



## Housing for the Common Good

### The Vienna Model of Social and Affordable Housing

ICTU Housing Ireland Conference „How we deliver the homes that people need“, Friday October 13, 2023

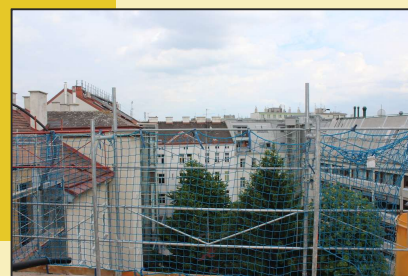
Michaela Kauer, Director, Brussels Liaison Office of the City of Vienna

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## Public benefits of affordable housing

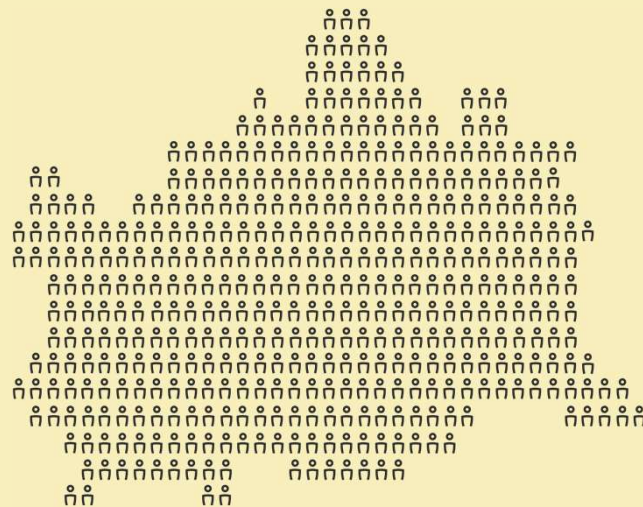
- ✓ Active planning and housing policy strategy
- ✓ Definition and securing of quality criteria in housing construction
- ✓ Social policy component, promotion of a socially sustainable city
- ✓ Rights based and participatory approach
- ✓ No segregation or “renovictions” due to gentle urban renewal
- ✓ Investment is securing of more than 20,000 jobs
- ✓ Boost for sustainable construction methods
- ✓ Focus on a healthy living environment
- ✓ Neighbourhood-based and participatory approaches
- ✓ Clear women empowerment commitment



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# 2,0 Mio.



**2,0 million people are living in Vienna...**

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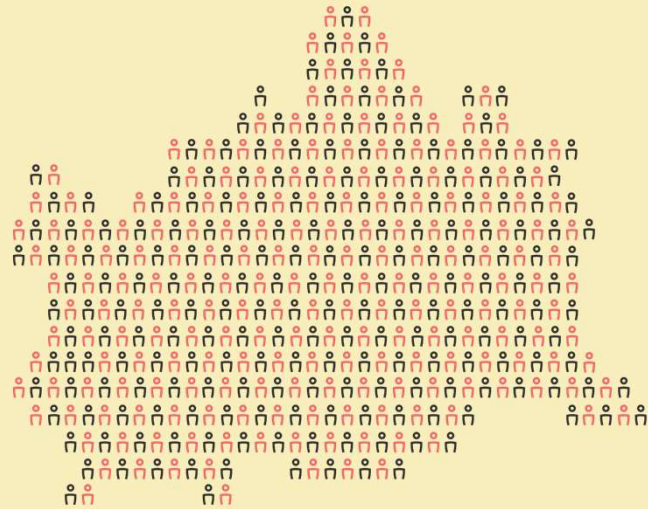
## Housing in Vienna: a city of tenants

- Governance & instruments in Austria & its 9 regions
- Vienna Housing Promotion and Renovation Act
- Gentle Urban Renewal Strategy
- Gender Planning and Urban Development
- Vienna Land Fund
- Developers' competitions for new construction
- Building Code with category „subsidised housing“
- Tenants' protection and legal dispute settlement
- 14.000 units under construction today



