

# THE LAND ISSUE IN RELATION TO SOCIAL HOUSING IN VIENNA<sup>1</sup>

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*The Vienna model of social housing is a key factor in the city's high quality of life. Thanks to a long-term political strategy emphasizing social sustainability, nearly 80% of households have access to affordable housing. The city faces population growth and increasing housing demand. To limit land consumption, Vienna has pursued long-term urban planning strategies, including densification and the redevelopment of former railway areas. A key tool is the municipal land fund and the developer competition, ensuring both quality and affordability in housing. Non-profit housing associations play a central role in the system, reinvesting profits into new housing and helping to maintain a stable rental market. Vienna has avoided privatizing its municipal housing stock, contributing to housing affordability. Long-term, low-interest public loans and financial redistribution mechanisms ensure the system's sustainability. This approach serves as a model for cities striving to uphold the right to housing in line with principles of social justice.*

## Maintain the attitude, but always adapt the measures

Vienna's international standing as the city with the highest quality of life is largely based on the social, subsidised housing sector, which represents an extremely stable factor for social sustainability and resilience.

This is not a matter of course, but is the result of an unbroken political stance that places the social aspect at the centre of all its fundamental strategies and whose roots go back more than 100 years, both maintaining the fundamental orientation and constantly adapting the implementation measures to changing framework conditions. 'Social' is not only associated with neediness or something missing, but very much with society and togetherness. This is also the reason why the Viennese model of social housing is not just a model for "the poorest of the poor" or "the most vulnerable ones", but a model for the many. Almost 80% of Viennese households have access to this model of affordable housing due to their income.

## Vienna – a growing city

At the turn of the century around 1900, Vienna was confronted with an enormous influx of population which, due to a lack of regulation, led to highly speculative housing construction with

exorbitant rents and, as a result, to serious health and sanitary problems in completely overcrowded and run-down flats. In the working-class districts, every fourth death at this time was due to an infection with tuberculosis, which was already known as the 'Viennese disease' before the discovery of the tuberculosis pathogen.

After the First World War, the new Social Democratic leadership in Vienna therefore focussed on eliminating these shortcomings and had around 65,000 new flats built within 15 years with the help of a 'tax on luxury and special expenses' (housing tax) and an active land policy. This period is still known today as 'Red Vienna' and produced a large number of

remarkable and architecturally and culturally significant housing estates.

After municipal housing production was brought to a standstill during the Austrofascist period from 1934 and subsequently during National Socialism and rental regulations were largely suspended, social housing construction was quickly resumed after the end of the Second World War, with responsibility for the political and financial conditions for social housing policy initially being regulated at a national level.

By the end of the 1980s, Vienna was steadily losing population, mainly to the growing Viennese suburbs, so that in the end the population was only around



Fig. 1: Karl-Marx-Hof

<sup>1</sup> Český překlad článku je uveřejněn na webových stránkách časopisu.

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Fig. 2: Reumannhof

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Fig. 3: Karl-Seitz-Hof

1.5 million (in comparison: almost 2.1 million in 1910, before the outbreak of the First World War).

Since then, however, Vienna has been growing strongly again and has exceeded the 2 million mark again in

