

# NHMF Study Tour: Vienna 2022

## Limited-Profit Housing – Vienna and Austria

Gerald Kössl, Housing Research & Policy  
Austrian Federation of Limited-Profit Housing Associations (GBV)

GBV is a membership organisation consisting of private companies (not profit-driven or state dependent) and housing cooperatives, catering for about 24% of the population in Austria, with private owners (16%). These had different legal structures (entities) consisting of 98 cooperatives and 87 capital societies. It has 50 members in Vienna and 185 in Austria. Limited-profit housing in Austria was about 70% rental and nearly 30% leasehold (owned but often bought after renting, typically minimum rental period required – only available on certain homes). Vienna affordable rents are 60% of market rents, with a lower category (e.g., no central heating) at 40%. Sales needed to cover the build cost so they were not sold at a big discount to market price. There were safeguards against speculation and selling early to prevent profiteering. Nearly all its housing was mixed-tenure multi-storey blocks. It is the tenure of choice for low and middle-income households providing a good social mix. New developments include everything needed to avoid commuting to work / school / healthcare etc.

GBV members construct new homes (about 15,000 a year) and renovate existing ones, investing about 4 billion euros a year (€2.9bn for new and €1bn for renovation). They look after 200,000 apartments. GBV has a stabilising effect on the whole housing market in Austria. The GBV both provides a statutory audit and also represents members' interests (public relations). Its mission is to provide affordable housing for current and future generations as set out in the Limited-Profit Housing Act (WGG 1979), exempting them from corporation tax and controlling rents. The business model ensures costs are covered and equity regularly reinvested in building new homes. Schemes are mainly financed, using bank and public loans, with the remaining funding coming from tenants' contributions (€20-45,000) and HA equity – a mixed financing system. LPHA provides both a net benefit to households (saving about €160/month over private rent) and to the state (reduced spend on housing allowances). Most homes are 2 or 3 bedroom (more than 3 is rare) and rents are capped and also based on age of property (reduced 1% per year), facilities and floor area.

Two thirds of new development is reserved for affordable housing, with 6,000 subsidised apartments a year. It has higher standards than private development. There is a competition for the right to develop, with quality and affordability being assessed by the jury when reaching its decision.

Most pre-1980 LPHA homes are energy efficient compared with over 40% of private sector and the real challenge is to decarbonise the energy supply, primarily oil and gas-fired. From 1984, about 9,000 buildings have been renovated and insulated, etc. to reduce heating by 50-75%. Enclosed balconies, elevators (externally), garages moved underground so that parking becomes green space. Much of the housing is on district heating but there are plans to increase on-site renewable energy generation as well. Green landscape is used to combat heat island effects. In addition, they are committed to the circular economy so that building materials will be re-used. To create more inclusive communities, inter-generational and assisted living is provided. Innovative and modern methods of construction are used for new housing. While most of their stock is multi-storey, they have no cladding issues because the fire regulations are very strict. All schemes, new and existing, use local management, caretakers and tenant reps (with legal status), as well as an eviction prevention team (2/3rds reduced) to address residents' problems.

## **Affordable Housing Projects – “Wien Süd”**

Mag. Gerald Anetzhuber - Director Wien Süd  
“In der Wiesen Süd”

### **Introduction**

Vienna has a long tradition of social housing dating back to the beginning of the 20<sup>th</sup> century. Many initiatives were taken by self-organised workers' corporations, such as “Gemeinnützige Bau- und Wohnungsgenossenschaft Wien-Süd”, which is still well-known and its roots lie in the labour movement, which organised building communities for social housing. The aim is still to create social housing for all sections of the population – regardless of whether they are poor or belong to the so-called “middle class”. Social housing means more than building a house because it needs to create a community that fits and sticks together, without social distancing dividing or even separating social classes. Throughout its history, it has always been important to create a liveable space for residents that offers both high standards and fair rents.

Three recently completed residential areas have been selected to show what modern social housing stands for in Vienna. Each has been built to energy efficiency: category A, low-energy standard (<33 kWh/m<sup>2</sup>/yr.) with energy supplied by district heating. Apart from the 2-storey terraced housing, all buildings have PV on their roofs. All schemes are mixed tenure – some for sale, normal (below market rent) and SMART for very low incomes (smaller deposit and lower rent).

### **Eduard-Kittenberger-Gasse**

Two schemes in the 23<sup>rd</sup> district of Vienna (South).

