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**RENOINVEST**  
sustainable renovation of buildings

**RENOWAVE.AT Think-Tank**

**"Housing Investment Bank (WBIB) - An old instrument  
as a new idea for refurbishment?"**

**3<sup>rd</sup> July 2024 / Vienna, AUT**



## 1. Introduction and agenda

The aim of the EU LIFE project RENOINVEST is to bring together all relevant stakeholders from the financial sector, the property and construction industry and politics to discuss urgently needed financing solutions for the climate-neutral refurbishment of our building stock and to jointly find solutions that can be implemented by 2030.

The Housing Investment Bank (WBIB) was brought to operational status and then dissolved in 2018. The WBIB was originally founded with the aim of attracting favourable investment funds for affordable housing from national and international institutions and passing them on to housing developers. Could the WBIB be reactivated in the course of the refurbishment wave? As part of the workshop, this idea will be discussed with experts and interested parties from the field of housing finance under the changed circumstances. The aim is to find out whether a "revitalisation of WBIB" (Wohnbauinvestitionsbank) should be pursued as part of the RENOINVEST project.

### AGENDA

**1. Introduction "History of the WBIB"**, Mag. Alexander Kollmann; BM für Arbeit und Wirtschaft

#### 2. Discussion

Would the WBIB be able to finance comprehensive refurbishments in the medium and long term?

Could the WBIB better coordinate the funding landscape?

What would be needed in the cooperation between the federal states and the federal government in order to make progress here?

What alternatives could there be to the WBIB?

The target group includes representatives from the housing finance sector and interested parties.

**Moderation:** Wolfgang Amann, I•IBW – Institute for Real Estate Construction and Housing Ltd.

#### Participants' expectations of the panel discussion:

- WBIB's goals for boosting residential construction are to be achieved
- However, today's objectives are different and longer-term than when it was founded,
- WBIB is a recurring political issue, politicians are also aware of gaps in financing for housing construction and refurbishment,
- Solutions also sought outside the WBIB,
- New construction is declining, what instruments are still available for refurbishment
- Include industry topic in legal provisions,
- Further develop exchange and WBIB,
- Also consider the commercial side of financing,
- Discuss possible alternatives to the WBIB,
- Acceleration of refurbishment

## 2. Keynote

### Historical introduction to the Housing Investment Bank (WBIB)

Mag. Alexander Kollmann / BMAW

Abstracts:

The **Housing Investment Bank (WBIB)** was founded in 2015 to promote housing construction in Austria. It was intended to offer long-term, favourable loans for the construction of energy-efficient and affordable housing. Financing was mainly provided by the European Investment Bank (EIB), with liability on the part of the Republic of Austria, and was intended to be used to finance the construction of new homes.

The WBIB aims to provide long-term credit financing, which the market does not currently provide sufficiently. A total of 5.75 billion euros has been earmarked for the housing offensive, the majority of which is to be channelled into

## 3. Discussion Results

Revitalisation and alternatives to the housing investment bank (WBIB):

- - Federal government housing stimulus package 2024 (2bn) under Maastricht criteria
- - Banks collect EIB funds themselves
- - Think about it, is there SV for refurbishment for WBIB
- - Extension of refurbishment cheque 2011/2012
- - Subject funding too expensive
- - New construction, no demand for long-term financing - partly due to WGG 5 - 10 years Ownership acquisition by users
- - Customers did not want long-term fixed interest rates at the time (before the interest rate turnaround)
- - Erste Bank now collects the funds for new construction and refurbishment itself from the EIB (100 million 20 - 30 years) - 2 tranches for refurbishment and new construction, funds for refurbishment collected so far 3.2 million, refurbishment only works on a large scale with high subsidies and obligations
- - Permanent changes in the funding jungle lead to legal uncertainties
- - Housing law situation continues to hamper comprehensive refurbishments
- - Subsidies/financial models Specifications high e.g. binding to klimaaktiv Bronze
- - Vienna subsidised refurbishments in 1990/91 at a high interest rate of 8 - 9 %
- - Revive incentives from the 1990s, category interest rate suspended as rental income is not sufficient for comprehensive refurbishment
- - Why do we need refurbishments? 2050 to net zero emissions, EeFRL amendment, in contrast to the past, more specific targets for the state
- - The state must act and set incentives, remove obstacles
- - A new approach is needed in housing law
- - For normal homeowners - loans for investments often not affordable

