

Housing as a basic human right. The history, the present and the future of affordable housing construction in Vienna

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100 years ago, the City of Vienna introduced a ground-breaking residential construction program with the aim of improving the severe living conditions of the working classes. Today, around 420,000 social apartments offer secure and affordable housing for more than half of the city's population. The Viennese system, while regarded as a best practice example with respect to affordable housing provision, despite its centenary history proves flexible in the face of rapidly changing times and the challenges they pose.

Vienna, the capital of Austria, is home to two million inhabitants. Known worldwide as a city rich in culture, with ornamented facades recalling its past as the capital of the Habsburg empire, it is also one of the most livable cities in the world, not least due to its centenary tradition of proactive housing provision. The values that were contrived as part of the city's housing policy 100 years ago – affordability, security of tenure and a good social mix – to this day live on within the walls of Vienna's municipal housing complexes.

Vienna's housing market itself can be regarded as proof of the city's success, as approximately 60 percent of the Viennese population live in affordable apartments – either in one of 220,000 municipal apartments, or in one of approximately 200,000 apartments built with city subsidies (Schantl *et al.*, 2022, p. 2-5).

However, Vienna's housing system does not only benefit the residents that occupy the 420,000 affordable apartments, but also the wider Viennese society: The large share of social housing exerts a price-dampening effect on the rents on the private rental market, affordable rents boost purchasing power, open-ended tenancy agreements safeguard stable and predictable financial and living conditions, extensive refurbishments of older building stock lower energy consumption and

contribute to climate protection, thousands of jobs are created, and no one living in Vienna can make assumptions about another persons' income on the basis of their home address (Socialhousing.wien, 2025) as the allocation criteria for the social housing segment allow both lower-income- as well as middle-income earners to access affordable housing, nipping segregation and stigmatization tendencies in the bud (Socialhousing.wien, 2025).

History of social housing construction in Vienna

From the very beginning, the objectives of the first residential construction program of the 1920s centered around the creation of healthy living conditions through the provision of affordable homes and large communal green spaces and facilities (Wien and Wohnen, 2023, p. 7-9).

These objectives were born out of necessity, for in the early 20th century, a majority of the Viennese population lived under disastrous housing conditions. The dire situation of the working classes shifted with the year 1919, when the Social Democrats took over the administration of the city and proclaimed a new belief that to this day lives on in the programs implemented by Vienna, namely that apartments are not goods – having one is a right. The goal was to provide healthy and dignified housing conditions, while simultaneously answering people's needs (Wien and Wohnen, 2023, p. 44-45).

These undertakings were aided by the fact that Vienna became its own federal state as of January 1922, thus achieving fiscal sovereignty. A tax reform, initiated by City Councilor for Finances, Hugo Breitner, paved the way towards the realization of the first large-scale social housing construction projects of the First Republic. Breitner introduced a new rent tax, as well as taxes on luxury expenses of the wealthy.

September 21st, 1923, saw the council's decision to implement the first residential construction program with the aim of building 25,000 apartments during a span of 5 years. However, because the projects were finished already in 1926, in 1927 the council decided on yet another program, this time envisioning the construction of 30,000 new apartments.

Before the social housing construction program of the municipality, the Viennese working classes knew only the densely built apartment complexes of the past with their dark apartments that offered neither fresh air nor direct sunlight. The new municipal apartments, on the other hand, were constructed according to the dogma of “fresh air, light and sunshine”, with anterooms, kitchens, separate toilets, water taps, direct lighting and open spaces such as balconies or loggias. The apartment offer was further complemented by laundry rooms, libraries, tuberculosis

clinics etc., all with the aim of positively influencing areas of life such as health, physical exercise and education (Wien and Wohnen, 2023, p. 50-57).

The most recognizable product of their era are the so-called “superblocks” - large, dominating housing complexes containing sometimes more than a thousand apartments, unmistakable “people’s palaces”, meant to imbue their residents with a newly found confidence each time they walk across the large courtyards towards their new places of living. These extensive complexes offered not only housing, they also catered towards the residents’ social needs. Their green spaces and playgrounds served a social function, their purpose being – apart from allowing for physical exercise and time spent outdoors – to foster a sense of community and togetherness (Wien and Wohnen, 2023, p. 85-87).

All efforts of the Social Democrats to improve the living conditions of the working class ended abruptly with the rise of Austrofascism. Until 1934, more than 60,000 apartments had been built. The onset of World War II rendered the continuation of the construction programs impossible (Wien and Wohnen, 2023, p. 24-25).

However, after the war Vienna returned to continuing the provision of homes, initiating a rapid construction program with the aim of rebuilding as many apartments as quickly as possible (Wien and Wohnen, 2023, p. 7-9).

The 1960s and 1970s were dominated by prefabricated construction, and while the 1980s shifted the focus to renovation and urban renewal, the 1990s initiated ambitions of expansion due to a growing need for affordable housing (Wien and Wohnen, 2023, p. 82-83).

