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Housing Support Policies and Refugees' Labour Market Integration in Austria

Fanny Dellinger
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Working Paper

Abstract

Housing support is an important lever for promoting integration objectives with huge potential to improve refugees' early employment outcomes. This mixed-methods study is based on Austrian register data and interviews with NGO and government representatives. In Austria, asylum seekers are quasi-randomly assigned to federal states (*Bundesländer*). There, monetary assistance is similar for asylees but only some states offer further support with the housing search process. This study assesses the impact of housing support on refugees' location choice and early employment outcomes by comparing two groups of refugee men: singles and those with families. If housing support is limited, scarce resources are directed to the most vulnerable and single men are often left out. This makes them more likely to leave an assigned state and find shelter with the ethnic community. Whereas in states with strong housing support single men and families show roughly equal propensities to out-migrate, if support is low 63% of single men but only 35% of families leave. In the first year, employment rates of single men assigned to low housing support states are estimated to be 6 percentage points lower due to a lack of housing support.

Keywords— Labour Market Integration of Refugees, Housing entry pathways, host country institutions, Austria

JEL— J61, J68, I38, H73

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1 Introduction

Housing and employment are fundamental domains of integration. For refugees, both present huge initial barriers constraining their first steps in a new host country (Ager and Strang, 2008; Brell et al., 2020; Verwiebe et al., 2019; Francis and Hiebert, 2014). Refugees' struggles for housing in many high income countries are characterised by episodes of secondary homelessness, crowded sub-standard living conditions and excessive rents (Francis and Hiebert, 2014; Flatau et al., 2015; Netto, 2011). In response to these challenges some Northern European countries offer comprehensive support (Valenta and Bunar, 2010) whereas in many other countries support is limited. So far, little is known regarding the effects of housing support on the employment domain of integration.

The present study addresses two interrelated questions: First, it explores what makes housing support effective in the Austrian context, highlighting the importance of assistance for the search process and the role of facilitating institutions. Second, it analyses the effects of housing support on refugees' labour market integration. Using a mixed methods approach it combines the analysis of Austrian register data with interviews of NGO representatives and government officials.

In Austria, housing support policies are the responsibility of the federal states (*Bundesländer*) and their approaches vary widely. Whereas in all of Austria monetary assistance for asylees¹ enables them to pay for rent, many refugees require further support with search related tasks. In several states, such support is provided systematically via NGOs, whereas in others it is lacking. In addition, administrative practices play an important role: Usually, refugees are obliged to leave the facilities for asylum seekers at latest four months after their asylum claims were recognised. However, in two states² refugees are allowed to transition into private housing at a self-determined speed based on their own housing needs.

These different approaches have huge implications for refugees' internal mobility and later labour market integration. Refugees who are forced to leave their accommodations and do not get help with housing search are far more likely to seek shelter with the ethnic communities in Vienna (Aigner, 2019), where, unfortunately, refugees' labour market integration is more challenging.

Several aspects of the Austrian case facilitate a quantitative assessment of the effects of housing support policies on refugees' labour market outcomes. On the one hand, asylum seekers are quasi-randomly assigned to the Austrian provinces (Rosenberger and König, 2011; Dellinger and Huber, 2021). On the other hand, this study compares two groups of refugees who are assigned to the same local labour markets but whose access to housing support differs: single men and men with families. When housing support is limited, services target the most vulnerable and families are a priority. In contrast, single men who are perceived as least vulnerable often go without any support.

The register data shows that early labour market outcomes of refugees assigned to states with high housing support are generally better. They display 5 - 10 percentage points (pp.) higher employment rates and on average 200 € higher wages than refugees assigned to low housing support states in the first four years on the labour market.

In states with low and mixed housing support, 63% of single refugee men but only 35% of men with families leave. In contrast, in strong housing support states, out-migration rates of both groups are 14% and 11%, respectively. In terms of early employment outcomes, single men originally assigned to low housing support states are disadvantaged. In the first 16 months their employment rates are estimated to be 6 pp. lower due to a lack of housing support. After 12 months their employment rate

¹Roughly 75% of recognised refugees receive asylum.

²Tyrol and Vorarlberg

would be 40% higher if they had better access to housing support.

In Austria, housing support enables refugees to remain in regions where jobs are plentiful but housing entry barriers are high. The host society also benefits as refugees' dependency on welfare is decreased and regional labour market tightness is alleviated.

The present study makes a number of contributions to the literature. First, it is among the first studies to formally analyse the linkages between housing support and labour market integration. Second, it provides novel insights into housing support at the country level by comparing different regional policies. So far, the international literature on refugee housing mainly focuses on urban areas, in particular case studies of specific cities. For Austria, studies have focused on the Viennese context (Aigner, 2019; Kohlbacher, 2020). Third, this study argues that housing support policies should be included in the policy tool box for refugees' labour market integration.

The paper is organised as follows. The next section discusses insights from the literature on housing support and how this might affect refugees' labour market integration. Then, the Austrian institutional setting is explained in more detail. In Section 4 the data and some stylised facts on refugees' early employment integration trajectories are presented. Based on the interviews, Section 5 discusses housing support structures in the different federal states. The relationship of housing support and refugees' location choices is discussed in section 6. Section 7 quantifies the impact of housing support on refugees' employment outcomes. Finally, Section 8 concludes.

2 The housing and employment domains of integration

Decent housing is a fundamental human need and constitutes a basic human right as defined by the United Nations (UN, 2009). For refugees, housing is a cornerstone of their integration experience, on the one hand locating the formerly displaced in space while on the other hand laying the foundations for further integration in a new social and structural context (Adam et al., 2019; Francis and Hiebert, 2014). Ager and Strang (2008) define housing to be one of the essential domains of integration, functioning both as a marker of the integration process and a means for further integration into other domains, i.e. local social contexts or the labour market. In particular, obtaining the first regular private housing in the host country is one of several markers for the end of the flight process and the start of a new life.

Refugees' quest for decent housing is exceedingly difficult. Many barriers to refugee housing seem to be almost universal, e.g. challenges regarding housing affordability, discrimination and language barriers (Adam et al., 2019; Bolzoni et al., 2015; Andersson et al., 2010; Carter and Osborne, 2009; Valenta and Bunar, 2010). Adam et al. (2019) describe the housing struggles of refugees in the German city of Cologne, where the scarcity of affordable housing, high competition for the few suitable places and discrimination prevents a smooth transition from refugee reception centres into private housing. In Vancouver, Canada, Francis and Hiebert (2014) find that refugees are often forced into overcrowded, ramshackle and overpriced accommodations due to lack of financial means and discrimination. For Australia, Flatau et al. (2015) argue that refugees' early housing experiences are often characterised by secondary homelessness. In Italy, exclusion mechanisms at the administrative level are so prevalent that refugees often experience primary homelessness and some resort to squatting as a means to find housing (Bolzoni et al., 2015).

Housing support policies play a decisive role for overcoming these entry barriers and thus shape refugees' early housing experiences. Difficulties of housing affordability can be mitigated via housing assistance to refugees (Valenta and Bunar, 2010). Language barriers can be overcome if local inter-

locutors, either professionals or volunteers, assist with search related tasks. Discrimination in the housing market against refugees can be counteracted if a government agency is procuring the housing and functions as formal tenant.

Being denied access to formal support refugees will develop strategies and employ the resources at their disposal to find pathways into housing, but they risk suffering unnecessary hardship in the process. Predatory market agents might exploit refugees, renting out apartments that are in major need of repair to large groups of people, charging every one of them (Francis and Hiebert, 2014). The most vulnerable will become homeless (Flatau et al., 2015; Bolzoni et al., 2015).

In the spectrum of housing support, on the one extreme no institutional housing support at all is offered and refugees are left to fend for themselves. In Europe, this extreme manifests itself in Greece, where refugees who were granted protection regularly end up homeless and malnourished in Athens (Rehman, 2020). On the other extreme of the spectrum, decent housing is provided from the moment a person asks for asylum or arrives as resettlement refugee. While housing provision for asylum seekers is characterised by some level of precariousness in almost every country, several Scandinavian states provide refugees with decent initial housing once they receive protection (Valenta and Bunar, 2010; Azlor et al., 2020). So far, systematic analyses of the impact of different levels of housing support for overall integration outcomes within Europe appear to be lacking. The present study addresses this gap by focusing on the effects of housing support for refugees' labour market integration.

On the one hand relieving refugees from the burden of finding a home might free up their energy and resources so that they can better focus on searching for a job or learning the language. On the other hand providing housing might reduce refugees' strive and flexibility. New immigrants' flexibility usually provides a boon to the labour market as they help equilibrate regional disparities (Borjas, 2001). But it is unclear whether the same argument can be made for refugees who lack information and networks in their host countries and thus have a harder time adjusting to the new labour market (Brell et al., 2020; Dustmann et al., 2017).