1<sup>st</sup> scheme: 370 units – construction time about 18 months, handover 2012. Mainly terraced houses with small, private patios and six multi-storey blocks with bicycle parking and a kindergarten. This was a pilot project with a new type of communication: “digital facility manager”, that allowed residents to book the laundry room or other common rooms easily using interactive screens in the entrance area, or by PC. These also provide information such as which doctor is available locally and which pharmacy in the neighbourhood offers weekend / emergency services. It also allows residents to start initiatives for their community, such as a car sharing pool, sports group or simply ask if anyone has found lost items. There is also an outdoor swimming pool in the communal gardens.

2<sup>nd</sup> scheme: 304 units – construction time about 18 months, handover 2017. Multistorey buildings with “Urban Gardening” and a rooftop pool. Social infrastructure is an important component of affordable housing schemes and this scheme includes recreational rooms and spaces, as well as a kindergarten. Entrance areas are greened and there is a well-designed laundry-room on the 7<sup>th</sup> floor, which has a glazed wall looking onto the adjoining recreational room, (which includes a library and kitchen), so that children playing there can be seen. There is also secure bicycle parking for each block. One block contains a sound-proofed music room. External paths are well designed, with the well-positioned lounges.

3<sup>rd</sup> scheme ‘Biotope City Wienerberg’, 10<sup>th</sup> district of Vienna (South-Central): 179 units – construction time about 18 months, handover 2020. This multistorey development is the first scheme worldwide to be certified “Greenpass Platinum”. The aim was to re-naturalise urban development so as to be more suitable for climate change. It is also part of the “International Building Exhibition (IBA) 2022”. On one side of the scheme there is the Biotope, with the gardens surrounded by one of Vienna’s best known recreational areas. It was created by one of the most well-known Austrian architects, Harry Glück and includes a memorial to him. He was the first architect who thought townships should stand for more than just housing for its inhabitants. All the planting, including on concrete balconies, has been chosen carefully to

be native species and is used to green the buildings to provide shade and increase wildlife. The ground floor entrance spaces have green areas and there are well-modelled gardens on the roofs to allow for community, urban gardening. The roof-top PV panels are designed to provide shade. On one block there is a swimming pool that offers panoramic views of Vienna. There is also a sauna and the fitness area. The external landscape is designed to manage stormwater using underground rainwater storage and cleaning, which is then pumped to water the roof-top gardens.

## **Vienna Model of Social Housing**

Vienna is one of the fastest growing cities and has 1.9 million people, with about 900,000 in public or subsidised housing. Wiener Wohnen has over 200,000 homes, making it the largest municipal housing provider in Europe. Over 30% of its housing is more than 100 years old.

Housing, as well as other services like the public transport system, the water supply or the waste management, is seen as a service for the people, which cannot be left to the private market alone. Consequently, Vienna invests over €350 million per year in housing construction and restoration, with another €85 million given to individuals who are unable to afford even subsidised rents from their low income. To ensure a stable social mix in the city generally and also in every individual apartment complex, gentrification is not allowed in general because this is the best guarantee of good and peaceful neighbourly relations. There are not any no-go areas or ghettos in Vienna because middle classes can access affordable housing as a result of the relatively high-income limits for the allocation of city-owned and subsidised apartments. This strategy prevents socially vulnerable groups only living in certain neighbourhoods. Housing management aims to reduce tenant evictions through a combination of conflict management, caretakers and tenant reps (with legal status), as well as eviction prevention teams. This approach has reduced evictions by two thirds.

## **Vienna Housing Market**

Home ownership is much lower in Vienna than the rest of Austria, with about 76% renting. Affordable housing in Vienna consists of Municipal (Council) flats built by the city (no financial contribution) and subsidised housing (LPHAs), for which tenants have to pay an up-front contribution (€20,000 - €40,000) but the allocation criteria are the same for both i.e. be on the waiting list, which requires a minimum period of residence in Vienna. There are about 15,000 on the list (some already have a social home) and the waiting time is 12-18 months. It is easier to access subsidised housing, but there are council flats in most areas. All rents are much lower than those in the private market (40-60%) but do not include energy costs. Category A homes have the highest rents, B and C are lower but all are calculated from the floor area of each flat. They have also introduced the SMART housing initiative to provide smaller (can be reconfigured), lower cost housing for young people and smaller families. It will form a third of subsidised housing, with designated sites (often city-centre brownfield).