The vision of affordable apartments that cater towards people’s needs is being realized until this very day, with the municipality building 4,000 new municipal apartments in the scope of the “Municipal apartments NEW” program. The newly built social housing stock in Vienna aims at providing offers for differing realities of life, reacting to societal changes in a timely manner, such as, for example, an increase in single households (Wien and Wohnen, 2023, p. 42-45).

A changing society influences the diversity of housing options in Vienna, as new times inevitably call for innovative solutions.

Vienna’s affordable housing system today

220,000 municipal apartments spread across 1,800 complexes are in the ownership of the City of Vienna. In contrast to many European metropolises, Vienna has never sold its municipal housing stock. The municipal apartments are administered by Stadt Wien – Wiener Wohnen, Vienna’s municipal housing management agency and Europe’s largest administrator of public housing. The

municipal housing stock offers modern housing options with low-threshold access, as no deposit or entrance fee must be paid upon entering the sector and open-ended rental contracts ensure the possibility of staying in affordable housing for life (Schantl *et al.*, 2022, p. 16).

Rent levels do not depend on individual income but are based on a reference value set in national legislation and adjusted to the CPI-index every two years. The current net-rent per square meter amounts to 6,74 Euro (excluding taxes and operating costs) (Wienerwohnen.at, 2025).

On the other hand, subsidized residential construction is provided by 54 limited-profit housing associations that administer approximately 200,000 rental apartments in Vienna. Their obligation to build affordable apartments for the common good is embodied in the Limited Profit Housing Act (Wohnungsgemeinnützigkeitsgesetz, WGG) which regulates the rights and duties of these developers, making them reliable cooperation partners for the City of Vienna.

As their definition implies, these limited-profit housing associations may make profit to a limited extent. The focus is on reinvesting funds into new construction and renovation projects, as well as the purchasing of building land (Socialhousing.wien, 2025).

Developers are granted subsidies from the City which in turn allows them to keep costs and rents at a lower level. One percent interest loans are granted for a period of up to 40 years, covering approximately 35 percent of the construction costs. The remaining funds to finance projects are mobilized through developer's own equities, bank loans, and tenants' equity contributions.

The continuous affordable housing construction is ensured by a sound financing system on the federal level, as social housing construction in Austria is financed through a fixed portion of the income tax, the so-called "housing promotion contribution" (Wohnbauförderungsbeitrag), amounting to 0,75 percent of the gross income of employees and employers. From the funds generated by this tax, Vienna receives a yearly amount of approximately 250 million Euro for housing construction purposes, yet spends roughly 500 million Euro per year on housing provision, due to the fact that the repayment of favorable loans granted by the City to developers creates a revolving fund that allows for the planning of housing programs that would not be possible under market-dependent policies.

Furthermore, by focusing fund allocation on the provision of new housing and the upkeep of existing housing stock by the means of renovation measures, the City directly influences housing production, instead of focusing the allocation of funds mainly on benefits paid out to individuals in the form of housing allowances, which

ultimately are received by private landlords and cannot be reinvested (Schantl *et al.*, 2022, p. 10-11).

So, while Vienna's subsidy system supports all three strands of new production, renovation and housing benefits, the majority of the funding is allocated for new construction and renovation of older building stock (Wien and Wohnen, 2023, 118-125).

But aside from financing the upkeep and advancement of the social housing system in Vienna, the City also provides land for subsidized housing construction. For this purpose, the *wohnfonds_wien*, Vienna's Fund for Housing Construction and Urban Renewal, has been founded in 1984 and to this day is responsible for the provision and acquisition of plots dedicated to social housing construction, holding land reserves of 3,1 million square meters (Socialhousing.wien, 2025).

While the funding mechanisms and land provision form the structural framework of the Viennese housing system, its basis is rooted in a range of legal regulations. The three most important being: The Vienna Housing Promotion and Housing Rehabilitation Act (Wiener Wohnbauförderungs- und Wohnhaussanierungsgesetz - WWFSG 1989), one of nine state level Housing Construction Promotion Acts, the Limited-Profit Housing Act (Wohnungsgemeinnützigkeitsgesetz - WGG), providing the framework for all limited-profit construction associations on the federal level and the Austrian Landlord and Tenant Act (Mietrechtsgesetz - MRG), ensuring strong tenant protection (Socialhousing.wien, 2025).

However, good living conditions depend on more than a high-quality building fabric – they are inextricably tied to social cohesion and an individual sense of “belonging” to a community. Therefore, the strengthening of local communities living in municipal housing estates is ensured by the service institution *wohnpartner* – Together for a Good Neighborhood. 150 community workers help to establish positive relations between inhabitants through on-site neighborhood events and projects such as community gardening or cooking, chess games and learning tutors, as well as offering support in cases of conflict, thus allowing for active tenant participation and fostering the creation of strong communities (Socialhousing.wien, 2025).