Providing housing support for refugees enables policy makers to influence refugees' settlement patterns (Farrokhi and Jinks, 2021). While there is clear evidence that economic circumstances in these initial locations have a strong influence on refugees' subsequent employment integration trajectories, settlement policies often prioritise an equal distribution of refugees across municipalities (Åslund and Rooth, 2007; Azlor et al., 2020).

To some extent, policy makers have also tried to steer refugees into job-rich areas. In Germany, the initial assignment of refugees to regions is based on a quota system called *Königsteiner Schlüssel* which takes into account both regional GDP and population size. In Australia, refugee resettlement to rural areas is encouraged because of labour shortages in the agricultural sector (McDonald-Wilmsen et al., 2009).

However, it is not always clear whether urban or rural regions provide the best labour market and housing integration prospects for refugees. Urban areas offer plenty of jobs and housing opportunities, and for instance in Sweden, urban areas are typically associated with better labour market outcomes (Andersson et al., 2010). However, they are also characterised by intense competition on the housing and labour market (Boeri et al., 2015). In contrast, rural areas might offer jobs in hospitality and agriculture that do not require high language skills (McDonald-Wilmsen et al., 2009; Carr et al., 2012). Thus refugees resettled to such areas might find their labour in high demand.

Placement policies can also have unintended adverse consequences. If a placement policy solely focuses on the availability of cheap housing, refugees might be placed in regions where their labour market prospects are poor (Andersson et al., 2010). In addition, placement policies might prevent

refugees from accessing resourceful ethnic networks leaving them isolated. Proximity to networks of highly educated or well established co-ethnic peers has been shown to be beneficial for newly arrived refugees' employment integration (Damm, 2014; Beaman, 2012) and to also facilitate taking up self-employment (Andersson, 2020). In Sweden, Edin et al. (2003) provide evidence that by limiting refugees' access to ethnic networks, their labour market integration was impeded.

Finally, it is not necessary to restrict refugees' freedom of movement in order to persistently affect their settlement patterns. In Denmark in the 1990ies, housing was provided to recognised refugees in randomly assigned municipalities, but if they wished to move elsewhere, they could do so. After 13 years, 55% of refugees still lived in their originally assigned community (Farrokhi and Jinkins, 2021).

3 The Austrian Reception and Welfare Benefits Scheme for Refugees

In 2015, Austria was one of the most important destination countries for refugees coming to Europe (Dustmann et al., 2017). From 2012 to 2018, approximately 120,000 refugees were granted protection (BMI, 2020). The most important types of protection are asylum according to the Geneva convention and subsidiary protection³.

Upon arrival, asylum seekers are accommodated in centres of first reception and subsequently, they are assigned to one of the federal states according to a population based quota established in Grundversorgungsvereinbarung - Art. 15a B-VG (2004). Assignment is implemented by an administrative body situated in the ministry of the interior and those responsible do not interact with the refugees. Labour market conditions and refugees' integration prospects are not taken into account during the assignment procedure. Rosenberger and König (2011) refer to this process as forced dispersal. Asylum seekers are not allowed to work and they do not have access to the regular social safety net. Instead, asylum seekers receive a form of low level support that only guarantees subsistence (Rosenberger and König, 2011), called *Grundversorgung*, which I therefore translate as basic subsistence support. It usually involves housing in a group accommodation for asylum seekers and some low-level monetary assistance of about €150 - 200 per month. The quality of these group accommodations varies widely (Rosenberger and König, 2011). Most federal states aim to house asylum seekers in small accommodations, e.g. regular flats so as to facilitate integration. Asylum seekers can also live "privately", meaning outside of government provided housing. Refugees who do so only receive €200 - 215 per month for food and €120 - 150 per month for rental expenses, leaving them far below the Austrian poverty line of €1259 in 2021.

When a refugee's asylum claim is granted, the individual is expected to quickly transition to independence and to leave the group accommodations for asylum seekers. Asylees, i.e. refugees who were granted asylum, lose the entitlement to basic subsistence support four months after receiving protection. The transition from group accommodations into regular housing is a challenging process (Aigner, 2019; Kohlbacher, 2020). Based on semi-structured interviews with 21 refugees Aigner (2019) distinguishes four different housing entry pathways, a migrant-assisted, a local-assisted, a non-assisted pathway via the private rental market and a welfare pathway where assistance is provided by charitable organisations. Refugees deemed especially vulnerable, e.g. single mothers and families with small children, can access housing via the welfare pathway, meaning that social workers organise housing for

³Applicants receive subsidiary protection if their life would be in grave danger upon return but the person does not meet the criteria for asylum.

them. In contrast, single men have no access to formal support structures. For some ties to locals offer an alternative housing entry pathway proving the worth of bridging social capital for refugee housing. For others, the only way to access housing is via the migrant-assisted pathway. Most often, refugees live in overcrowded flats where they share a room with other unrelated adults. Refugees pay €250 to 350 for a bed in a shared room. While these conditions are clearly exploitative, for the interviewed refugees this was a transitory arrangement to avoid homelessness after exiting basic subsistence support. On the private housing market, they encountered huge barriers and, with one exception, they were unable to overcome these barriers in their initial housing search right after receiving protection.

Once a person receives asylum the Geneva Convention guarantees that he or she has access to the same social safety net as natives. A refugee of working age is eligible for a type of welfare benefit called minimum income support (Bedarfsorientierte Mindestsicherung - Art. 15a B-VG, 2010), if she is registered as searching for employment with the Austrian public employment service. Also, if a person's earnings are below the level of minimum income support, she can receive supplementary benefits. Depending on household composition minimum income support levels differ, with singles receiving a fixed amount – €885 in 2019 – that is adjusted for inflation every year. Couples receive 75% each of this amount, and for every child there are extra payments. In 2016 and 2017 in three federal states, Upper Austria, Lower Austria and Burgenland, minimum income support was reformed to reduce refugees' benefits (Dellinger and Huber, 2021). The majority of the reforms were later revoked in court.

In 2019, means-tested minimum income support was replaced with a system of social assistance called *Sozialhilfe Neu*. While intending to mend the patchwork that had emerged since 2016 and to provide a unified framework, the new social assistance failed to implement minimum standards for welfare benefits. Instead, only upper limits were introduced, which do not prevent states from engaging in a race to the bottom.

4 Data

This study uses both interviews with NGO-social workers and officials and register data from the Austrian Social Security Database (ASSD), a high quality database on all insured people in Austria. This is a standard data set for research on the Austrian labour market and was described in detail by Zweimüller et al. (2009). In it asylum seekers can be identified if they receive basic subsistence support as this entails a special insurance status.

The main sample consists of 61,465 people and includes all refugees from Syria, Afghanistan, Iraq, Iran, Somalia and Russia who came to Austria from 2010 to 2018 and who transition into insurance spells other than basic subsistence support from 2012 to 2018. Once a person initiates other insurance spells than basic subsistence support, it is highly likely that she was recently given protection (see Dellinger and Huber, 2021). If a person only ever records insurance spells as asylum seeker and then eventually disappears, most likely the person didn't receive protection. The sample further excludes people who are likely to have arrived via family reunification, (i.e. because a co-insured relative has exited FBSS before the person's arrival in Austria) as they are not subject to the administrative dispersal of asylum seekers. In addition, some observations are excluded due to data inconsistencies. Finally, for 9,416 people the assigned state is ambiguous, because they moved more than once while receiving full basic subsistence support. These people are not part of the main sample, but in Table 4, the main results are calculated both excluding and including this group.

Starting from a very low level, employment rates of refugees increase steadily during the first

five years after exiting full basic subsistence support. However, there is considerable variation with respect to gender, age, nationality, and other factors. Table 1 summarises employment rates for different groups in the first five years on the labour market. Refugee women face particular challenges due to care obligations, cultural pressures of the origin society and discrimination by the host society (Verwiebe et al., 2019). Whereas after five years in Austria around 55% of male refugees are employed, the same is true for only 16% of females. Receiving protection at a young age is also advantageous. The majority of refugees coming to Austria is young, with 39% of adult refugees being aged 18-25 when receiving protection. Only about 15% of refugees in our data are older than 40 when receiving protection. After five years, employment of refugees over 40 stands at 23%, whereas 56% of young adults are employed.