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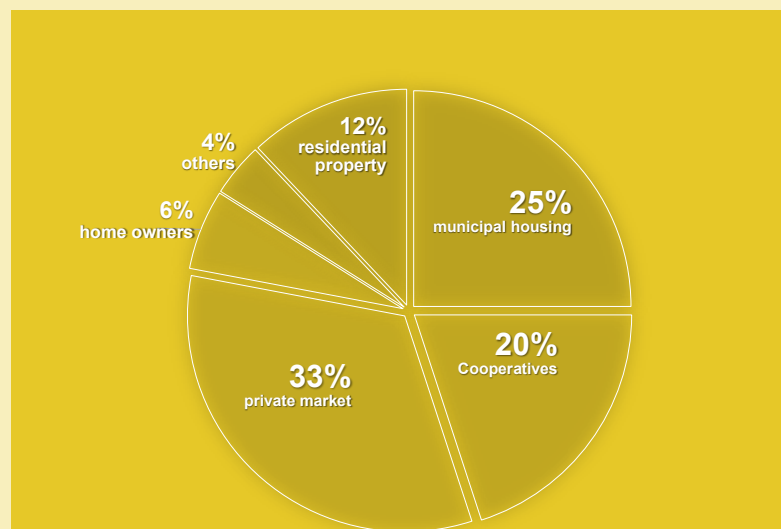


... of those, apx. 900,000 are living in public or subsidized housing facilities.



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## The housing market in Vienna



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185 cooperatives and associations manage 681,700 rental apartments in Austria, 58 in Vienna

These not-for-profit or limited-profit companies are active in all of the 9 federal states of Austria

OECD recommends Austria's not-for-profit system as a best practice model for affordable housing to other countries



## The Austrian Model

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- **Limited profit Housing Act (WGG)**
  - Sets out limits and obligations of the cost-based social housing sector
  - Allows for the nation-wide implementation of a cost-based housing system and facilitates the creation of various forms of affordable dwellings.
- **Tenancy Act (MRG)**
  - Strong housing policy instrument that serves above all to protect the tenants.
- **Housing Subsidy Contribution (WFG)**
  - Half of the housing subsidy contribution must be paid by the employer and half by the employee, in total 1% of the gross income sum subject to taxation.
  - Creates the basis of a permanent revenue for the housing budgets in the 9 Austrian provinces.



## National legal regulation

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- **Viennese Housing Promotion and Renovation Act**

- Housing Construction Promotion Act
- Renovation Subsidies
- Housing Allowances



## **Regional legal regulation**

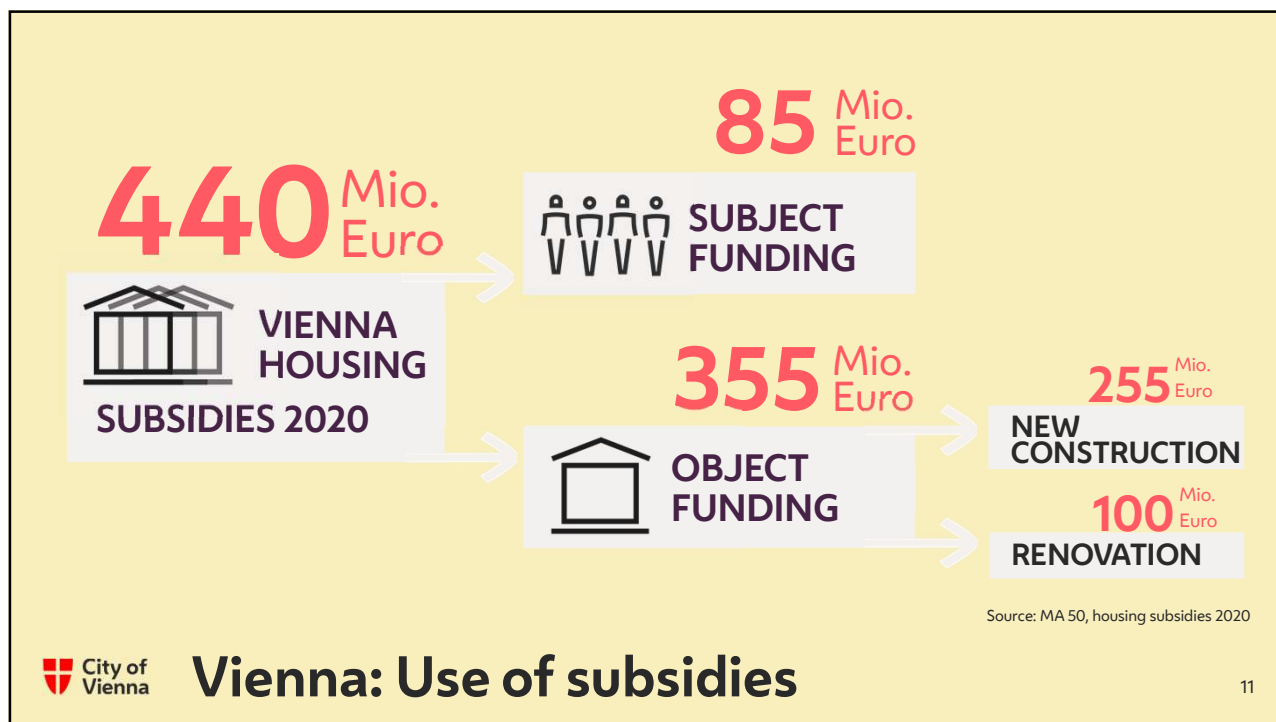
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## **Vienna Social Housing: A win-win situation**

