

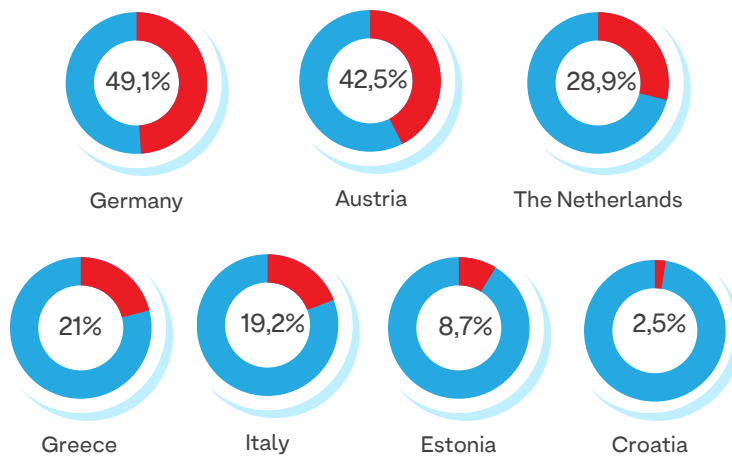
**POLICY FICHE FOR
ALLEVIATING ENERGY POVERTY
IN THE PRIVATE RENTED SECTOR**

Austria



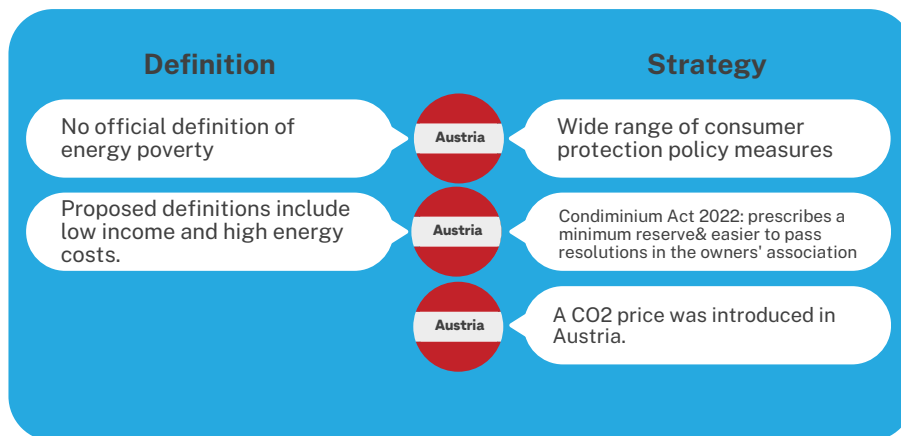
The Rental Sector in the Population (2022)