With respect to nationality, Iranian refugees stand out for having the highest employment rates. This is due to Iranian women, whose employment rates are more than twice as high as the average female employment rate in the sample. Afghan refugees fare comparably well in the first years on the labour market despite many possessing only very low levels of formal schooling (Buber-Enser et al., 2016). Refugees from Syria have below average employment rates in the first two years, which might be partly due to their somewhat shorter asylum procedures. Refugees from Russia show the least labour market attachment. Among them the share of females is highest with 53%. For the other groups the share never exceeds 33%.

The length of the asylum procedure measured as the period of full basic subsistence support is positively associated with employment rates after labour market entry. Many refugees succeed in using the time of the asylum procedure for learning the language, albeit having only limited access to formal language courses. Also, some establish social ties to natives during the asylum procedure. In contrast, very short asylum procedures leave people relatively unprepared for the labour market. In the appendix, Table 6 shows average monthly gross wages for refugees in the first five years in Austria depending on individual characteristics. After 12 months, employed refugees earn on average €1495 before taxes. Over time, both the share of refugees who is working and their earnings increase. After 5 years, on average, refugees earn €1,836. This is still below the average wage in Austria, which was €2,360 in 2016 (Herndler, 2020).

The main interest of the present study are differences in labour market outcomes for refugees across the Austrian federal states. After the first two years, employment rates are highest in Salzburg with 48% closely followed by Upper Austria, Tyrol and Vorarlberg with 44%. In contrast, in Vienna, employment stands at only 15% after two years. Given that more than 50% of all refugees live in Vienna two years after receiving protection, the average employment rate of refugees in Austria amounts to only 27%. In Vienna, the capital, the regional unemployment rate is roughly twice as high as in the rest of Austria. In addition, there is intense labour market competition from Eastern EU-member country commuters (Schiman, 2020). In contrast, in Salzburg and Tyrol the labour market is tight with lots of entry level jobs in the large tourism sectors in these states. Upper Austria has a strong industrial sector, which might account for the relative ease with which refugees enter the labour market in this state.

For this study, interviews with NGOs, an integration official and representatives of the public employment office were conducted. Table 2 gives an overview. In most Austrian states an NGO is designated to assist all refugees who have to exit the group accommodations for asylum seekers. I contacted these NGOs enquiring for interview partners. If there is no designated NGO, I addressed organisations or officials who are closely involved with assisting refugees and asylum seekers receiving basic subsistence support. Housing support structures in Vienna are not a focus of this study, but

Table 1: Employment rates over time

| | <i>employment after t months</i> | | | | |
|--|----------------------------------|---------------|---------------|---------------|---------------|
| | <i>t = 12</i> | <i>t = 24</i> | <i>t = 36</i> | <i>t = 48</i> | <i>t = 60</i> |
| Average | | | | | |
| av | 0.17 | 0.27 | 0.36 | 0.42 | 0.47 |
| Gender | | | | | |
| male | 0.21 | 0.34 | 0.44 | 0.51 | 0.55 |
| female | 0.05 | 0.08 | 0.12 | 0.13 | 0.16 |
| Age when exiting basic subsistence support | | | | | |
| 18-25 years | 0.21 | 0.34 | 0.44 | 0.50 | 0.56 |
| 26-40 years | 0.17 | 0.28 | 0.37 | 0.44 | 0.48 |
| 41-60 years | 0.08 | 0.13 | 0.18 | 0.22 | 0.23 |
| Nationality | | | | | |
| Syria | 0.11 | 0.23 | 0.35 | 0.42 | 0.47 |
| Afghanistan | 0.22 | 0.32 | 0.39 | 0.46 | 0.49 |
| Iraq | 0.19 | 0.27 | 0.34 | 0.39 | 0.42 |
| Iran | 0.22 | 0.34 | 0.41 | 0.47 | 0.54 |
| Somalia | 0.24 | 0.34 | 0.39 | 0.39 | 0.41 |
| Russia | 0.13 | 0.17 | 0.21 | 0.25 | 0.26 |
| Duration full basic subsistence support | | | | | |
| < 1 year | 0.08 | 0.18 | 0.29 | 0.38 | 0.43 |
| 1-2 years | 0.19 | 0.32 | 0.41 | 0.48 | 0.49 |
| 2-3 years | 0.27 | 0.36 | 0.47 | 0.57 | 0.60 |
| > 3 years | 0.29 | 0.42 | 0.55 | 0.60 | 0.61 |
| Family size | | | | | |
| Single | 0.21 | 0.33 | 0.42 | 0.49 | 0.53 |
| Couple, no children | 0.12 | 0.25 | 0.35 | 0.43 | 0.47 |
| 1-3 children | 0.11 | 0.20 | 0.28 | 0.34 | 0.39 |
| > 3 children | 0.09 | 0.18 | 0.23 | 0.30 | 0.34 |
| Fed. State | | | | | |
| Burgenland | 0.17 | 0.29 | 0.38 | 0.53 | 0.63 |
| Carinthia | 0.20 | 0.33 | 0.42 | 0.50 | 0.55 |
| Lower Austria | 0.15 | 0.30 | 0.43 | 0.52 | 0.62 |
| Upper Austria | 0.30 | 0.44 | 0.52 | 0.62 | 0.65 |
| Salzburg | 0.37 | 0.48 | 0.56 | 0.60 | 0.62 |
| Styria | 0.20 | 0.30 | 0.39 | 0.47 | 0.53 |
| Tyrol | 0.29 | 0.44 | 0.55 | 0.62 | 0.64 |
| Vorarlberg | 0.28 | 0.44 | 0.54 | 0.63 | 0.64 |
| Vienna | 0.07 | 0.15 | 0.22 | 0.29 | 0.34 |
| N | 49566 | 45385 | 37934 | 27811 | 16019 |

Employment rates over characteristics. Time since exiting full basic subsistence support (FBSS) for refugees. FBSS exit from 2012 to 2018, employment outcomes are observed until December 2019.

representatives of the public employment service in Vienna were interviewed to complement the study.

Most of the interviews took place in May 2021. The main objective was to gather factual information on Austrian institutions and administrative practices and their evolvement in the study period. Personal views and perceptions of the interviewees are represented if they contribute to the understanding of the issue at hand. A first draft was sent to the interview partners asking for comments. This led to a round of follow-up talks and interviews to clarify open questions. Also, additional experts

| Code | State | Organization | Date | Nr of interview partners |
|---------------------|---------------|---|-------------|--------------------------|
| <i>First round</i> | | | | |
| I-B | Burgenland | Integration office of the provincial government | May 2021 | 1 Person |
| I-K1 | Carinthia | Caritas | May 2021 | 1 Person |
| I-LA1 | Lower Austria | Diakonie | Nov. 2019 | 2 Persons |
| I-UA1 | Upper Austria | Volkshilfe | Nov. 2019 | 3 Persons |
| I-Sa | Salzburg | Diakonie | May 2021 | 1 Person |
| I-St | Styria | Caritas | May 2021 | 2 Persons |
| I-T1 | Tyrol | Diakonie | Sept. 2019 | 1 Person |
| I-Vo1 | Vorarlberg | Caritas | May 2021 | 2 Persons |
| I-Vi1 | Vienna | Public Employment Service (PES) | May 2021 | 1 Person |
| <i>Second round</i> | | | | |
| I-K2 | Carinthia | Caritas | June 2021 | 1 Person |
| I-K3 | Carinthia | Diakonie | June 2021 | 1 Person |
| I-LA2 | Lower Austria | Diakonie | July 2021 | 1 Person |
| I-LA3 | Lower Austria | Diakonie | July 2021 | 1 Person |
| I-UA2 | Upper Austria | Caritas | Sept. 2021 | 1 Person |
| I-T2 | Tyrol | TSD | August 2021 | 1 Person |
| I-T3 | Tyrol | Caritas | Sept. 2021 | 1 Person |
| I-Vo2 | Vorarlberg | Caritas | July 2021 | 1 Person |
| I-Vi2 | Vienna | PES | July 2021 | 1 Person |

Table 2: Interview partners

who often represented different organisations were contacted to gain a more comprehensive picture of the institutional support structures in the different federal states.

5 Housing support structures in the Austrian Federal States

To obtain housing refugees in Austria are expected to display high levels of agency right after receiving protection (Verwiebe et al., 2019). But, as our interview partners observed, they are ill-equipped for this task: *From a passive role they have to change to a hyperactive role.* [I-St] Whereas during the asylum procedure refugees are not allowed to work and their access to formal German courses is limited, once they receive protection they are supposed to find housing within four months, attend language courses and find a job quickly. But they face significant barriers: Housing is expensive and landlords are reluctant to rent to anyone whose only source of income is social assistance. In rural areas, where housing is more affordable, mobility presents a huge challenge, as most refugees do not have a driver’s licence (nor a car). In addition, refugees’ household structure with many large families on the one side and many single households on the other complicate refugees’ search for housing.