- - Example: investment volume 100,000, subsidy 80,000 (payment only after completion of work and proof of payment), interim financing is needed, according to BMK representatives, the federal government has already thought of something in this regard
- - How can people be helped with financing? Cover affordability via subsidies
- - Interest of the state that refurbishment happens, socio-political challenge
- - Conditions for those willing to renovate in order to receive subsidies is also a major issue
- - First consider how, then who finances
- - Consumer protection insufficient,
- - Goal does not mean obligation
- - Tension between tenant - owner - house bank, loft conversion for additional rental income, but then a lift results in minus income
- - 1000.00 euros from the City of Vienna for conversion from gas to electric cooker - power lines often not there
- - Home ownership leads to the destruction of the building fabric because older people realise that investments are no longer profitable during their lifetime
- - There is a lack of sustainability awareness for existing buildings among the population
- - Housing law must support financing (rents, contributions)
- - Would there be other tasks for WBIB than those provided for by law?
- - WBIB as a development bank - funding coordination and counselling (house building throughout Austria)
- - Housing law reform is not making progress, corresponding working group in the Ministry of Justice is stalling
- - Policy fails in the funding jungle (what for whom, when is a combination with state funding possible, etc.) - simplify and adapt funding framework (federal government, states, municipalities)
- - Why is long-term financing not in demand for refurbishment? - This is due to the owner side, otherwise long-term loss of income, long terms are attractive for tenants, not for owners
- - EVAB for non-profit organisations empty after 30 years, due to expensive flat renovations after each change of tenant (between 30,000 and 40,000 per WH); e.g. housing subsidy 50 years, after 30 years of renovation, EVAB pot encumbered for 40 years,
- - The depreciation for properties should be reformed to make refurbishments more attractive
- - In the last 20 to 25 years, the property market has seen high price increases with simultaneously high interest rates on loans
- - New construction boom - more owner-occupied flats, other usable areas (more small flats for 1-2 person households), nobody wants small flats for their own use
- - Main topic construction cost increase 2000 - 2024 by 100 %, partly due to high building standards and OIB requirements
- - Creating awareness for joint efforts between landlords and tenants
- - Tax-free reserves for landlords no longer possible
- - Tenants often have to bear high energy costs, benefit from energy savings, landlords do not

- - Long-term rental agreements over the loan period - tenants more willing to participate or co-finance
- - Housing law must be considered in a more differentiated way - MRG, WGG, WEG are differentiated instruments
- - In recent years, many individual measures have been implemented and the funding pots have not been exhausted
- - Insurance companies think long-term as building owners in terms of portfolio income, sustainable portfolio management with clear guidelines and expertise on how, who, what and also economic presentation (currently not for profit)
- - Suggestions for politicians to think about: housing rights, financing, building land for new builds, legal framework, technical requirements
- - People need to be better informed about the topic - raising awareness of the existing housing stock
- - WBIB could bring federalism under one roof (similar to OIB Bautechnikecht)
- - Due to the existing funding system in the WEG, it is currently better if everyone does everything individually than all together
- - Necessary federal/state coordination for simplification
- - WBIB financing vehicle - simple products (KISS) instead of a wide range of conditions and requirements at individual banks, but no withdrawal without housing law reform
- - There is no alternative to refurbishment of the portfolio
- - Create a political setting: Housing law framework, balance of costs and income, simplify financing
- - Currently: Discussion on simplification and standardisation of state and federal funding pots are of no use in the current setting!
- - Sufficient funding is available
- - However, Austria has still received far too little funding from the reconstruction fund
- - Budget challenges from 2025 for the new government - UFI funding under pressure from 2027 - WBIB as an alternative, as there is no immediate budget burden after the mandate - overall concept as a political issue
- - Example of Erste Bank and EIB financing - fixed financing over 30 years (only for multi-storey residential buildings, not for single-family homes) - effective mechanism
- - KIM-VO slows down residential construction
- - Does it make sense to take a closer look at the target groups for financing - differentiation between the non-profit, rental and owner-occupied sectors?
- - Implementing measures in residential units in the rental sector is a challenge (e.g. replacing heating systems)
- - Non-profit organisations are doing well here 1 million out of 4 million residential units have already been converted
- - Problem area apartment blocks and single-family homes major challenges due to the age of the buildings (single-family home boom in the 70s and 80s with low energy efficiency requirements), vacancies, redensification
- - Financial instrument for smaller construction lots would be necessary
- - WBIB could also drive forward the financing of buildings that have already been inadequately refurbished once
- - Refurbishment cheque 2012 - redemption via building societies was a good instrument, but as there was no return for BSK, the programme was discontinued