- 1919-1934: 66.000 dwellings built under the first municipal housing programme
- 1 in 4 citizens live in municipal housing, 2 in 3 in municipal, cooperative or publicly funded housing
- Unique combination of quality of life, price effects, capped rents, tenant protection, job creation and social mix



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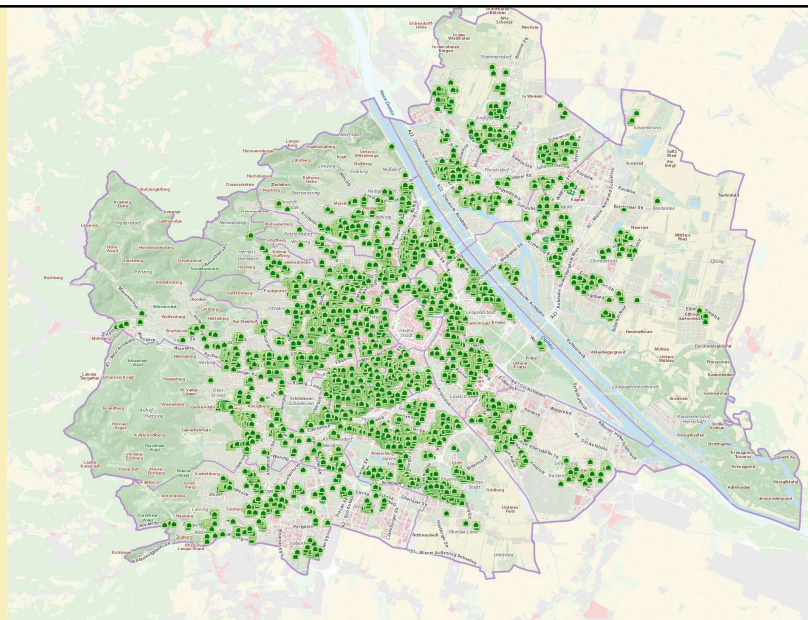
Number of people	Net-income per year	Net-income per month
1 Person	Euro 49,080	Euro 3,506
2 People	Euro 73,150	Euro 5,255
3 People	Euro 82,770	Euro 5,912
4 People	Euro 92,390	Euro 6,599
For each additional person	Plus Euro 5,390	Euro 385

**75% of the Viennese population are eligible**



## Income limits

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## Social mix all over the city territory

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## Vienna is different

- ✓ High quality of life
- ✓ Price decreasing effect of high share of municipal, cooperative and publicly funded housing
- ✓ Capped rents, rent regulation and zoning law favour social and affordable housing production & renovation
- ✓ Tenants' protection, indefinite rental contracts as the default option, dispute settlement in place
- ✓ City housing investment at 500 mio. euro/year
- ✓ Maintaining social mix all over the city
- ✓ **Viennese are proud to live in municipal flats**



## Lifebuoy for affordable housing

The main price drivers for subsidized housing are land prices and private land speculation.

Building Regulations (and amended Vienna Housing Promotion and Housing Refurbishment Act WWFSG): Dedicated areas have to be built with two thirds of subsidized apartments.

Proof of adequacy of the property costs: not more than 188 euros per square meter of gross surface area above ground.

The new category introduced in 2019 does not apply to less than 5,000 square meters of living space and there is no intervention in existing dedications and thus in existing property.