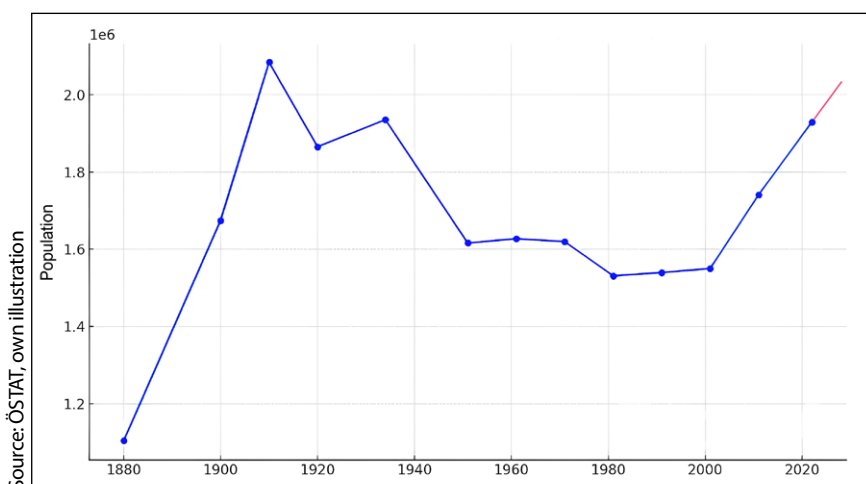


Fig. 4: Population development in Vienna (1880-2023)

2023. Apart from the strong growth due to fleeing situations from the former Yugoslavia (from 1991) and later from Syria (2015) and Ukraine (since 2022), the average net growth rate is around 10,000 to 15,000 per year.

The strong growth is naturally accompanied by a strong demand for additional space for urban development. Although the gentle urban renewal of the past 50 years has also led to a considerable densification of the existing housing stock through the addition of new storeys, a large proportion of the flats in demand had to be covered in new urban development areas, especially on the outskirts. At the beginning of the 2000s, under the influence of conservative urban policy, the 'new settler movement' unfortunately also made a final contribution to land-consuming and unsustainable housing development, albeit mainly within the framework of the subsidised housing system.

In order to keep land consumption within limits, an attempt was made as early as the mid-1980s to stipulate a figure of '50% grassland in the entire urban area' in the overarching urban development plans, which is still being adhered to. Over the last 25 years, the fact that the numerous railway terminus stations dating back to the imperial era from all directions of the formerly extensive dual monarchy had become obsolete and therefore very large areas within the built-up and well-developed urban system could be made available for new residential and mixed-use developments has made a significant contribution to this.

Although annual soil consumption is slowly decreasing throughout Austria, it is still around four times the level targeted for 2030. It is doubtful that even in view of the flood disasters last August, the reduction to the target figure for 2030 will be achieved – at the same time, the degree of sealing of the areas used has risen by around 20% throughout Austria in the past 15 years, and in the historically densely built-up city of Vienna by around 2-3%.

