict due to the tenant/landlord dilemma

Frag[illegible]y fields

- [illegible]r from:
  - [illegible]es
  - [illegible]or housir
  - [illegible]istrations co[illegible]

"Until now, climate policy targets neglected social aspects. But now we try to incorporate social aspects in the climate change adaptation because of the easy and pragmatic reason that we can sell it better" (Municipality of Vienna in the Climate Administration)

"The Climate Strategy (#mission2030) is a federal strategy but housing a competence of the provinces. Therefore, I fear that the climate policy in housing misses its federal counterpart" (Federal Administration)

- Goals are not attuned:

Structural investments and the provision of cheap, liveable housing conflict due to the tenant/landlord dilemma

Climate vs. social housing policies in Austria

- Increasing renovation and changing heating systems would improve housing quality and bring about structural changes for energy poor households
- At the same time, renovation and changing heating systems poses threats to affordable housing, mostly in private rental segments
- Awareness for energy poverty as an cross-cutting policy issue is growing but there is a lacking interdepartmental integration at the federal level and according to some key actors the discussion on a common definition and quantification is not fruitful

Climate vs. social housing policies in Austria

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The Austrian Climate and Energy Strategy mentions the alleviation of energy poverty, but was developed without "including the relevant department dealing with general social policy, only the department for consumption protection was included" (Federal Administration).

Climate vs. social housing policies in Austria

- Incr… …ems would improve h… …for energy poor
- … …ystems poses … …al segments
- Awa… … policy issue is growing … …egration at the federal level and … … key actors t… …ssion on a common definition and quantification is not fruitful

Current measures are socially unfair and neglect "people who cannot make effort to invest in climate friendly technology and that's something that policy currently avoids."

"It is true that investments are happening in the high-priced sector and a gap opens. And, there you have to be careful that measures benefit everyone" (Federal Administration)

Intersections within selected policy instruments

1. Climate policy: Renovation subsidies
2. Social policy: Rent regulation and tenant protection
3. Cross-cutting policy: Personalised support for energy poor households

1. Renovation subsidies

- Instruments: Renovation check (federal) and housing support (provincial)
- Reaches mid- to high-income homeowners who can afford upfront investments anyway
- Targeted at building owners only and excludes energy poor renters
- Favors rural detached houses over urban apartments

2. Rent regulation and tenant protection

- Energetically bad private rental housing stock of 1945 – 1980 is not covered by rent regulation

- Time-limited rental contracts increase the vulnerability to renovation driven displacement (no protection period after retrofit)-> tenant/landlord dilemma is not addressed

- Limited-profit housing and communal housing are able to ease the housing cost burden of energy poor households as they receive construction subsidies, they contribute to regular rent surcharges to a reserve fund and underlie province-specific rent regulation

3. Personalised support for energy poor households

- Informal case-by-case identification by social workers using criteria lists
- Not restricted by arbitrary income thresholds, multiple deprivations and living conditions are recognized
- Households need to proactively and voluntarily approach the scheme

Concluding Remarks

1. Renovation subsidies

- Capable to change bad housing quality structurally
- Annual renovation rate is still very low (<1%) and subsidies usually are not used for energy saving renovations (repairing derelict buildings)
- Might trigger rebound effects
- Social angle: higher funding rates (or a negative tax, or a tax refund) to buildings owned or inhabited by low-income residents or prioritize particularly inefficient buildings from 1945-1980 construction period
- Subsidies budget declined and energetic requirements high

Concluding Remarks

2. Rent regulation and tenant protection

- Tenancy Law is fragmented and private landlords may take advantage of loosely defined criteria to set rents arbitrarily
- Landlords have to comply with minimum energy efficiency standards and must commit to restrictions in rent increases during a 'protection period' following the renovation → many building owners turn to the private loan market as it offers low interest rates without efficiency or rent requirements
- Access to subsidized housing is governed by income levels without including energy poverty criteria
- Regulations do not foresee "energetic criteria"

Concluding Remarks

3. Personalised support for energy poor households

- Tailored to individual needs and capabilities → accounts for multiple deprivations
- Limited outreach
- Reactive measure without preventive action
- Not long-term solution and not enough to prevent energy poverty
- Some socio-demographic groups are left out

Concluding Remarks

- Imbalance between the ministries "economic growth and job market vs. climate change mitigation"

- Integrating climate mitigation horizontally into other sectors is always challenging, it is particularly difficult in the Austrian federal setting because the Federal Environment Ministry is confronted not with one or two critical ministries but also with nine provinces → Provinces felt excluded form negotiations on sectoral targets especially concerning housing

- Contrasting priorities amongst the provinces and federal government (strong corporatism/Social Partnership)

Towards policy mixes…

Energy efficiency subsidies to retrofit are not designed to accompany the needs of low-income and energy poor households at the moment

In order to leave no one behind:

- Climate policy targets and instruments in housing need to pay attention to social inequalities and housing market structures
- Social policy targets and instruments need to integrate ‘energetic housing conditions’ more prominently

→ Governments need to actively embrace longer-term cross-sectoral planning within their own cross-Ministerial structures to foster greater policy coherence

Thank you for your attention!

Energy efficiency EU rapporteur Miroslav Poche:

"Increased energy efficiency is a win-win policy for all Europeans. It is a good deal for our citizens, as it will bring about major reductions in energy consumption, thus reducing bills. But it is also great news for the competitiveness of European industry, reducing costs and stimulating investment."

For more information on the project please visit:

https://balance.joanneum.at/