- - Short-term returns are too much in the foreground, but owners must also be able to afford long-term thinking
- - EU taxonomy as a driving force on the financing side?
- - Financing side must focus more on refurbishment, not just a matter for politicians via subsidies
- - Housing bank bond with 0.8 % interest rate? Green bonds currently not yet having a major impact in the financing sector
- - Discussion about the nature of the EU taxonomy: pure classification instrument vs. steering instrument, steering via other laws such as CSRD
- - Brown is becoming more expensive, but green is not yet becoming cheaper
- - Decarbonisation portfolio varies depending on business area
- - Homeowners want decent living quality, comfort and to reduce energy costs
- - Homeowners often have little interest in climate protection in their own homes
- - EIB funds - new construction picks up money, refurbishment money remains, as MRG often no agreement with tenants possible, WEG - lack of resolutions
- - Refinancing of refurbishments must become possible under housing law

## 4. Conclusion and Outlook

The discussion about revitalising the Housing Investment Bank (WBIB) clearly shows that the creation of suitable financing instruments for the refurbishment of existing buildings in Austria is more urgent than ever. Given the current challenges, the WBIB could act as a central vehicle to provide long-term loans at attractive conditions and thus promote the urgently needed wave of refurbishment. However, the points raised make it clear that no sustainable success can be achieved without a comprehensive reform of housing law and the simplification of the funding jungle. In particular, the discrepancy between the interests of tenants and owners, the uncertainty caused by constantly changing subsidy conditions and the challenges of financing refurbishments must be addressed.

The WBIB could take on a coordinating role in order to harmonise the existing financing models and serve as a central point of contact. Nevertheless, the question of whether the WBIB should be reactivated in its original form remains open. One alternative could be the creation of a new, simplified financing instrument that meets the current challenges and is geared towards the long-term goals of decarbonisation.

The political players are now called upon to create the necessary legal framework and at the same time to raise public awareness of the need for refurbishment. Only through a joint approach by the federal government, federal states, municipalities and the financial sector can the targeted climate-neutral refurbishment of the building stock be realised by 2030.

## 5. Participants

<b>Name</b>	<b>Organisation</b>
Amann Wolfgang	IIBW
Aumer Michael	BMK
Böckl Christina	RENOWAVE.AT
Brandtner Bernhard	Wienerberger AG
Fegerl Manuel	KPMG Austria
Formanek Susanne	RENOWAVE.AT
Gröger Monika	Erste Group Bank AG
Hasenhüttel Susanne	ÖGUT
Hüttler Walter	WH-C engineers
Kindermann Erika	Infina
Kollmann Alexander	BM für Arbeit und Wirtschaft
Kössl Gerald	GBV Östr. Verband Gemeinnütziger Bauvereinigungen
Li Stephan	Umweltbundesamt
Pribsch Michael	Erste Bank Österreich
Schmidinger Josef	Ehem. Erste Bank (in Pension)
Stocker Elke	Wiener Städtische Wechselseitige
Unzeitig Ulla	RENOWAVE.AT
Waxmund Karl (ehem. Dobner)	BMK