The fact that the densely built-up city is the answer to the challenges posed by

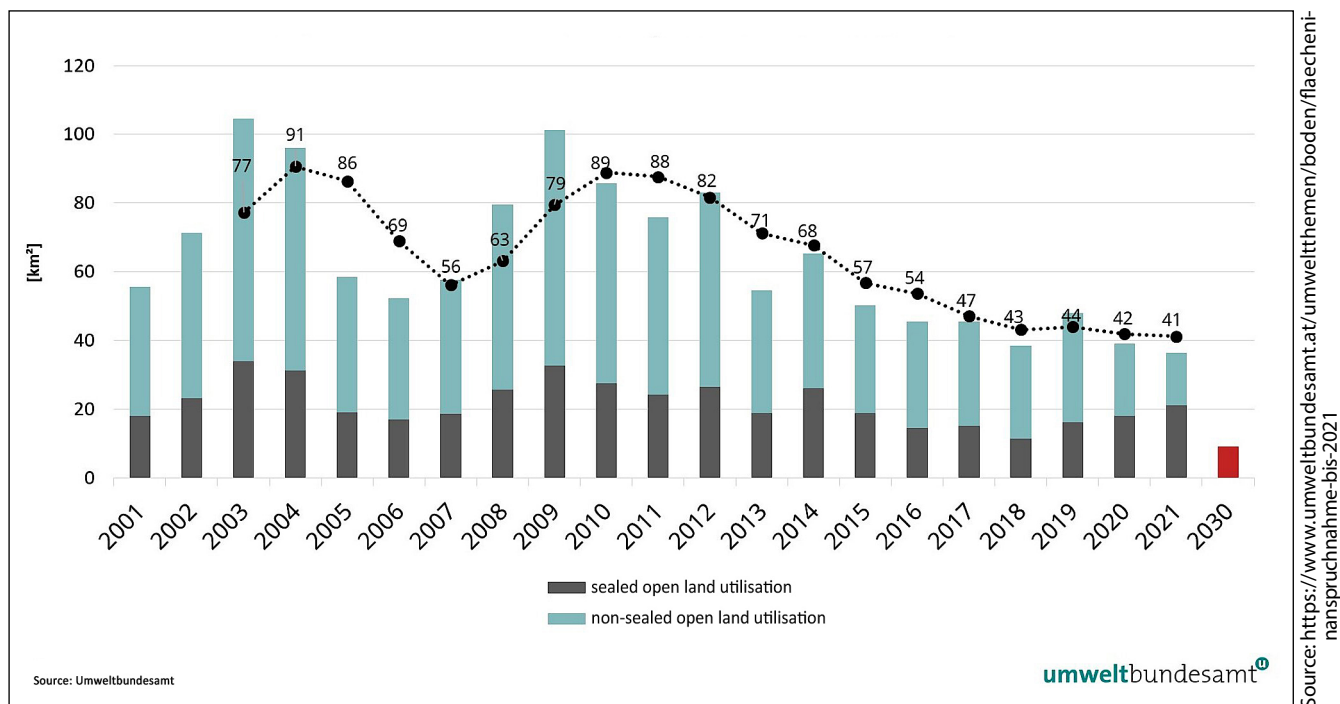


Fig. 5: Annual increase in land utilisation in Austria [km<sup>2</sup>/yr]

a reversible trend in land consumption and sealing is also shown by a comparison with the provinces in Austria, some of which are very rural, where Vienna absorbed more than 39% of Austria's total population growth in the period 2010–2020, but recorded less than 1% of the additional land consumption in Austria as a whole.<sup>2</sup>

## Land use instruments and land reserves

The basis for sustainable land use and land provision lies in the instruments of urban planning. At a higher level in Vienna, this is the **Urban Development Plan (STEP)**, which has been revised at intervals of around 10 years for many decades and adapted to the current challenges and circumstances. This involves defining priorities for settlement development, centre formation, densification, business development as well as green and recreational spaces to be kept free from development in the long term, air corridors, and much more.

Finally, the STEP forms the basis for the **zoning and development plan**, which

is drawn up for smaller, delimited urban areas and contains both the permitted uses and development regulations, and more recently also includes elements of energy planning and the circular economy. The two planning operations of the zoning plan and the development plan are generally carried out together with a strategic environmental assessment in a single procedure, which is somewhat more complex but results in significantly shorter procedural times than would be the case with separate processes.

The STEP also goes hand in hand with **spatial energy planning**, as part of which a citywide heating plan including expansion areas for district heating was recently published. Building on this, it is now possible to tackle the major challenge of converting the almost 600,000 supply units that currently still heat or cook with (mainly Russian) gas to an alternative energy supply.

A decisive step was taken in 2019 in connection with securing land for subsidised housing by introducing a **'subsidised housing' zoning category**. When this zoning category is applied to land on which residential use is to be per-

mitted for the first time, around 2/3 of the achievable floor area is reserved for subsidised housing at a fixed price of € 188/m<sup>2</sup> gross floor area, which is not based on the free land market. This measure can create a basis for the construction of affordable housing even after the explosive development of land prices. A significant and very important area of application for this new zoning category is currently the aforementioned former railway areas within the densely built-up urban fabric.

For 40 years, however, the centrepiece of land reservation and land provision for subsidised housing construction has been a fund owned by the city, the **Vienna Housing Fund**, which is primarily tasked with long-term land reservation by purchasing suitable properties and then preparing and making these areas available for subsidised housing construction. For more than 25 years, the so-called **developer competition** has been used as a special instrument of quality assurance, with the help of which a high basic level of quality can be achieved in subsidised housing construction, which is generally well above that of privately financed housing con-

<sup>2</sup> Sources: Umweltbundesamt (<https://www.umweltbundesamt.at/umweltthemen/boden/flaecheninanspruchnahme>) and data.gv.at, CSV Bevölkerung Bundesländer 2020 (<https://www.data.gv.at/katalog/dataset/8f6ed11c-c785-4cf0-b7ee-49598f655330#resources>).