Based on the interviews, the study identifies different support measures that enable refugees to meet their housing needs in the assigned region. It establishes a dichotomy of housing support with measures to promote the search process on the one hand and institutional settings on the other. This will be used to classify the extent of housing support in the federal states in Section 6.

5.1 Support for the housing search process

Assistance with the housing search process is necessary for refugees to overcome barriers to housing entry. Ideally, this is provided by sufficiently funded NGOs with a mandate to help all refugees. In their absence volunteers might step in and support some refugees but inevitably some will be left out.

5.1.1 Charitable organizations/NGOs

Charitable organizations, i.e. NGOs, play a crucial role in assisting refugees who are looking for their first apartment. They provide information on the workings of the housing market and guide people through the search process.

An NGO social worker in Tyrol explains her work as follows:

People come to us. They get tips on how to look for an apartment. [...] So we give appointments and say, bring advertisements, and then we contact them together. So you teach them how to do that. We also do viewing appointments together. And how to do it, so that there are no seven of you showing up, that you don't come too late, so very basic. [I-T1]

The NGO follows a philosophy of empowerment, helping refugees to "help themselves" and learn how to confront the challenges posed by the housing market. For some, it is necessary to provide assistance even with small steps, and so social workers check whether a client has an email address and whether she is familiar with web search. In Vorarlberg, when the number of house seeking refugees with a recognised protection status increased drastically, Caritas started offering courses on how to search for an apartment. In contrast, in some other states, e.g. Salzburg, Styria and Upper Austria, NGOs search for suitable housing and only involve refugees at the end of the process, when refugees are presented with a flat and asked to sign a rental contract. While on the one hand more efficient, this approach also entails problems, if, for instance, refugees who lack information and experience regarding the housing market find that the flats the NGOs can offer do not meet their expectations. As will be detailed in section 5.2.1 in Tyrol and Vorarlberg, refugees have more time to search for housing than in other states and thus a 'help to help themselves' approach is feasible.

Several interview partners also stressed the importance of their role in overcoming communication barriers and alleviating fears of the proprietors. They thus function as bridges between refugees and proprietors (see Adam et al., 2019).

So, people call a landlord and get a cancellation. Then we call again and explain the situation, then we get at least a viewing appointment. [I-St]

Often, NGOs also take over the rental contract and function as official tenants, if the landlords are hesitant to accept refugees as renters. Thus, they help refugees overcome barriers on the housing market related to discrimination.

We mediate [rental contracts] and we also rent. We mediate wherever possible and where the landlords are willing to conclude a rental agreement directly with the refugees. But if you are concerned that the money will come regularly, then we can come in as tenants. In 2017 we rented over 100 apartments. [I-T1]

In Tyrol and Salzburg, Diakonie manages a number of flats for refugees functioning as primary tenant. In Vorarlberg, Caritas is the primary tenant for most flats that serve as accommodations for asylum seekers and refugees in the first two years post-recognition. Usually, the aim is to eventually

hand over the tenancy to the refugees, or help them move to another flat where they are the official tenants.

NGOs operate within administrative and financial constraints. Thus, they can often only provide services to certain specified groups. Funding is often limited to support asylees and the subsidiary protected, whereas refugees with a humanitarian leave to remain go without⁴. In addition, NGOs only provide services to refugees who were assigned to the state for basic subsistence support, whereas those moving into a state on their own accord are excluded. In Lower Austria, where Diakonie provides starter flats in two districts, the rules for admission into these flats set out by the provincial government are especially restrictive. Refugee families in precarious private housing, refugee women who are separating from their husbands or refugees who tried to find adequate housing in Vienna but failed are all unable to access the starter flats in Lower Austria.

Due to the great number of refugees arriving in 2015 refugee integration took centre stage and policy makers at the state, federal and EU level increased funding for integration projects. This enabled NGOs to initiate new projects. So, for instance, in Styria, Caritas started a project to support house seeking refugees in the post-recognition phase in 2015. Over time, the project increased in size and comprehensiveness and by now, in 2021, most refugees who receive protection in the state are able to obtain housing with the help of Caritas. Austria also receives funding via the Asylum, Migration and Integration Fund (AMIF) of the EU, which comes with its own bureaucratic hurdles as projects need to exceed a minimum threshold size. In small states, there are not enough refugees to justify the creation of an AMIF-funded project.

5.1.2 Volunteers

Volunteers play a crucial role, often filling the gaps where institutional support falls short. They are often well connected in their local communities and well aware of housing opportunities. The interview partner in Burgenland stressed the importance of volunteers for finding housing:

But we mustn't neglect the network of volunteers either. In 2015/2016 it was really such a strong safety net for so many people. I am really proud of the people of Burgenland. A lot of friendships developed there. [I-B]

Before the so-called refugee crisis in 2015, many of the interviewed professionals perceived refugees to be living on the margins of society with few contacts to natives. But in the wake of the crisis, refugees and refugee integration assumed centre stage in the public discourse and many people wanted to help and support the newly arriving refugees. All throughout Austria, volunteers stepped up and played an important role in all aspects of refugee integration (Verwiebe et al., 2019; Aigner, 2019). To describe this movement the term "Welcome Culture" was coined (Trauner and Turton, 2017).

The role of volunteers is strongest, where there is little institutionalised support, i.e. an NGO in charge of obtaining housing. Thus, the role of volunteers for refugees' housing search was stressed by interview partners in Burgenland and Carinthia. They seem to play only a minor role in Tyrol and Vorarlberg.

Volunteers also struggle with the many structural barriers for housing access for refugees.

Looking for an apartment is very time-consuming, and many volunteers are still working or studying. Those who are retired take care of many families, and they often get quite overburdened because they are very much involved [I-K1]

⁴Roughly 7% of recognised refugees from 2014-2018 (BMI, 2020)

Dealing with landlords who are unwilling to rent to refugees or scouring online platforms for apartments that are cheap enough, big enough and sufficiently close to public transport is difficult.

Volunteer support is not comprehensive as not all refugees have access to volunteers. In particular, if asylum procedures are very short, refugees are unlikely to have established social ties to potential volunteers.

5.2 Institutional settings

Institutional settings shape refugee’s transition into regular housing. Whereas legal provisions govern refugees’ entitlement to certain support measures, (welfare benefits, social housing), administrative practices determine refugees’ experiences in accessing support at the local level.

5.2.1 The four months rule

Four months after receiving protection asylees lose their entitlement to basic subsistence support and thus to accommodation in a refugee facility. How strictly this rule is enforced differs across states. In most federal states, it is not possible to remain in the facilities for asylum seekers. In practice, this means that even if a person did not find a new accommodation, and thus risks becoming homeless if forced to leave, a facility operator who permits the person to overstay will no longer receive any funding for this person:

After 4 months people have to leave basic subsistence support, or, so to say, we do not get any money for them any longer. If they stay [in the facilities for asylum seekers], the facility operators, i.e. the NGOs, have to assume the costs. [I-UA1]

For those housed in facilities managed by the private sector overstaying is especially difficult. In a worst-case scenario, refugees have to be temporarily accommodated in homeless shelters.

In contrast, in Tyrol and Vorarlberg administrative practices are more lenient towards refugees. In Tyrol, refugees are generally allowed to remain in the camps until they have found suitable housing.

Well, they are being told that they have to move out, but because there are few new asylum claims and the refugee facilities aren’t exactly overcrowded, and there is room, one gives them time until they have a housing alternative. So, it never happened to me that one of [my clients] was having to leave in all these years. [I-T1]

In Vorarlberg, every newly recognised refugee is offered a special contract of use for the place she or he has been living in as asylum seeker ensuring a smooth transition out of basic subsistence support. In Salzburg, the NGO Diakonie is charged with making one adequate offer for housing to every asylee within the four months period.

A joint approach towards housing for asylum seekers and refugees who were just granted protection can be advantageous and increase efficiency. In Tyrol and Vorarlberg, the reuse of accommodations of asylum seekers for recently recognised refugees is actively encouraged. Since 2017 officials in Tyrol may assign homeless welfare applicants to housing in refugee accommodations. In Vorarlberg, limits on rental support for single refugees in the first two years after receiving protection were enacted, to encourage them to stay in the cheaper refugee accommodations. This serves as a *“break to decelerate moves out of refugee accommodations”* [I-Vo1]. A precondition for such approaches to work is decent housing for asylum seekers and access to welfare benefits for those staying in the refugee accommodations.