Source: Energy Poverty Dashboard



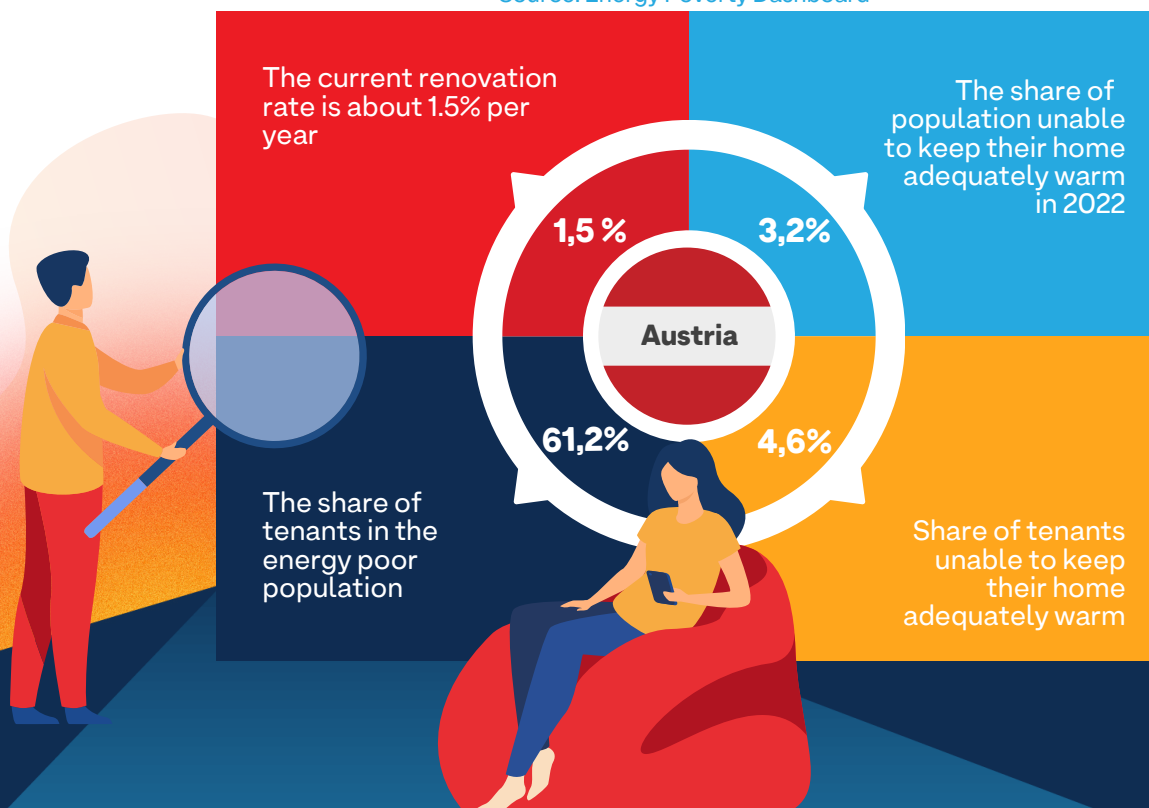
Current Energy Poverty Definition and Strategy

Source: ENPÖR Policy Fiches



Housing and Energy Poverty in Figures

Source: Energy Poverty Dashboard





Austria

Policy background

Context within the residential sector

Austria's residential sector is comprised of a mix of private ownership and rental arrangements. About 50% of Austrians live in privately-owned homes,¹ which is significantly lower than the EU average of around 70%. This is largely due to the high proportion of social housing in Austria, particularly in Vienna. Renting is common, and Austria has a comparatively regulated rental market which contributes to keeping housing affordability in check.

Vienna, the target region of ENPOR in Austria, has a robust social housing system, with a high proportion of its inhabitants – over 40%² – living in subsidised or municipally built, owned, or managed housing. This is among the highest rates in the world. Vienna's social housing is characterized by good quality, sustainable design, and affordable rates.

The energy performance of buildings in Austria varies, with a mix of old buildings and new constructions. There are ongoing efforts to improve energy efficiency in the building sector, with regulations in place to ensure new buildings meet certain energy performance standards. In addition, there are programs in place to incentivize the retrofitting of older buildings. The current renovation rate in Austria is about 1.5% per year.³

Austria, in general, has seen a steady increase in household energy prices since 2020, which is consistent with the trend in many developed countries. This is influenced by a range of factors, including commodity prices on the international market, domestic production and supply conditions, and regulatory decisions.

¹ Statistics Austria: Housing situation - share of legal status by province, www.statistik.at/statistiken/bevoelkerung-und-soziales/wohnen/wohnsituation

² Statistics Austria: Housing situation - share of legal status by province, www.statistik.at/statistiken/bevoelkerung-und-soziales/wohnen/wohnsituation

³ Institute for Real Estate, Building and Housing and Austrian Federal Environment Agency (2021): Monitoring system for renovation measures in Austria, www.iibw.at/documents/2021%20IIBW_Umweltbundesamt.%20Sanierungsrate.pdf

The energy crisis in 2022 caused a rapid increase in energy prices, while in 2023, prices have still been significantly above the pre-crisis level. Many households now pay considerably more for their energy consumption, whereby the specific situation also depends on whether they were existing or new customers of suppliers. While new customers were partly confronted with tariffs in the second half of 2022 which were four times as high as before the energy crisis, price increases were passed on to existing customers to a lesser extent and also with a delay, as the passing on of price increases on the wholesale markets to end customer prices always takes place with a time lag. There were also differences between western and eastern Austria, especially in electricity prices, as there is significantly more hydropower in the west and greater dependence on natural gas in the east. Since spring 2023, however, prices have slowly started to fall again.