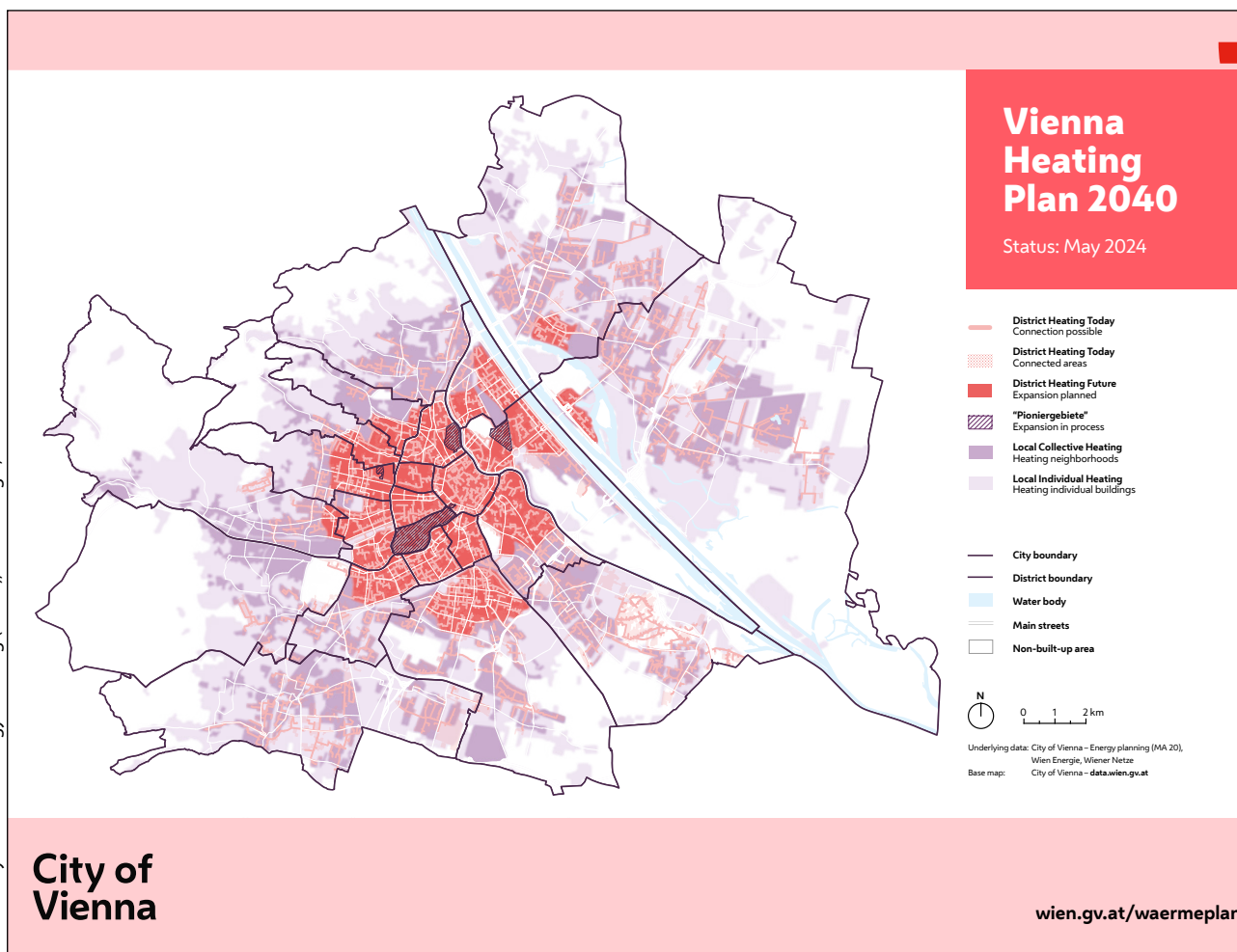


Fig. 6: Vienna Heating Plan 2040

struction. The developer competition is actually a land allocation procedure and forms the basis for the granting of the housing subsidy and for the use of the

land, which is very favourable compared to current market prices. The latter aspect has led to the fact that even after the global financial crisis of 2008/2009,

when private money was available from banks at zero interest rates, participation in developer competitions and the use of the subsidy, which mainly consists of long-term housing loans from the state with an interest rate of 1%, was not waived.