5.2.2 Monetary assistance

In Austria, the social safety net of last resort, minimum income support, is administered by the federal states according to a contract between the federal government and the states (Bedarfsorientierte Mindestsicherung - Art. 15a B-VG, 2010). Section 3 gives an overview regarding levels and structure of minimum income support. While setting some guidelines, it leaves considerable leeway to the states to design and implement policies. This has been felt most strongly by the subsidiary protected, whose access to minimum income support has been restricted in Salzburg, Styria, Burgenland and since April 2016 in Lower Austria. They continue to have access to basic subsistence support and may remain in the group accommodations. However, a transition into regular private housing is not possible as monetary benefits via basic subsistence support are insufficient for paying rent. The patchwork nature of benefits for the subsidiary protected incentivises and increases internal mobility of this group (Dellinger and Huber, 2021).

Administrative practices regarding mutual excludability of basic subsistence support and minimum income support either facilitate or complicate refugees' transition. In some states, refugees have to exit basic subsistence support in order to be able to claim minimum income support, which leaves people without money at a time when they have to move, pay a deposit, a first rent and get some furniture. In addition, in the state of Salzburg, refugees who live in a group accommodation for asylum seekers and find work have a limit of €110 on earnings for single households. If they earn more they have to leave the accommodations. This is especially dire for the subsidiary protected, who have no access to minimum income support in Salzburg, but also cannot start to work and save any money (for instance for paying a deposit) while living in the group accommodations for asylum seekers.

Administrative practices governing the accessibility of minimum income support may act as facilitators for refugees' housing entry. An important and often overlooked factor is the treatment of people living in shared flats. In all states but Vienna single adults who share a flat are treated as one household, and thus, every person within the flat only receives roughly 75% of minimum income support. This administrative practice prevents NGOs from placing welfare dependent refugees in shared flats:

If people work, we support them if they move into a shared flat. But if they receive welfare benefits, then this reduces their income by a lot. This leads into a poverty trap. [I-St]

In Upper Austria, if two adult refugees share a flat and one of them finds a job while the other does not, the welfare benefits of the one who does not have a job will be cut. The authorities argue that their shared household income has now increased and the one who is working should provide for the other. While for young single adult refugees living in shared flats would help overcome barriers of the housing market, this administrative practice limits ethnic community based housing entry pathways in most of Austria.

In 2019, a new federal law at the Austrian level was introduced replacing minimum income support with *Sozialhilfe neu*, which translates as "New social assistance". The states were given time until 2021 to implement this new system, so at the time of writing implementation is under way. The most drastic change affects the subsidiary protected who shall lose access to minimum income support everywhere. Going forward, they will only be granted basic subsistence support, i.e. the benefits for asylum seekers. In Vorarlberg, where the subsidiary protected have hitherto been receiving minimum income support, the state will continue to cover rental costs for the subsidiary protected but living expenses will be reduced to the level of basic subsistence support. In Tyrol and Vienna, the state governments refuse to implement the new law. In Styria, the subsidiary protected have hitherto been able to accede minimum income support after they had started to work. This was important for

refugee apprentices or large families with just one parent working. While an overall assessment is not possible at the moment, it is clear that the uneven implementation and administrative hurdles now popping up will also affect refugees' housing integration, location choice and employment outcomes.

5.2.3 Access to social housing

For asylees, accessing social housing is difficult. While in theory their legal access is guaranteed, due to wait time requirements social housing is usually no option for refugees at the moment when they have to exit the refugee accommodations (see also Aigner, 2019). In Salzburg, in order to access social housing a person is required to have lived in a given municipality for at least five years. For refugees in precarious housing, this imposes long waiting periods and limits mobility within Salzburg, while, at the same time, employers in rural Salzburg are continually on the look out for people to fill seasonal jobs in tourism. In Upper Austria, where there is no shortage of social housing, policy makers and administrators are reluctant to let refugees accede social housing. The interview partners consider this unfortunate, as jobs for refugees in Upper Austria are plentiful. In contrast, in Vorarlberg, refugees are a special focus group for social housing. In the aftermath of the refugee crisis in 2015, social housing in Vorarlberg was expanded and refugees' access to social housing was facilitated. Vorarlberg is the only state, where the subsidiary protected have equal access to social housing. A new social housing program was initiated called *Wohnen 500*, where new low cost flats with 60 square meters and a rent of no more than €500 per month are built. A third of these flats are dedicated to refugees. Another initiative to increase the stock of affordable housing in Vorarlberg is *Sicher vermieten*, which translates as "rent out safely". The provincial government offers property owners guarantees and administrative support if they rent out their properties below market value. This host of policies in Vorarlberg have even enabled some refugees to directly move from a refugee accommodation into social housing.

6 Housing support and location choice

The level of housing support in the states is an important factor explaining the post-recognition relocation patterns of refugees in Austria. To see this, let us consider the situation of refugees who have to search for housing on their own. In principle, they could obtain housing on the private rental market and if they have access to minimum income support, they have the means to pay for rent. However, search efficacy of refugees is impeded by their limited language skills and lack of knowledge about the housing market. More problematic still, most private landlords are highly reluctant to rent to refugees, in particular if their only income source are welfare benefits. Exceptions to the rule might either be private property owners who rent to refugees for humanitarian motives - a group which is hard to find - or proprietors of ramshackle housing who would have a hard time finding other renters:

In urban areas there are some landlords who are obviously exploiting refugees and are demanding excessive rents. E.g. substandard housing for standard prices and so on. [I-N]

To overcome the entry barriers on the private housing market, refugees seek help from their ethnic communities (Francis and Hiebert, 2014; Flatau et al., 2015; Carter and Osborne, 2009; Aigner, 2016; Kohlbacher, 2020). As the community is mostly found in urban centres in Austria this induces relocations from rural to urban regions, in particular to Vienna, the capital and only metropolitan area of Austria. On the one hand, Vienna is home to large migrant communities. On the other hand, administrative practices in the other states limit ethnic community based housing entry pathways as discussed in section 5.2.2.

However, there are also many other factors that influence refugees' location choice beyond the issue of housing support. For instance, refugees originating from large cities like Damascus, Aleppo or Kabul might prefer living in a metropolitan area, and thus be more inclined to move to Vienna. In addition, refugees with higher education might want to move to Vienna in order to have their educational credentials recognised or to pursue further studies. Most of the specialised support programs that assist with the accreditation process are situated in Vienna.

Location choices are also related to a person's family status.

I can basically divide them into two groups. If they are families, they are more likely to stay in Burgenland after receiving the positive decision. If they are singles, whether men or women, they tend to leave. [I-B]

In several states, the interview partners observed that out-mobility was especially high among the large group of single men. Not unlike young natives, this group might simply have a preference for living in a big city. At the same time, if resources are limited, resources are directed to the most vulnerable (Brown, 2014; Aigner, 2019). In a refugee context, vulnerable and deserving families with small children, unaccompanied minors or single women are often juxtaposed with single adult men (Smith and Waite, 2019). In Austria, state officials even have a monetary interest in preventing homelessness or extremely precarious living conditions of children, as the youth welfare office is obliged to take custody of kids who are homeless and third party care for children is very expensive.

If single refugee men are more mobile due to a preference for living in cities, single men will be more mobile than refugee families regardless of the level of housing support. In contrast, if the primary reason for single men's heightened mobility is a lack of housing support, then expanding housing support should reduce the mobility differential between single men and refugee families.

To analyse this question, it is necessary to classify the different states according to the level of housing support they provide. Table 3 gives an overview.

Vorarlberg and Tyrol are the two states where housing support is highest as there is strong NGO support for the search process and the institutional settings facilitate a smooth transition into regular housing. Only in these two states all refugees can remain in the accommodations for asylum seekers for as long as necessary. Regulations regarding welfare benefits are also advantageous for refugees as those remaining in the accommodations receive regular welfare benefits.

In Salzburg, Upper Austria and, since 2015 in Styria, NGOs are in charge of providing housing to all asylees. The interviewed NGO social workers emphasised that for the most part, housing can be obtained for all asylees who want to stay and do not have unrealistic expectations regarding the quality of housing available. The situation for the subsidiary protected is more complicated as their access to welfare benefits is more limited and they often only receive basic subsistence support. Thus, they either remain in the accommodations for asylum seekers until they have found employment or leave the state. Also, in Upper Austria, a welfare benefit reform reduced the benefit levels for some asylees between mid-2016 and 2018 (Oö. Mindestsicherungsgesetz-Novelle, 2016). These states where support for the search process is strong for the majority of refugees, but facilitating institutions are lacking (for some more than for others) are classified as mixed.