## **Vienna Social Housing – History**

Between 1919-1934 and 1947-2004, Vienna had some of the worst housing conditions in Austria, with extreme overcrowding resulting in disease spreading. From 1922, the socialist government transformed the sector, with wealthier people being taxed to fund social housing. The first housing programme, started in 1923, was aimed at creating healthier living conditions and reducing building density from 85% to no more than 50%. This ended with the rise of fascism and the second World War when a lot of housing was destroyed. After the war, reconstruction began, which is now being continued through urban expansion.

## **Vienna Social Housing – Finance and construction**

The subsidies for social housing come from federal taxes and the income tax system, to create a reliable basis for complex housing programmes, which would be impossible under strictly market-dependent housing policies. The funding of social housing construction in Austria is tied to a fixed portion of income tax, which not only promotes the construction of new housing, but also preserves existing buildings through renovation to bring them up to the latest technological standard and to adapt them to the current needs of residents. The quota is regulated by a federal law and amounts to 0.5% of the gross pay of employers and the gross income of employees, giving Vienna about €250 million annually for housing construction. Tenant contributions cover 12.5% of construction costs and 100% land costs. Renovation is an important element in combatting climate change since a third of carbon emissions are caused by buildings. This has been the focus of urban renewal since 1984, with about 9,000 homes have been improved per year. Improvements include energy efficiency to reduce heat demand by 50-75%, enclosing balconies, installing district heating and lifts, but energy sources have yet to be decarbonised. Austria has decided not to use nuclear power. In addition, car parking is moved underground so that the land can become green space.

Vienna's housing construction system is recognised globally as a model of success. There is no other city in Europe that has such continuity in its affordable housing policy, even with changes in the political environment demanding a more neo-liberalistic approach and privatisation. The city is committed to its affordable housing system and, in contrast to many other cities, never considered selling this municipal property. The great offer of subsidised apartments has a price-dampening effect on the entire residential market of the city.

## **Vienna Social Housing – Policy**

Vienna's social housing policy has other major key effects:

- It gives social security and financial predictability through tenancy agreements of unlimited duration and affordable rents.
- Tenants can live with the assurance they will not be evicted for the financial benefit of a landlord.
- It keeps rents to private landlords down.
- It supports social cohesion through communal areas as well as facilities and initiatives which promote a sense of neighbourhood.
- It increases quality of life, a reduction in energy consumption as well as the upgrading of older districts through subsidised regeneration projects.
- It creates and secures thousands of jobs.
- It is the basis for a good social mix throughout the city. In Vienna the social housing facilities are spread all over the city and are not confined to traditionally working-class districts, where people are stigmatised by a postcode snobbery. Both middle income and lower income families live in the same facilities.
- It prevents segregation.
- It also prevents price surges – rents develop only in line with the consumer price index.
- Environmentally sensitive construction methods create a healthy living environment.

Finance is a key issue in building up affordable housing but there are other important factors that protect tenants, such as Austria's very strong Tenancy Law. Another essential factor is the Limited-Profit Housing Act, providing the legal framework for all limited-profit construction associations, whether organised as a cooperative or as a corporation. It defines not only the principles of the public good status, but also other issues such as how rents are handled or the membership in the supervisory association. Another key factor for affordable housing was the Vienna Land Distribution and Urban Renewal Fund (Wohnfonds Wien) in 1984 to provide land for state-subsidised housing construction and to supervise the restoration of old

homes. As a non-profit organisation Wohnfonds Wien coordinates property developers, house owners, municipal departments and service centres of the municipality of Vienna.

At the moment, Wohnfonds Wien holds land reserves of approximately 3.2 million m<sup>2</sup>. Because of its land reserves and long-term planning, it is still able to buy agricultural or brownfield land on good terms, despite the increasing price of land. In recent years, land and real-estate prices in many European cities have spiralled out of control. To counteract this, the City of Vienna amended its Building Code in November 2018 by introducing the "Subsidised Housing" zoning category. If land is classified as belonging to a subsidised housing zone, two thirds of the usable floorspace created for housing purposes must as a rule be taken up by subsidised dwellings. This caps rents and ensures that affordable homes will continue to be constructed across the entire city. In turn, this ensures the desired good social mix all over Vienna.

Another important tool of housing policy is the Vienna Urban Development Plan, which was formulated by the Municipal Department for Urban Development and Planning, co-operating with experts and other municipal departments to define the gradual development of the city. This plan determines the distribution of building land and green belt, identifies development zones and defines their links with the traffic and transport infrastructure (underground, commuter trains, trams, high-level train and motorways). In new developments, they build everything necessary to avoid commuting to work, school, healthcare etc. The plan also identifies the functional relationship of Vienna and its environment. In addition, there are many frameworks of the building regulations.