Fig. 7: Land provision by the Vienna Housing Funds

For smaller construction projects, these quality elements are not handled in a developer competition, but in the form of a submission to the **Property Advisory Board**, which largely follows the same principles. In order to promote sustainable neighbourhood development in larger development projects with numerous (and in some cases privately financed) building plots, a **quality advisory board** has also been in place since 2022, which primarily coordinates the individual projects from the perspective of neighbourhood development, quality of stay and suitability for everyday use.

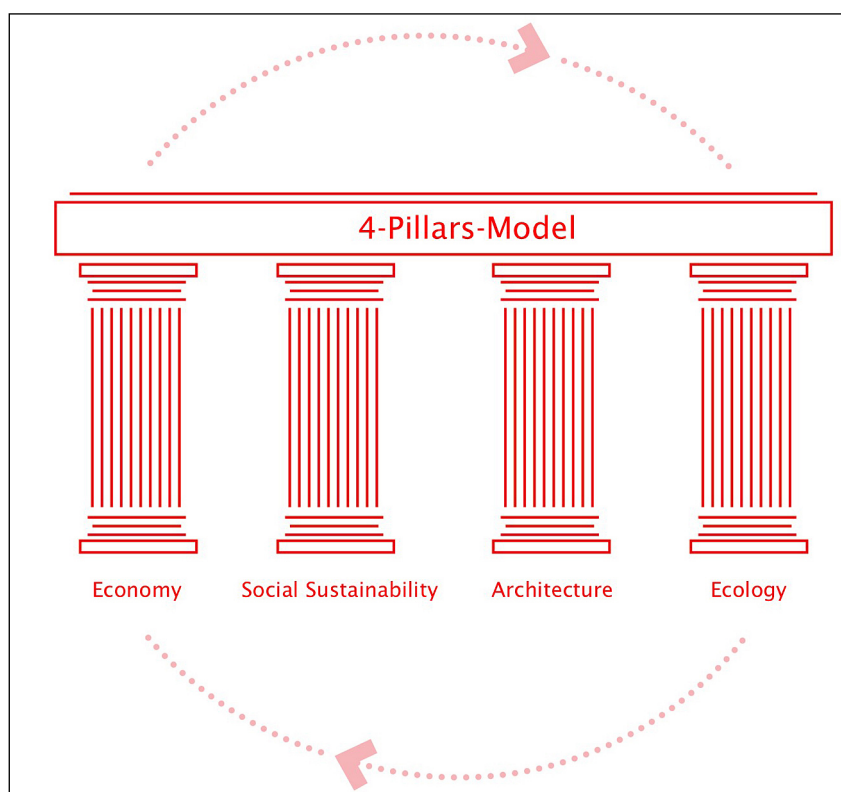
## Main players in the system of subsidised housing in Vienna

Vienna currently has just over 1 million residential units, around 75% of which are rented. More than half of these have long-term and stable tenancies, i.e. they are offered as city-owned municipal housing or as housing owned by limited-profit cooperatives or corporations with unlimited tenancy contracts and free from the threat of rental speculation risks.

Alongside the Vienna Housing Fund, these limited-profit housing associations (LPHA) are therefore the main players in subsidised housing construction in Vienna. They operate within a federal legal framework (Housing Non-Profit Act) and essentially act according to the cost recovery principle. This means that they are only allowed to distribute very small shares of their profits, while they have to reinvest the majority of any profits they make. They are organised in the Österreichischer Verband Gemeinnütziger Bauvereinigungen – Revisionsverband (GBV), an umbrella organisation that also has control rights as an auditing association. There are 58 LPHA in Vienna and 185 throughout Austria.