If living conditions happen to change for the worse and tenants find themselves facing difficulties in paying their rent, a team of social workers, Wiener Wohnen's “Case Management” team, offers individualized support with the objective of eviction prevention, for example by providing the possibility to pay in installments. Through measures like these, the prevention of evictions and the related reduction of homelessness make yet another contribution to a higher living quality in Vienna (Socialhousing.wien, 2025).

Innovative answers to new challenges

Despite the fact that Vienna's system of affordable housing construction came into existence more than a century ago, it continues to evolve and adapt to the demands and challenges posed by an ever-changing global environment (Schantl *et al.*, 2022, p. 2-5).

An example of Vienna's proactive approach is the amendment of the Viennese Building Code, which was added in 2018 as an answer to rising land and real-estate prices – a challenge faced by many cities across Europe. In order to secure the continuation of the provision of affordable housing, the City of Vienna introduced the “Subsidized Housing” zoning category, which allows for the zoning of plots of land reclassified from commercial and industrial areas to building land and requires that on such, two thirds of the useable floorspace must be reserved for subsidized housing. The implementation of the “Subsidized Housing” zoning category thus enables providers of affordable housing to continue the construction of social housing projects across the city, while at the same time the regulation stipulates a sales ban on units constructed on such plots (Socialhousing.wien, 2025).

But the provision of affordable housing cannot focus solely on producing a large quantity of homes – the apartments themselves must be adapted to changes occurring within Vienna's society, such as the emergence of new family forms, an increase in mobility and flexibility in the field of work. These new challenges demand innovation in relation to the design of floor plans, outdoor and communal areas, social services and offers surrounding the housing complexes such as access to healthcare, educational facilities and public transport.

In order to drive innovation in the subsidized housing sector, Vienna is relying on an instrument which was first introduced in 1995 – developer's competitions (Bauträgerwettbewerbe). Every developer aiming to obtain funding from the City of Vienna must submit their project and positively pass a competition whose aim is to ensure the highest possible quality as well as the best possible use of public funds (Wien und Wohnen, 2023, p. 132-133).

The competitions are organized by wohnfonds wien, Vienna's Fund for Housing Construction and Urban Renewal. Teams comprising of a range of experts such as open-space planners, project developers and architects are tasked with the evaluation of such projects. Those interdisciplinary juries evaluate the submitted projects based on a four-pillar model linked to the quality criteria of “social sustainability”, “economy”, “ecology”, and “architecture”. Only projects which fulfill all quality criteria receive the funding.

Due to this approach, the affordable housing sector in Vienna offers a range of innovative housing options, such as projects catered towards the needs of single

parents or apartments that aim to combine housing and work. Furthermore, due to the quality criterion of “ecology”, the innovative approaches emerging in the scope of the competitions contribute to tackling the issue of climate change by the means of new energy supply concepts, greened facades, and the use of photovoltaic systems and heat pumps.

The developers’ competitions have become an established instrument that the City of Vienna relies on in order to adapt the housing stock to the current needs of its population, looking beyond singular housing complexes and considering wider aspects of urban planning and design (Schantl *et al.*, 2022, p. 12-13).

The secret to Vienna’s achievements might be multifaceted, but it is the continuity and consistency of the City’s housing policy that renders Vienna’s system of affordable housing a story of success to this very day.

A model for other cities?

Given the international renown of the Vienna model and the current European housing crisis, the question arises as to whether the Viennese system can be transferred to other contexts. Although it would not be sensible to attempt to transfer the model in its entirety onto existing circumstances, it can certainly be distilled down to four main elements, the first of which is a stable legal framework, which in Austria is provided, among others, by the Limited-Profit Housing Act as well as the Landlord and Tenancy Act. Such regulations form a solid foundation on which a functioning and transparent housing system can be built.

Another element concerns the financing aspect: Long-term planning is enabled through a reliable financing model that uses revolving funds. By reinvesting surpluses in new construction and renovation, money remains in the system, which reduces the need for new investment from the public sector.

As far as tenants are concerned, the Vienna model offers opportunities for tenant participation. Allowing tenants to co-create their environment fosters a sense of belonging and security, which is also reflected in greater respect for public spaces.

A key element is the “social mix”, which is ensured both by broad access criteria, which allow both lower- and middle-income earners to enter the affordable segment, as well as by the distribution of residential buildings throughout the city, thus preventing the emergence of dangerous neighborhoods and discrimination based on residential address.

Vienna proves that forward-looking planning, smart financing systems, protection and direct involvement of tenants as well as timely responses to challenges and changes within society can create a fair, affordable housing system that benefits not only tenants of affordable apartments, but also society as a whole -

and these elements can be implemented in other contexts, provided one regards the Viennese system as an intelligent interplay between different strategies and actors, rather than a blueprint to copy.

The individual elements and strategies that shape the Vienna model are part of a broader philosophy that considers housing to be an essential factor in terms of ensuring a high quality of life. This conviction that housing is not a commodity, but a basic human right is a powerful driver behind Vienna's efforts to continue building upon the traditions that came to life one hundred years ago – for the city of today and the generations ahead.

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PICTURES

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