Combined, these measures provide an adequate supply of good housing in Vienna as well as in the rest of Austria to ensure high quality affordable housing that can only be done with constant commitment and a wealth of action.

## **Vienna Social Housing – Examples**

### **Urban Development Area Nordbahnhof**

The site of the former Nordbahnhof in the 2<sup>nd</sup> municipal district is one of Vienna's largest and most important inner-city development zones. The development covers an area of around 85 hectares and by 2026, it will house approximately 20,000 people when the remaining part has been built (about 10,000 apartments and 20,000 workplaces are planned).

As well as residential buildings in the Nordbahnviertel, a diverse mix of social facilities, sports and leisure activities, services, retail and restaurants has been developed. Great importance is also attached to education - in 2010, the first education campus Gertrude-Fröhlich-Sandner opened with a kindergarten and elementary school. In 2020, the second education campus, Christine Nöstlinger started operating.

A particularly striking element of this urban development site is a 32-hectare section referred to as "Free Centre – Varied Rim" ("Freie Mitte – Vielseitiger Rand"), which will accommodate approximately 5,000 flats and 2,500 workplaces by 2026. The heart of this neighbourhood will be a generous green space ("Freie Mitte"), framed by buildings ("Vielseitiger Rand"). The design is based on an urban development concept of 2014, monitored by a GB neighbourhood management team in the context of an extensive citizen participation process so that citizens contributed significantly to the development throughout its planning.

Another project is the "Residential Avenue with Education Campus" ("Wohnallee mit Bildungscampus"), which extends over approximately 6.5 hectares and now accommodates the second education campus "Christine Nöstlinger", with approximately 770 flats and 90 hostel dwellings. The homogeneous development and continuous structures along the Bruno-Marek-Allee are broken up by varied building heights and recessed façade elements

to ensure good lighting conditions. In 2018/2019, several office complexes providing a total of around 8,000 workplaces resulted in the “Austria Campus” close to the Praterstern transport hub. A kindergarten, restaurants and cafés, sales outlets as well as a conference centre and hotel ensure a fully rounded concept.

Many areas are car-free and designed to be pedestrian and cycle friendly. Car parking is mostly underground in residents' or collective garages. An underground car park built in 2014/2015 across an area of 13,000 m<sup>2</sup> is provided with state-of-the-art LED lighting and is the first multi-storey car park in Austria to cover its annual energy demand with its own PV system. As well as parking lots, there is new 6,500 m<sup>2</sup> recreational space for all the district's residents on the roof of the garage - the Franziska-Löw-Park.

Large public open spaces and parks, such as the Rudolf-Bednar-Park, are important recreational areas, not only for the local residents but also those from neighbouring districts which benefit from the positive climatic effect. There are numerous neighbourhood gardens in the district, enabling residents and neighbours to be active gardeners.

The Nordbahnviertel has good pedestrian access, bike lanes and innovative sharing services - all serving the district in a contemporary and environmentally friendly way. The new quarter's central location and proximity to the Praterstern regional train station ensure good public transport connections in addition to good connections via the existing cycle path network to the nearby recreational areas of Prater and Donauinsel.

## **Karl Marx Hof**

The municipality in Vienna in the period between the end of the Habsburg Empire in 1918 and the Anschluss of 1938 expended much energy in the provision of housing for the city's working class, and many apartment blocks carry inscriptions with the city's name, the date of building, and the architects, officials and politicians responsible for their construction.

The most celebrated of the municipal housing developments (Gemeindebauten) of this period is the Karl Marx Hof at Döbling in the 19th district, a structure about 1 km long, containing more than 1,382 dwellings, designed by Karl Ehn (1884-1957), a pupil of Otto Wagner (1841-1918) and erected between 1927 and 1930. It houses about 5,000 people. The apartment blocks frame irregular courtyards, one of which, the 12 Februar Platz (named after an anti-Fascist demonstration of 1934) is open to the west and bounded to the east by a six-storey block, pierced by four arched passageways and crowned with six towers. Like all the large community buildings of Red Vienna, the Karl-Marx-Hof also had a whole range of infrastructure and community facilities, such as a mothers' advice centre, a dental clinic, a health insurance office with outpatient clinic, its own library, a post office and a youth centre. Two central laundries, two kindergartens, the pharmacy as well as doctors' surgeries and shops still exist.