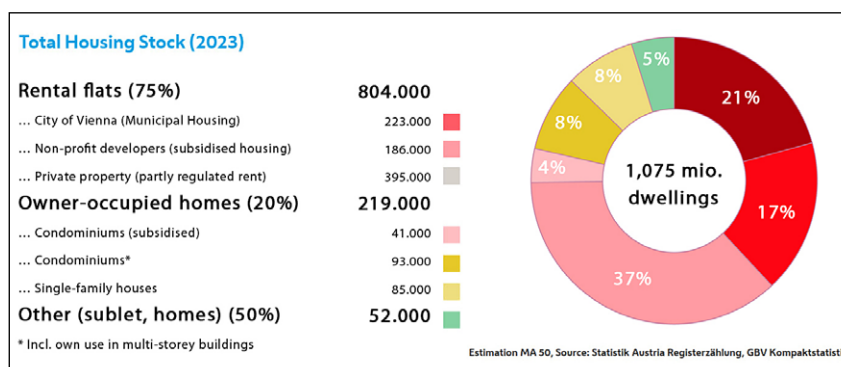
A key aspect of Vienna's position in social housing is the fact that even during the heyday of the neoliberal wave, the city never succumbed to the temptation to sell off the city-owned or non-profit housing stock to the private market. Unfortunately, this did happen at federal level and with different political objectives.

According to a recent study in Vienna, the resulting and comparatively high proportion of subsidised rental flats also has a cost-reducing effect on the free rental housing market (an increase in the proportion of GBV of 10% leads to a reduction in the rent difference to the private housing market of 30 to 40 cents/m<sup>2</sup>)<sup>3</sup>. This is despite the fact that the share of private developers in total residential construction output has risen from around 10% in the mid-1980s,



Source: Wohnfonds Wien

Fig. 8: The 4-Pillar-Model of Social Housing in Vienna



Source: Statistik Austria, GBV

Fig. 9: Total Housing Stock in Vienna (2023)

Limited-Profit Housing Associations in Austria and Vienna, organisations and housing stock (on 31. 12. 2023)			
		Austria	Vienna
Cooperatives	Number of organisations	97	35
	Number of homes managed	462.000	130.000
Limited-liability corporations	Number of organisations	85	23
	Number of homes managed	544.000	143.000
<b>Total Limited-Profit Housing Associations</b>	<b>Number of organisations</b>	<b>182</b>	<b>58</b>
	<b>Number of homes managed</b>	<b>1.006.000</b>	<b>273.000</b>
Note: Number of homes managed include homes for rent and in individual ownership (in multi-family buildings).			

Source: Österreichischer Verband Gemeinnütziger Bauvereinigungen – Revisionsverband (GBV), 2024

Fig. 10: Limited-Profit Housing Associations (LPHA) in Austria

<sup>3</sup> Source: Österreichisches Institut für Wirtschaftsforschung (WIFO) i.A.d. Stadt Wien, Die preisdämpfende Wirkung des gemeinnützigen Wohnbaus, 2022, s. 123.