## Measures to implement social housing

Create legal frameworks to regulate the market, strengthen non-profit construction and protect tenants

Commit to long-term planning, as well as reliable financing modes by implementing revolving systems which keep the money in the system

Meet peoples' housing needs by ensuring inclusive participation on the basis of constant foresight

Establish a good social mix in the housing facilities and in the city

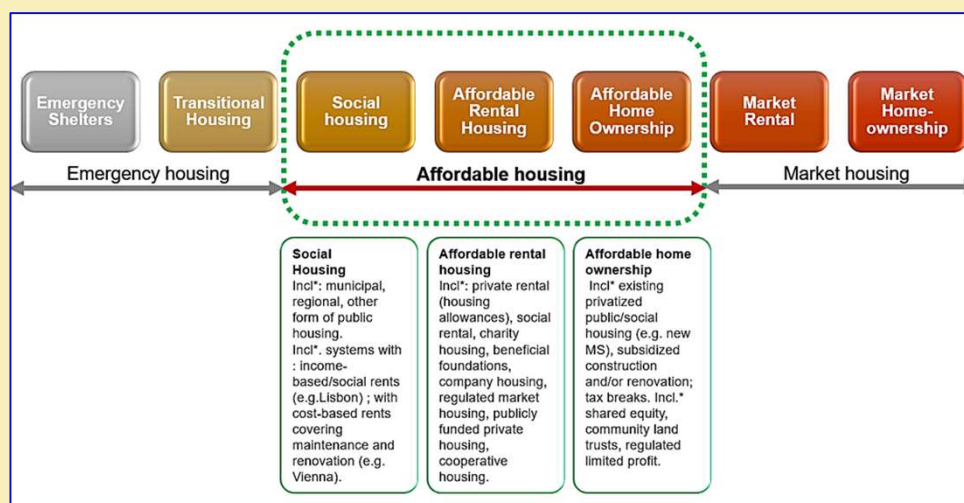


## Reasons for the Housing Crisis in European cities

- Lack of investment in social and affordable housing
- Financialisation of the housing markets, including risk of money laundering
- „Touristification“ and gentrification
- High costs for construction and building ground, scarcity of land
- Low regulation and state intervention
- Taxation reliefs for institutional investors
- State intervention low



## The Housing Continuum (Urban Agenda for the EU Housing Partnership)



## Europe has to deliver on housing now

- **De-blocking investment** in social and affordable housing (change in EU State Aid, better use of investment clause of the European Semester)
- MFF and EU-recovery to **support housing investments** (improvement of EU housing data base to cover all tenures and levels of government)
- Setting the **housing cost overburden rate at 25%** of the income of the household instead of 40% (Social Scoreboard)
- Empower cities to **combine different funding and financing sources** (capacity building) & develop **stable and long-term financing systems** (revolving funds)

## Europe has to deliver on housing now

- The Green Deal's **renovation wave** has to be **inclusive, participatory, with a clear gender focus** (Affordable Housing Initiative, energy poverty)
- More **control and legal accountability of short term holiday rentals** (platform economy, Digital Services Act, Digital Market Act)
- Measures against **financialisation and money laundering** (transparency registry for real estate)
- **Governance of EU housing initiatives has to take cities & regions, social, public, cooperative and affordable housing providers and tenants unions on board**



## A common approach: good housing for all

- ✓ Put **people at the center**: involve, empower, emancipate
- ✓ Involve **capable stakeholders** to co-design, co-manage, co-own
- ✓ **Protect citizens from speculation, eviction and homelessness**
- ✓ **Protect cities from gentrification, financialisation and touristification**
- ✓ Set **goals and processes** in a **transparent and accountable** way on all levels of management and government
- ✓ Account for **long-term nature of housing** in all aspects of policy
- ✓ Promote **multi-level, multi-stakeholder policy framework**
- ✓ Create **diverse, affordable and protective housing systems**
- **The market does not deliver; we need the return of the state**



## Useful links

### Social Housing in Vienna

<https://socialhousing.wien/>

### Smarter Together Project

<https://www.smartertogether.at/>

### IBA Vienna 2022

<https://www.iba-wien.at/en/>

### EU Urban Agenda Housing Partnership

<https://ec.europa.eu/futurium/en/housing>

### ERHIN – European Responsible Housing Initiative

<https://www.responsiblehousing.eu/>



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## Contact

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