Finally, in Lower Austria, Carinthia and Burgenland housing support is classified as low. In Carinthia and Burgenland, no NGO is in charge of housing for recognised refugees. In Lower Austria an NGO provides starter flats for families, but this service is only available in three (since 2018 two) out of 24 districts and only reaches a small share of refugees in need. In addition, institutions often act as inhibitors of housing. There is little leniency towards refugees who might need to overstay in group accommodations for asylum seekers and welfare benefits have been repeatedly cut or restricted

| States | Strong Vorarlberg Tyrol | Mixed Salzburg Styria Upper Austria | Low Burgenland Lower Austria Carinthia |
|---|--------------------------------------|---|--|
| Policies | | | |
| – NGOs with mandate to help everyone with housing search | Yes | Yes | No |
| – Option to remain in accommodation longer than 4 months after getting protection | Yes | No | No |
| Welfare benefits: | | | |
| – Regular welfare benefits for refugees in accommodations | Yes | No | No (C yes) |
| – Regular welfare benefits for subsidiary protected | Yes | No | No (C yes) |
| – Welfare benefits for asylees as for natives throughout - no temporary cuts | Yes | Yes (UA no) | No (C yes) |

Table 3: Housing support policies by support region

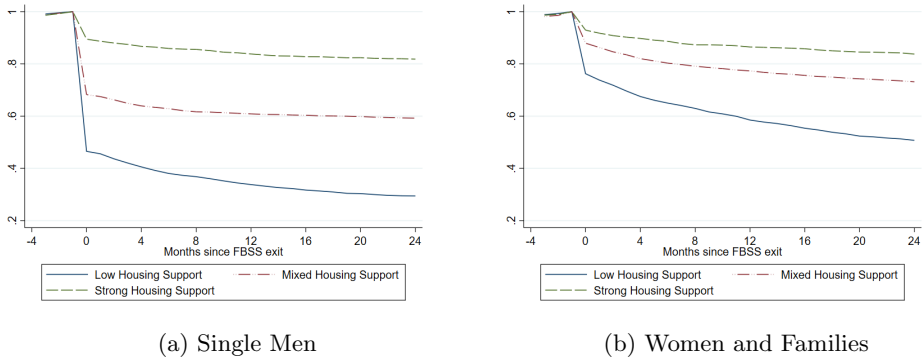


Figure 1: Fraction of refugees remaining in an assigned state in the first 2 years after exiting full basic subsistence support (FBSS)

in Lower Austria and Burgenland. The classification prioritises NGO support over welfare benefit availability. In Carinthia, welfare benefit provisions for the subsidiary protected are more akin to the strong housing support states but as NGO support is lacking Carinthia falls into the 'low' category.

Figure 1 shows the fraction of refugees who remain in their assigned state each month in the first two years after exiting full basic subsistence support (FBSS) by housing support region and family status. Mobility across federal states is concentrated in the months immediately after refugees exit FBSS and there are stark differences across housing support regions. On average from 2012 to 2019, in states where housing support was low, 42% of all refugees left in the first three months after exiting FBSS. In the mixed and strong housing support states 24% and 10% left, respectively. Refugee families and single women show far lower initial mobility when exiting FBSS.

For assessing the influence of housing support on location choice, it is most interesting to focus on the differences in mobility patterns between different groups that have varying levels of access to housing support. To do so I run a spatial Diff-in-Diff regression on a sample of refugee men of working

age. The dependent variable $M_{ij,t}^{out}$ is a binary variable for whether a person i leaves the assigned state j in the first three months after exiting full basic subsistence support (FBSS). The main regressors are H_{jt} , year and housing region fixed effects, family status $single_i$, that measures whether a person is single when exiting FBSS, and the interaction between single status and low or mixed housing support regions, $H_{mix} \cdot single_i$ and $H_{low} \cdot single_i$. The coefficients β_1 and β_2 on these interaction terms measure the average treatment effect on treated (ATET) we are interested in. Further controls comprise individual characteristics X_i (age group, nationality and duration of full basic subsistence support), month fixed effects q_m and each state’s monthly unemployment rate u_{jt} .

$$M_{ij}^{out} = \beta_0 + \beta_1 H_{mix} \cdot single_i + \beta_2 H_{low} \cdot single_i + H_{jt} + single_i + X_i' \beta + u_{jt}' \delta + q_m + \epsilon_{ij} \quad (1)$$

The regression results, which are shown in the first column of Table 4, can be interpreted as follows: As the coefficient on $single_i$ is insignificant and small, being single in the baseline strong housing support states does not affect refugees’ location choice. In contrast, the interaction terms between single and the low and mixed housing support regions is positive and highly significant. Thus, in the low and mixed housing support states, being single increases out-mobility by 20 and 12 pp., respectively, all else equal. The effect is causal if we assume that the observed difference in mobility rates in the strong housing support states is indicative of what we would have observed in a counterfactual scenario wherein refugee families and singles enjoy the same level of access to housing support within each state. Based on this assumption the results indicate that single men’s excess mobility results from a lack of housing support.

7 Assessing the impact of housing support on refugees’ labour market integration

The overarching question of this study is the role of housing support for refugees’ early labour market integration. In Austria, a refugee’s assigned state has a huge impact on her subsequent employment integration trajectory. This is shown in Table 7 in the appendix. On average, being assigned to a strong housing support state is associated with 5 to 10 pp. higher employment rates in the first four years with assignment to a low housing support state serving as the baseline. The effect is measured by regressing employment status on a dummy for the housing support region, the assigned state’s monthly unemployment rate, time fixed effects and refugees individual characteristics. Also, refugees’ wages in the high housing support states are on average 200 € higher. While instructive, this finding on its own is insufficient to establish whether housing support indeed has a causal effect for labour market integration in Austria or whether it just so happens that housing support is good in regions with tight labour markets.

To answer this question, this study compares the employment outcomes of refugee men that are either single or living with their families when exiting full basic subsistence support. As discussed in the last section, only in the strong housing support states both groups have access to the same level of housing support and both groups are roughly equally likely to stay. In the other states, single men are often last in line to receive housing support and they are more likely to leave an assigned state and move to Vienna.

This study regresses refugee men’s employment status Y_{it}^{empl} 12 months after exiting full basic

Table 4: The impact of low housing support for single men on out-mobility and employment

| | (1) | (2) | (3) | (4) |
|--------------------------|----------------------|-------------------------|----------------------|-------------------------|
| | Out-mobility | Employment | Out-mobility | Employment |
| Unemployment Rate | 0.0337** (0.0105) | -0.0212*** (0.00444) | 0.0330** (0.0101) | -0.0213*** (0.00434) |
| $Single_i$ | 0.0105 (0.0276) | 0.0633** (0.0194) | 0.00990 (0.0245) | 0.0681*** (0.0188) |
| $Single_i \cdot H_{low}$ | 0.205*** (0.0454) | -0.0574** (0.0213) | 0.208*** (0.0435) | -0.0676** (0.0207) |
| $Single_i \cdot H_{mix}$ | 0.117** (0.0392) | -0.0314 (0.0249) | 0.118** (0.0360) | -0.0399 (0.0246) |
| N | 26604 | 26617 | 29565 | 29578 |

Clustered standard errors in parentheses * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$
Observations from 2012 to 2019. Each column shows the results from a linear probability model with employment status or location choice as dependent variable. Further controls include region-year and month fixed effects and individual characteristics: nationality, age group and duration of FBSS. Columns 1 and 2 are calculated with the main sample, columns 3 and 4 are based on an alternative sample which includes observations of those who moved more than once during FBSS (see also Section 4). Clusters are based on year, nationality and state interactions to capture peer-group effects. Source ASSD.

subsistence support on a region-time fixed effect H_{jt} , single status $single_i$ as observed at the moment of exiting FBSS and the interaction between low and mixed housing support regions and single status. The regression essentially replicates equation 1 but replaces out-mobility with employment. Further controls are individual characteristics X_i (age group, nationality and duration of full basic subsistence support), each state's monthly unemployment rate and month fixed effects.