Source: GBV based on Statistics Austria

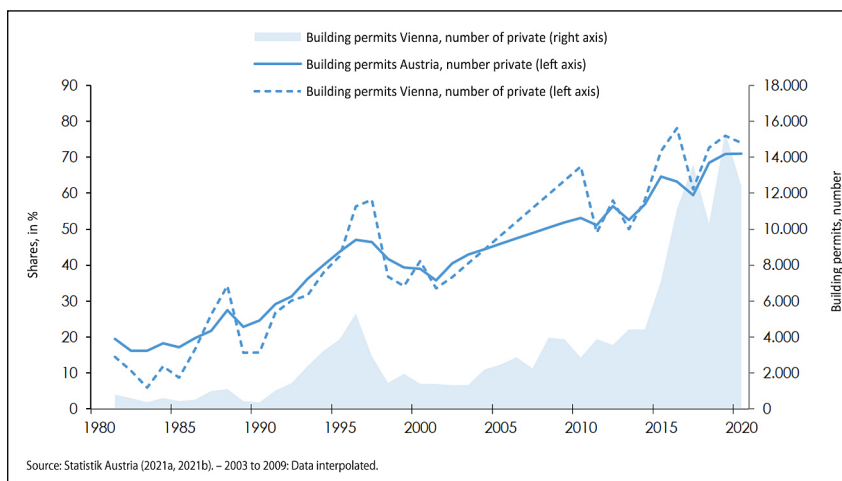


Fig. 11: Share of private building permits for multi-storey residential buildings since 1980

Source: Statistik Austria

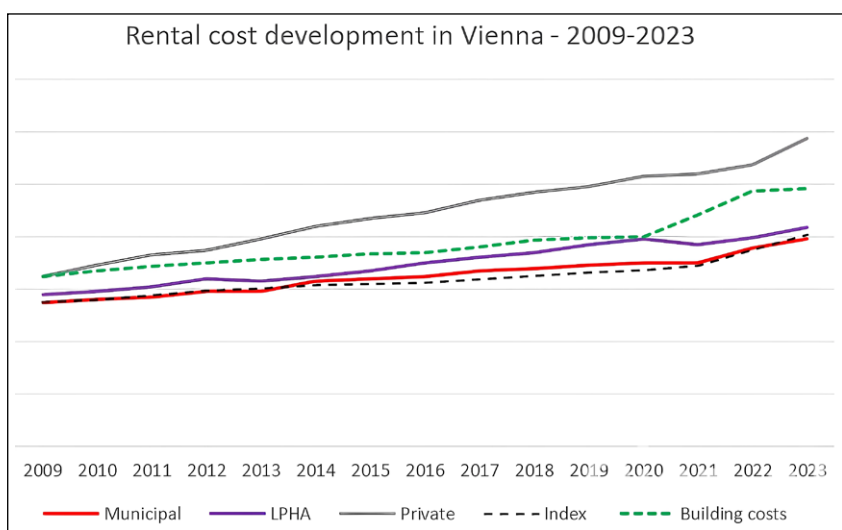


Fig. 12: Rental Cost Development in Austria – 2009-2023

when Vienna had the lowest population figures, to almost 70% today.

Despite this price-dampening effect, rents in the private sector rose by around 81% in the period 2009-2023, while in the subsidised segment and

in municipal housing they developed just below the consumer price index of around 47%. Construction costs have only decoupled noticeably from the consumer price index in the last three years as a result of supply bottlenecks and the war against Ukraine.

## Financing subsidised housing in Vienna

The core of the housing subsidy for non-profit developers lies in long-term state loans, which bear interest at 1% over a term of 35-40 years. In addition, the developers use their own funds and bank loans where possible. Last but not least, the tenants contribute their own funds towards the purchase of the property and up to a maximum of 12.5% of the construction costs. Depending on the income situation, these own funds can amount to up to € 500/m<sup>2</sup> of usable space, must be paid in at the beginning of the rental period and are returned with a deduction of 1% per year if the tenancy is cancelled. There are tailored offers for lower-income households (e.g. the 'Smart' flats with own funds of only € 60/m<sup>2</sup> of usable space or the municipal building, for which no own funds are required. In addition, subject subsidies can also be claimed for low incomes or temporary emergency situations, which mainly help to ensure that rents can be paid in the private housing market.

The housing subsidy budget in Vienna is therefore fed to a considerable extent by the repayments of long-term subsidised loans. The Austrian tax system also provides for a housing subsidy contribution, which is paid by all employees and employers and distributed to the federal states according to the population key, although it has no longer been earmarked for this purpose for several years. Finally, funds from the Viennese budget are used to cover social subsidies for rental costs.