The high inflation rates triggered by the Russian invasion of Ukraine were a particularly big problem for tenants, as many rents in Austria are linked to the consumer price index and thus also rise more sharply when inflation is high.

Energy poverty definition and strategy

Austria does not have yet an official definition of energy poverty at the political level as shown in the National and Energy Climate Plan for 2021-2030. Although various definitions have been elaborated by different bodies, none have yet been included in the official political discourse. In the elaborated definitions of energy poverty, a very low household income and disproportionately high energy costs are the two most important factors. These two factors were mostly defined as equivalent net household income below the at-risk-of-poverty threshold of 60% of the median household income and energy expenditures above 140% of the median energy expenditure in the total population. Energy efficiency in buildings and dwellings as a third factor has also become increasingly important. This is particularly relevant as people with low household incomes can often only afford housing, which requires refurbishment.

According to the Energy Poverty Dashboard, 2% of the Austrian population were unable to keep their home adequately warm in 2021 with the energy poverty rate among tenants according to this indicator being almost twice as high at 3.7%. The share of tenants in the energy poor population is 73%, which underlines the relevance of targeting the PRS in the fight against energy poverty.



Policy Framework for the Integration of Tenant Protection

Austria implemented a wide range of consumer protection measures that also benefited vulnerable customers and contributed to the reduction of energy poverty. These measures largely corresponded to those of other EU countries: acute assistance such as basic supply and partial disconnection protection, cost caps, measures with a preventive effect such as prepayment meters, and information and advice.

Relevant measures envisaged in the government programmes since 2013 were implemented, especially regarding the contact and counselling centres of the energy providers as well as a bundle of institutionally coordinated assistance and support measures, and in particular for cases of hardship and emergency.

When implementing energy efficiency measures in the PRS, Austria also faces major challenges for energy poor households. Split incentives pose a major problem due to the legal situation in which tenants cannot influence the heating technology used within their households, although flat owners do not have full control over this decision either.⁴ The lack of financing can also be a major hurdle; in many houses there are too few financial reserves or disposable income.

Rents in many old buildings (or all buildings that fall under the full scope of the Tenancy Act) are also subject to an indicative rent which reduces the incentive for landlords to invest here, although surcharges and deductions on the rent are also possible (usually, however, there are mostly surcharges by landlords). For this reason, an amendment to the Condominium Act came into force in 2022, which prescribes a minimum reserve of about 90 cents per square metre of floor space per month and also makes it easier to pass resolutions in the owners' association. These reserves are paid by the tenants (except in pre-war buildings) and can be used by owners or property managers to finance energy efficiency measures. Tenants cannot, however, de facto enforce a heating system exchange or similar actions themselves.

This is particularly relevant because a CO₂ tax has been introduced in Austria in October 2022, but it is precisely those who cannot switch to renewable energy sources who will have to pay it. It thus carries the risk of imposing a heavier burden on energy poor households in housing in need of renovation. Section 4 of the Tenancy Act does provide that a majority of the tenants of a building can demand that the landlord carry out "useful improvements" to the building (e.g., a district heating connection is explicitly mentioned in the law). However, this only applies if the investment can be covered from the rent reserve or if the tenant and landlord agree on how to share the additional costs. It is usually difficult to get such a majority – which is partly due to the high number of fixed-term tenancy agreements. Such a greening of tenancy law has been discussed for years and can also be found in various earlier government programmes. Even now, a broad discussion process on this topic is planned at the political level, but it has not yet begun. The government also plans to adopt a phase-out plan for fossil fuels, with mandatory replacement of oil and gas boilers. However, the Renewable Heat Act, in which this is to be enshrined, has not yet been finalised.

⁴ Ashby et al. (2020), "Who are Hard-to-Reach energy users? Segments, barriers and approaches to engage them", <https://userstcp.org/wp-content/uploads/2020/10/Ashby-et-al-2020-ACEEE-summer-study.pdf>

The Austrian government has implemented various measures to relieve the local population with low incomes of the high energy prices due to the energy crisis, for example in the form of various one-off payments. More general measures that already played a role in the context of energy poverty include housing subsidies and heating subsidies, the possibility for households to invoke mandatory basic supply by energy suppliers, and the possibility for low-income households to be exempted from energy-related fees.

In this process, various measures are specifically aimed at supporting energy poor households. These are briefly described below.