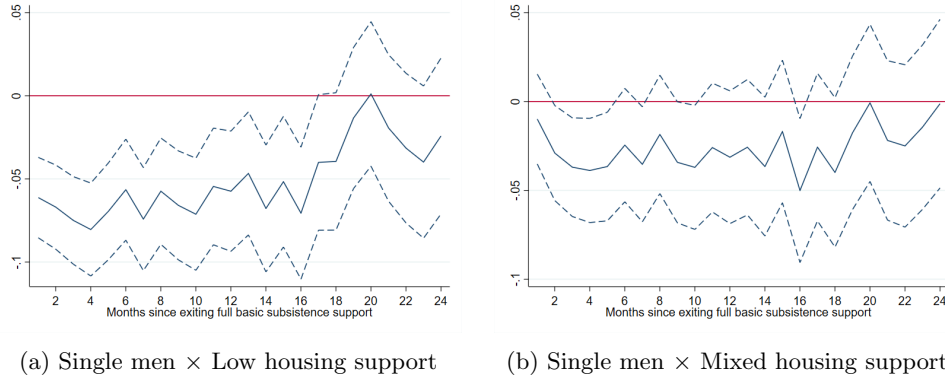
$$Y_{it}^{empl} = H_{jt} + Single_i + \beta_1 Single_i \cdot H_{low} + \beta_2 Single_i \cdot H_{mix} + q_m + X_i' \beta + u_{jt} + \epsilon_{ij} \quad (2)$$

The coefficients on the interaction terms between housing support region and single status capture the effect of worse housing access for single men.

The regression results are displayed in Table 4. As the high housing support states serve as baseline for the estimation, the term $single_i$ captures the difference between the employment outcomes for singles and men with families in the high housing support states. It is highly significant and amounts to 6.3 pp. In contrast, being a single refugee man assigned to a low housing support state decreases the expected employment propensity by 5.7 pp. If we are willing to make the aforementioned assumptions, this pattern is evidence for a causal effect of housing support on refugees' employment outcomes in Austria. These results were calculated while controlling for the assigned state's unemployment rate which also has a strong effect on refugees' expected employment propensity. In line with previous research (see also Azlor et al., 2020), I find that a 1 pp. increase of the unemployment rate in the assigned state leads to a decline of the expected employment propensity by 2.1 pp.

Next, I re-estimate Equation 2 for each month in the first two years after refugees exit full basic subsistence support to calculate a dynamic treatment effect. The interaction term of interest, $Single_i \times H_{low}$, has a significant negative effect on the employment propensity of refugees for the first 16 months after exiting basic subsistence support. Afterwards, the effect becomes insignificant. For single men in mixed housing support states, the interaction term of interest $Single_i \times H_{mix}$ is mostly negative but only sporadically significant. These results are shown in Figure 2. To assess the robustness of the main results I conduct placebo tests for which the housing support level and the resulting treatment status

Figure 2: Effect of a Lack of Housing Support on Employment



Lines connect the coefficients on $Single_i \times H_{low}$ on the left and $Single_i \times H_{mix}$ on the right from Equation 2 estimated in separate regressions for each month after FBSS exit. 95% Confidence intervals are shown. Period 2012 - 2019. Source ASSD.

| | Single Men | | | Men with Family | | |
|-------------------------------|------------|-----------------|--------|-----------------|-----------------|--------|
| | In % | Employment Rate | | In % | Employment Rate | |
| Low Housing Support | | | | | | |
| Stayers | 2,989 | 36.9 % | 20.8 % | 1,504 | 64.4 % | 14.8 % |
| Movers | 5,100 | 63.0 % | 10.5 % | 825 | 35.3 % | 7.4 % |
| Total | 8,099 | | 14.3 % | 2,336 | | 12.3 % |
| Mixed Housing Support | | | | | | |
| Stayers | 6,153 | 62.4 % | 35.1 % | 2,124 | 81.7 % | 25.9 % |
| Movers | 3,705 | 37.6 % | 12.8 % | 474 | 18.2 % | 9.9 % |
| Total | 9,862 | | 26.7 % | 2,599 | | 23.0 % |
| Strong Housing Support | | | | | | |
| Stayers | 2,899 | 86.2 % | 34.9 % | 733 | 89.2 % | 25.2 % |
| Movers | 458 | 13.6 % | 16.8 % | 87 | 10.6 % | 14.9 % |
| Total | 3,365 | | 32.5 % | 822 | | 24.1 % |

The table shows employment outcomes of refugee men 12 months after exiting full basic subsistence support depending on their assigned region and on whether they leave or stay. Source ASSD.

Table 5: Employment and Mobility outcomes

is randomly assigned shown in Table 9. As expected the placebo tests fail to identify any effects.

Table 5 provides some further insights. Here, the sample of refugee men is broken down according to assigned region, family status, and whether people leave or stay in their assigned state. For each of the subgroups the employment rates are also shown. For all groups, employment rates of stayers are higher than of movers. At the same time, the share of refugees who stay in their assigned state increases with better housing support. For both movers and stayers across all states employment outcomes are consistently better for single men than for men with families. But single men are more likely to be movers, and this, in turn, hampers their employment integration.

Is the identified effect of housing support on employment causal? For this to be the case we have to assume that the difference in outcomes for single men and men with families in the high housing support states provides a counterfactual for the difference in outcomes in the low housing support

states if both groups had access to the same level of housing support there. Exogenous assignment of refugees to states makes this proposition more likely. Table 8 in the appendix shows characteristics of the two groups of refugee men that we compare in the different housing support regions.

However, the identified effect is specific to the Austrian context and emerges as the result of the interplay between mobility choices influenced by housing support and regional labour market disparities. Housing support enables single men, who are on average younger (29 vs. 36 years) and more flexible, to stay in job rich areas. Once they do so, they usually enjoy an advantage on the labour market and this contributes to a positive effect of housing support on refugees' labour market integration.

8 Conclusion

This study shows the importance of housing support for refugees' labour market integration. Housing support in this study is understood to be multifaceted and complex, its level depending on multiple state and civil society actors, legal institutions and administrative practices.

Austria presents a unique setting for studying the impact of housing support on refugees' labour market outcomes. Housing support structures in the federal states differ widely, with some states being closer to the comprehensive support structures found in many Scandinavian countries whereas others offer very little support, thus resembling the approach to refugee housing often seen in Southern Europe. In addition, refugee populations in the Austrian states are well comparable as they were assigned to a state via an administrative procedure that aims for equal distribution and on which they have no influence. To account for regional economic conditions, the study focuses on a comparison of single refugee men and men with families assigned to the same region. Where housing support is limited, single refugee men have worse access to support than families. In contrast, in strong housing support states both groups receive good support.

In low and mixed housing support states, single men are 20 and 12 pp. more likely to leave than men with families, respectively, but in strong housing support states, both groups leave at roughly equal rates. In the first 16 months after exiting full basic subsistence support single men assigned to low housing support states experience significantly lower employment rates due to their worse access to housing.

Effective housing support includes both institutions that facilitate the housing transition and active support for the search process. This study highlights the importance of active support as provided by specialised NGOs. Even if welfare benefits are available, refugees who are thrust into the housing market might not be able to cope with the markets' exigencies on their own. Without help refugees in Austria resort to ethnic community based housing entry pathways as a coping mechanism, but this has negative side effects on their labour market integration. Ethnic communities are mostly situated in Vienna, where unemployment rates are roughly twice as high as in the rest of the country. In addition, administrative practices regarding the housing transition and welfare benefits further encourage moves to Vienna.

There is ample scope for policy makers to address both housing support and labour market integration jointly. Besides offering language courses and training, making sure that refugees enjoy the option to live in regions where their labour is in demand will greatly improve their early labour market outcomes.

In the specific Austrian context, the easiest way to improve housing provision for refugees in all of Austria would be to allow refugees to remain in the group accommodations for asylum seekers after

they receive protection. If, in addition, refugees are allowed to receive (parts of) social assistance while living in these accommodations, (as is already the case in Tyrol, Vorarlberg and parts of Carinthia), this would greatly alleviate the pressure on house-seeking refugees. Their location choices would no longer be constrained by the threat of becoming homeless and they could thus place greater emphasis on their individual job prospects and educational goals.

Integration policies that jointly address the domains of housing and employment need to be based on solid analysis underpinned by data and informed by detailed understanding of local institutions as provided by practitioners. Such policies have huge potential to improve early integration outcomes for refugees in high income countries.