Source: Stadt Wien, MA 50

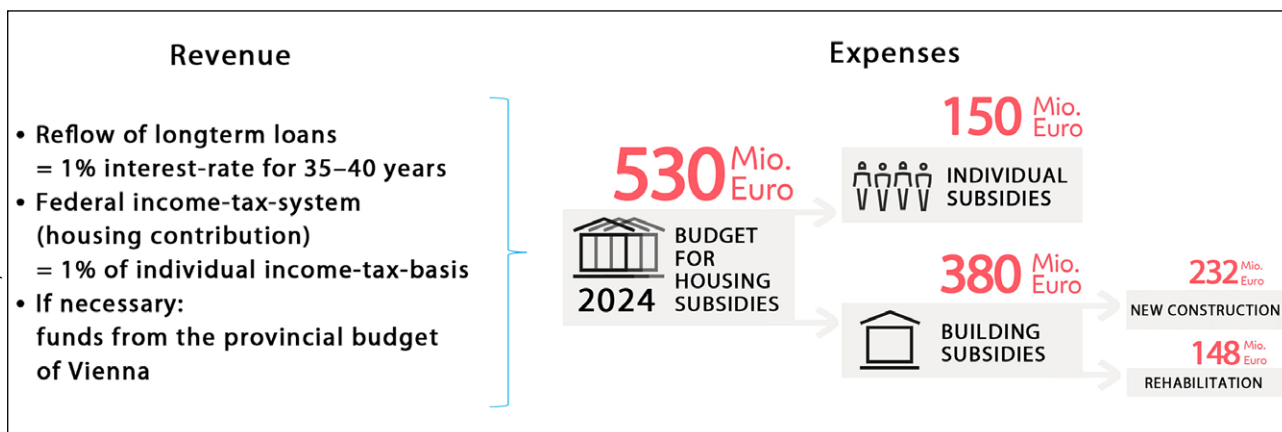


Fig. 13: Budget of Housing Subsidies in Vienna 2024 – Revenue and expenses

## Summary

The system of social housing in Vienna is based on a long-standing and essentially unbroken tradition, which adheres to the basic principles but always adapts the measures for implementation to current challenges. This and the long-term effective subsidy mechanisms (see reflow of loans), together with a forward-looking land policy, form the cornerstones of the successful Viennese model.

Over the past 25 years, numerous examples throughout Europe have shown that this cannot be taken for granted, for example, where the existing stock of affordable and subsidised housing has been privatised and there is now hardly any scope for the creation of such housing.

A strong sense of responsibility, joint efforts and creativity are therefore required in order to be able to fulfil the 'hu-

man right to housing' enshrined in the UN Charter of Human Rights, even in challenging times.

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## ČESKÝ ABSTRAKT

### Problematika pozemků v souvislosti se sociálním bydlením ve Vídni, Kurt Hofstetter

Vídeňský model sociálního bydlení je klíčovým faktorem vysoké kvality života ve městě. Díky dlouhodobé politické strategii kladoucí důraz na sociální udržitelnost má téměř 80 % domácností přístup k cenově dostupnému bydlení. Město čelí populačnímu růstu a rostoucí poptávce po bydlení. Aby Vídeň omezila potřebu půdy, uplatňuje dlouhodobé strategie městského plánování včetně zahušťování a přestavby bývalých oblastí patřících železnicím. Klíčovým nástrojem je městský pozemkový fond a developerské soutěže, které zajišťují kvalitu i dostupnost bydlení. Ústřední roli v systému hrají nezisková bytová sdružení, která reinvestují zisky do nového bydlení a pomáhají udržovat stabilní trh s nájemním bydlením. Vídeň se vyhnula privatizaci obecního bytového fondu, což přispívá k dostupnosti bydlení. Dlouhodobé veřejné půjčky s nízkým úrokem a mechanismy přerozdělování financí zajišťují udržitelnost systému. Tento přístup slouží jako vzor pro města, která usilují o zajištění práva na bydlení v souladu se zásadami sociální spravedlnosti.