- **Clean Heating for All:** This subsidy scheme supports low-income households in switching from fossil-fuelled space heating systems to sustainable climate-friendly heating systems. Up to 100% of the costs of the heating conversion are covered (with a cost cap). Energy advice for households is also provided. Building owners of a one/two-family house or terraced house who can prove their social vulnerability (e.g., by receiving certain social benefits) are eligible for support. This program serves as a first step to enable energy poor households to convert their heating systems and focuses only on building owners, as implementation in the rental sector would be significantly more complex.
- **Housing Umbrella:** As of 2023, this public support service is aimed at low-income private households. Households that are in arrears with their rent and are threatened with eviction can receive financial support here. They receive free financial and social counselling, and the arrears are paid for them. Through this support service, arrears on energy bills are now covered to prevent vulnerable households from being disconnected from energy supplies. This benefit is also linked to advice for households on living aspects and energy costs.
- **Appliance replacement programme for households:** Under this new programme, the replacement of old inefficient household appliances, such as refrigerators, dishwashers and washing machines, is subsidised at 100% for energy poor households. Households also receive low-threshold energy advice (so-called Social Energy Advice), during which a decision is made on whether appliances are worthy of replacement, and which is intended to help reduce energy consumption in the long term. Social counsellors trained for this purpose can also provide this form of advice.
- **Social Energy Advice:** This new concept of energy advice was elaborated by the Austrian Energy Agency (AEA) in 2022. Social advisors are trained to provide low-threshold energy advice to vulnerable households. The focus is on topics that can help to reduce energy consumption without investments and also help with problems in paying energy bills. The training participants receive introductions to the topics of electricity, heating and hot water and learn from experts the most important recommendations for households to be able to make their energy consumption as sustainable as possible. They also learn where the most common problems of energy poor households lie and what the causes are. By combining their knowledge from the social sector with new knowledge from the energy sector, they are ideally suited to support energy poor households

The introduction of an energy poverty coordination office was also recently passed into law in Austria. However, this still has to be set up structurally and take up its tasks.

Description of the ENPOR policy

The core objective of this policy is to reach out to vulnerable consumers to provide information and advice about energy saving measures. In ENPOR, informational resources related to energy saving in domestic settings were refined and restructured. The primary characteristic that distinguished this effort from previous endeavours is a conscious and deliberate focus on figurative language, providing a distinct advantage to hard-to-reach demographics by offering them information in an easily understandable format with minimal textual content and an emphasis on illustrations and pictograms.

This strategy was implemented with the intent to bypass any potential language or knowledge-related barriers. While this approach was beneficial for energy poor households in general, it was particularly pertinent for those living in privately rented accommodations, given that their ability to implement energy saving or cost reduction measures is largely restricted by limited financial resources and lack of decision-making authority.

The development of these services necessitated the inclusion of the target demographic of affected energy poor households, which was accomplished through the intermediation of energy consultants from DIE UMWELTBERATUNG. The materials created were initially trialled by consultants in ongoing advisory interactions, allowing for direct feedback from energy poor households.

A total of 50 energy poor households, of which 41 lived in the PRS and 9 in the social rental sector, were included in this pilot phase to gauge their response to the newly created materials. It became evident that the focus on figurative language and illustrations was well-received, creating a significant increase in engagement with the material compared to previous text-centric resources.



The feedback received was overwhelmingly positive, with a few minor modifications needed to enhance clarity. This iterative development process ensured that the material was not only accessible but also relevant to the needs and challenges faced by the affected households. The final versions were shared with a variety of stakeholders from energy and social sectors to incorporate their feedback.