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A Appendix

Table 6: Monthly Gross Wages of the Employed

| | <i>Av. gross wages after t months</i> | | | | |
|-----------------|---------------------------------------|---------------|---------------|---------------|---------------|
| | <i>t = 12</i> | <i>t = 24</i> | <i>t = 36</i> | <i>t = 48</i> | <i>t = 60</i> |
| Average | | | | | |
| av | 1,494.56 | 1,638.23 | 1,733.19 | 1,809.80 | 1,836.20 |
| Gender | | | | | |
| male | 1,515.02 | 1,659.64 | 1,760.49 | 1,852.75 | 1,886.60 |
| female | 1,187.90 | 1,267.74 | 1,326.63 | 1,369.89 | 1,459.08 |
| Age | | | | | |
| 18-25 years | 1,364.42 | 1,533.22 | 1,662.88 | 1,777.57 | 1,824.08 |
| 26-40 years | 1,618.61 | 1,737.94 | 1,806.60 | 1,870.46 | 1,875.72 |
| 41-60 years | 1,425.79 | 1,524.28 | 1,584.21 | 1,561.83 | 1,576.62 |
| Nationality | | | | | |
| Syrian | 1,543.91 | 1,674.70 | 1,746.11 | 1,842.58 | 1,860.59 |
| Afghan | 1,433.15 | 1,594.78 | 1,731.31 | 1,814.58 | 1,826.29 |
| Iraqi | 1,514.60 | 1,653.87 | 1,711.70 | 1,757.23 | 1,843.18 |
| Iranian | 1,564.68 | 1,615.08 | 1,818.32 | 1,864.59 | 1,882.04 |
| Somali | 1,490.46 | 1,590.94 | 1,637.69 | 1,711.01 | 1,783.37 |
| Russian | 1,254.79 | 1,411.07 | 1,497.96 | 1,522.20 | 1,711.99 |
| Duration FBSS | | | | | |
| < 1 year | 1,403.89 | 1,581.00 | 1,707.04 | 1,774.15 | 1,815.12 |
| 1-2 years | 1,540.57 | 1,710.60 | 1,741.79 | 1,791.60 | 1,869.16 |
| 2-3 years | 1,479.34 | 1,609.75 | 1,752.76 | 1,918.95 | 1,887.47 |
| > 3 years | 1,568.83 | 1,717.83 | 1,860.16 | 1,938.09 | 2,095.00 |
| Family size | | | | | |
| Single | 1,481.59 | 1,641.95 | 1,746.55 | 1,839.25 | 1,873.49 |
| Couple, no kids | 1,547.43 | 1,668.67 | 1,771.94 | 1,858.66 | 1,893.93 |
| 1-3 kids | 1,488.72 | 1,612.18 | 1,691.64 | 1,723.58 | 1,815.49 |
| > 3 kids | 1,608.67 | 1,610.96 | 1,645.39 | 1,662.77 | 1,488.63 |
| Fed. State | | | | | |
| Burgenland | 1,253.72 | 1,388.14 | 1,590.10 | 1,858.63 | 1,607.71 |
| Carinthia | 1,456.25 | 1,572.99 | 1,665.23 | 1,766.67 | 1,752.10 |
| Lower Austria | 1,481.30 | 1,659.17 | 1,780.40 | 1,834.51 | 1,974.25 |
| Upper Austria | 1,496.77 | 1,656.93 | 1,812.02 | 1,930.37 | 1,895.24 |
| Salzburg | 1,556.98 | 1,704.37 | 1,758.57 | 1,796.69 | 1,791.76 |
| Styria | 1,458.93 | 1,685.95 | 1,796.89 | 1,894.94 | 1,952.37 |
| Tyrol | 1,667.73 | 1,837.68 | 1,911.41 | 1,902.83 | 2,015.84 |
| Vorarlberg | 1,760.48 | 2,053.66 | 2,182.16 | 2,418.78 | 2,431.67 |
| Vienna | 1,260.56 | 1,385.92 | 1,507.20 | 1,596.48 | 1,624.89 |
| N | 5,674 | 6,882 | 5,500 | 3,182 | 1,807 |

Monthly gross wages of the employed in the first five years in Austria. People whose income is below the level for which social insurance is mandatory are excluded. In 2018 this level was €438. Wage data for the years 2013 to 2018. Source ASSD.

Table 7: The effect of assignment to a high housing support state over time

| | (1) | (2) | (3) | (4) |
|------------------------|-------------------------|-------------------------|-------------------------|------------------------|
| | 12 months | 24 months | 36 months | 48 months |
| Mixed housing support | 0.0168*** (0.00501) | 0.0130 (0.00690) | 0.0221* (0.00905) | 0.0156 (0.0124) |
| Strong housing support | 0.0417*** (0.00670) | 0.0670*** (0.00883) | 0.0731*** (0.0114) | 0.0824*** (0.0159) |
| Unemployment rate | -0.0154*** (0.00155) | -0.0174*** (0.00217) | -0.0138*** (0.00290) | -0.0117** (0.00394) |
| <i>N</i> | 48311 | 40234 | 28915 | 16117 |

Robust standard errors in parentheses * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$
Observations from 2012 to 2019. Each column shows the results from a linear probability model.
The dependent variable is a dummy for a person's employment status. Further controls are
year and month fixed effects, individual characteristics: nationality, age group, gender, family
size and duration of the asylum procedure. Source ASSD.

| | (1) | (2) | (3) | (4) |
|------------------------------|---------------------|---------------------|---------------------|---------------------|
| | 12 months | 24 months | 36 months | 48 months |
| Mixed housing support states | 35.97 (34.56) | 35.21 (32.84) | 48.76 (37.37) | 37.69 (49.03) |
| High housing support states | 221.1*** (39.69) | 252.6*** (38.65) | 253.3*** (45.07) | 225.7*** (61.86) |
| Unemployment rate | -5.966 (9.392) | -13.91 (9.247) | -12.99 (10.92) | -30.61* (14.42) |
| <i>N</i> | 5453 | 6645 | 5152 | 2990 |

Robust standard errors in parentheses * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$
Observations from 2012 to 2018, 2019 is excluded. The dependent variable is the monthly gross
wage of the employed in €. Further controls are year and month fixed effects, individual char-
acteristics: nationality, age group, gender, family size and duration of the asylum procedure.
Source ASSD.

Table 8: Sample characteristics of refugee men

| | Single Men | Men with Family |
|------------------------|------------|-----------------|
| Low Housing Support | | |
| Share | 67.0 % | 33.0 % |
| Mean Age | 26.5 | 21.9 |
| Share Syrians | 43.5 % | 46.4 % |
| Share Afghans | 35.0 % | 33.7 % |
| Total | 9,141 | 4,504 |
| Mixed Housing Support | | |
| Share | 68.6 % | 31.4 % |
| Mean Age | 26.7 | 22.4 |
| Share Syrians | 45.0 % | 47.7 % |
| Share Afghans | 35.4 % | 34.6 % |
| Total | 10,886 | 4,985 |
| Strong Housing Support | | |
| Share | 69.9 % | 30.1 % |
| Mean Age | 26.8 | 22.6 |
| Share Syrians | 43.4 % | 54.8 % |
| Share Afghans | 28.0 % | 20.3 % |
| Total | 3,684 | 1,590 |

The table shows characteristics of the sample of refugee men by assigned region and family
status when exiting FBSS. Source ASSD.

Table 9: Placebo Tests

| | (1) | (2) | (3) | (4) |
|------------------------------------|------------------------|-------------------------|------------------------|-------------------------|
| | mout | employed | mout | employed |
| Unemployment rate | 0.0665*** (0.00631) | -0.0291*** (0.00274) | 0.0678*** (0.00627) | -0.0305*** (0.00280) |
| $Single_i$ | 0.136*** (0.0260) | 0.0298* (0.0118) | 0.137*** (0.0246) | 0.0275* (0.0112) |
| $Single_i \cdot H_{low}^{Placebo}$ | 0.0145 (0.0162) | 0.00280 (0.0155) | 0.0115 (0.0158) | -0.0000796 (0.0141) |
| $Single_i \cdot H_{mix}^{Placebo}$ | 0.00554 (0.0147) | -0.0103 (0.0148) | 0.00415 (0.0141) | -0.00831 (0.0135) |
| N | 26604 | 26617 | 29565 | 29578 |

Clustered standard errors in parentheses * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$
 Placebo tests for main results repeating calculations for Table 4. Housing support region is randomly assigned leading to random treatment. As expected, there is no effect. Source ASSD.

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Fanny Dellinger

Housing Support Policies and Refugees' Labor Market Integration in Austria

Abstract

Housing support is an important lever for promoting integration objectives with huge potential to improve refugees' early employment outcomes. This mixed-methods study is based on Austrian register data and interviews with NGO and government representatives. In Austria, asylum seekers are quasi-randomly assigned to federal states (Bundesländer). There, monetary assistance is similar for asylees but only some states offer further support with the housing search process. This study assesses the impact of housing support on refugees' location choice and early employment outcomes by comparing two groups of refugee men: singles and those with families. If housing support is limited, scarce resources are directed to the most vulnerable and single men are often left out. This makes them more likely to leave an assigned state and find shelter with the ethnic community. Whereas in states with strong housing support single men and families show roughly equal propensities to out-migrate, if support is low 63% of single men but only 35% of families leave. In the first year, employment rates of single men assigned to low housing support states are estimated to be 6 percentage points lower due to a lack of housing support.

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