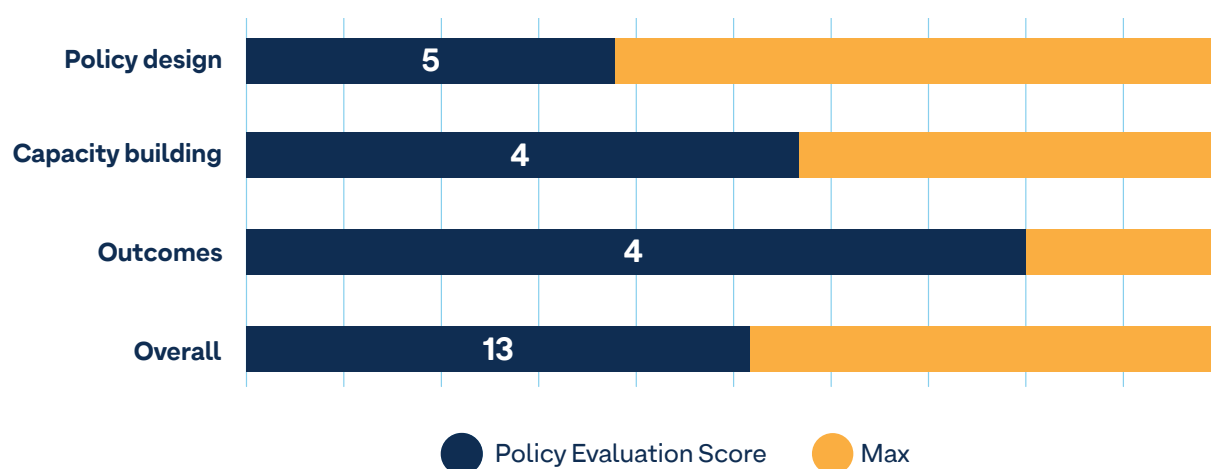
The dissemination of the material was made possible through the financial support of the Ministry for Climate Action. The materials were translated into several languages (English, Turkish, German, Farsi, Bosnian, Croatian, Serbian, Arabic, Ukrainian and Russian) relevant to the demographic and were provided free of charge to counselling institutes and other organizations supporting energy-poor households. In particular, organizations that aid privately renting households were prioritized.

In the end, about 130,000 factsheets were printed and distributed across Austria. The material has since become a crucial part of the support services for energy poor households in Austria and is expected to continue serving this role beyond the project's duration.



<https://www.enpor.eu/14-09-22-austrian-enpor-measures-in-the-energy-crisis/>

Evaluation of the policy against the KPIs



Area	Score	Comments
Policy design	5/13	<ul style="list-style-type: none"> ● This policy was designed with the input of a wide range of stakeholders, including with feedback from energy poor tenants, although property owners were not involved in this process. ● The policy does not explicitly target the PRS but by design reaches many tenants as they make up a high share of those seeking advice, particularly in urban areas. ● There has been a wide uptake of the materials produced by this policy due to the success of the design from a range of municipal agencies, as well as use by the new Austrian Co-ordination Office for Energy Poverty, despite a lack of official energy poverty definition at a national level. ● This policy does not work to address the split incentive, as the measures targeted by the policy are not structural or requiring renovations, rather they are more behavioural and aimed at tenants.

Area	Score	Comments
Capacity building	4/7	<ul style="list-style-type: none"> <li data-bbox="694 302 1391 459">● This policy is effective in providing new insights into existing support measures, with the materials, as well as reaching a wide audience through their use as part of other social programmes. <li data-bbox="694 504 1391 772">● The policy helps to improve the knowledge of energy poor tenants with regards to energy conservation measures, as well as improving the knowledge of energy poverty alleviation measures among the social workers and municipal workers who utilise and disseminate the information and advice contained within the materials. <li data-bbox="694 817 1391 929">● However, the policy does not maximise its potential to create new collaborations between stakeholders working within the sector.
Outcomes	4/5	<ul style="list-style-type: none"> <li data-bbox="694 990 1391 1258">● This policy was very effective in reaching energy poor tenants and energy poor households in general, due to outreach, dissemination and uptake of the materials by various agencies. The approach taken to reduce language barriers (by firstly reducing text in the materials, and secondly by translating them into several languages) improved the uptake of the materials. <li data-bbox="694 1303 1391 1460">● There is evidence, due to the positive reception of the materials, that households have a better understanding of energy bills, conservation measures, and how to improve their thermal comfort. <li data-bbox="694 1505 1391 1695">● However, longer term monitoring of whether households continue to implement those measures, and whether tangible energy bill savings are achieved will be needed to assess the long-term effectiveness of the energy advice given.
Overall	13/25	

Conclusion and further recommendations

The evaluated policy exhibits several strengths in its design and implementation, particularly in its inclusive approach to stakeholder involvement and the successful dissemination of materials targeting energy poor tenants and households. However, notable shortcomings exist, such as the policy's failure to address the split incentive issue, which focuses on behavioural rather than structural changes, and its limited capacity to foster new collaborations among stakeholders.

To enhance the policy's effectiveness, it could be useful to:



Ensure the active engagement of property owners in the policy design process to better address the split incentive.



Create synergies and partnerships with other actors of the energy poverty debate (e.g., social and housing practitioners, public health experts) through new partnerships and collaborations.



Both proposed measures require wider policy and regulatory changes.



Ongoing monitoring and evaluation of the long-term impact of the energy advice provided, including assessing energy bill savings changes among households, are essential to determine the policy's sustained effectiveness.



Overview of KPI assessment

Indicator	Specification / Operationalisation	Yes/No
Does the policy allow tenants in the PRS to participate/benefit?	-	● Yes
Does the policy explicitly target the PRS?	-	● No
Does the policy explicitly target energy poor households in the PRS?	-	● No
Has the design of the policy been informed by input from the PRS?	Yes, from (representatives of) owners	● No
	Yes, from (representatives of) residents	● Yes
	Yes, from other relevant stakeholders	● Yes
Is the policy part of wider legislative, regulatory and/or programmatic commitments to address energy poverty?	Is it implemented by more than one agency?	● Yes
	Has it been publicly challenged?	● No
	Does it refer to other policies and/or legal acts?	● No
	Is the policy documented as an element of an overarching energy poverty strategy?	● Yes
Does the policy explicitly address the split incentives issue?	-	● No
Are the policy's target groups specified with view to criteria derived from an official energy poverty definition?	-	● No
Is the policy underpinned by clear mechanisms to identify energy poor households in the PRS?	I.e., there is a distinct procedure/process on how to identify an energy poor household applying specified criteria.	● No

Table 1: Overview of policy evaluation in terms of policy design – Austria

Indicator	Specification / Operationalisation	Yes/No
Does the policy help improve decision-making capacity (in terms of skills, co-operation and/or resources) by state organisations at the national or local level to address energy poverty in the PRS?	Does the policy promote the formation of new co-operations between state organisations and relevant stakeholders to better address energy poverty in the PRS?	● No
	Does the policy help improve relevant skills (e.g., with view to the administration of support programmes, the identification of and outreach to energy poor tenants, ...) in state organisations to better address energy poverty in the PRS?	● Yes
	Does the policy generate new insights/data to inform the implementation of energy poverty policies/programmes targeting the PRS?	● No
Does the policy help improve wider policy making (in terms of existing or future programme implementation) by state organisations at the national or local level, working on energy poverty alleviation?	E.g., does it generate new insights/data to inform the design of energy poverty policies/programmes?	● Yes
Does the policy help improve energy poverty alleviation-related knowledge and skills to address energy poverty among stakeholders relevant to the PRS?	Based on survey results from REACT group participants / capacity building events	● Yes
Does the policy help improve energy poverty alleviation-related communication and collaboration opportunities among stakeholders relevant to the PRS?	E.g., does it establish virtual or physical fora dedicated to promoting exchange / collaboration between stakeholders	● No
Does the policy help improve energy poverty alleviation-related resources (financial or otherwise) available to stakeholders working in the PRS?	E.g., via funding for energy efficiency renovations of dwellings	● Yes

Table 2: Overview of policy evaluation in terms of capacity building - Austria

Indicator	Specification / Operationalisation	Yes/No
Has the policy reached energy poor tenants in the PRS?	Based on output/monitoring data/estimates	● Yes
Is there evidence to suggest that the policy has led to a decrease in energy poverty prevalence in terms of improved thermal comfort among vulnerable groups?	Based on output/monitoring data/estimates	● Yes
Is there evidence to suggest that the policy has enabled energy poor households to increase their consumption of energy services to fulfil their basic needs?	Based on output/monitoring data/estimates	● Yes
Is there evidence to suggest that the policy has led to improved energy efficiency in dwellings occupied by energy poor tenants?	Based on output/monitoring data/estimates	● No
Is there evidence to suggest that the policy has led to improved understanding of energy bills and conservation options among energy poor households?	Based on output/monitoring data/estimates	● Yes

Table 3: Overview of policy evaluation in terms of outcomes - Austria

Partners



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