

'Social Housing Policies in Vienna, Austria: A Contribution to Social Cohesion'

by Wolfgang Förster (Department for Housing Research and International Relations, City of Vienna)

The Austrian Capital Vienna has for a long time been well known for its tradition of social housing. This article explains how social housing policies in Vienna have developed into an integrated system of technical and social urban planning.

DECENTRALIZED HOUSING POLICIES

Within the federal constitution of Austria the nine Bundesländer (Provinces) enjoy a certain freedom in formulating their housing policies. Vienna, which is also a province, differs considerably from the rest of the country being Austria's only metropolitan area.

SECURE FINANCING

The financing of social housing, both in the rental sector and in the subsidized owner-occupied and single-family housing sector, is based on contributions from national taxes and from the regional budget. The national tax revenues are distributed to the nine provinces according to a complex financial agreement, Vienna receiving approximately 450 million euro each year for housing purposes. Despite several cuts in recent years this way of financing still provides a secure base for the planning of social housing programmes on a large scale, which would not be possible under strictly market-oriented housing policies. The city itself, however, had to contribute further means from its own budgets in recent years due to an increased housing demand. Thus, the total expenditure for housing subsidies is some 600 mio € each year. Although this subsidization of housing from tax-income is to some extent dependent on the overall economic development, subsidies such as these directly influence the production of new housing – contrary to tax-deduction models used in many countries that primarily benefit better-off households. Besides, the total expenditure for housing expressed in a percentage of the GDP is significantly lower than in countries which focus on indirect subsidies by tax deduction.

Due to the expected growth of the population from currently 1.7 mio to some 1.9 - 2 mio within the next 15 years the subsidized housing programme has now been increased from 5.000 to 7.000 units per year.

LIMITED-PROFIT HOUSING

As Austria's biggest landlord, the city of Vienna owns about 220,000 rental apartments. Still, in recent years, the major part of new social housing has been carried out by limited-profit housing associations under varying legal conditions. These associations are subject to the national Limited-Profit Housing Act and to a second control by their own corporation and by the respective provincial government. At present, about 200 limited-profit housing associations are active in Austria, managing some 650,000 apartments and building another 15,000 each year. In Vienna, they own and manage about 136,000 apartments, in addition to the city's own 220,000, and even the major part of the owner-occupied apartments has been built within the subsidized housing programme. These owner-occupied apartments are therefore also subject to certain limitations concerning the income per household and the later sale of the apartments. Limited-profit housing associations enjoy tax-reliefs and have to re-invest profits back into housing. Rents are strictly regulated, the cost-rent covering financing, the running costs and the 10 % value-added tax (consumer tax). The maximum monthly net-rent for a subsidized apartment in Vienna is currently about 4,50 euro / m², or 6–7 euro / m² in total. Low-income households are entitled to housing allowances ensuring that they do not lose their apartments in case of a sudden illness or unemployment.

To reduce financing costs most developers ask a down-payment, which in rental housing may not exceed 12,5 % of the total construction costs, as well as a share in land costs. These contributions by the tenants are refunded with interest when the tenants move out. Low-income households are entitled to low-interest public loans or even to apartments without a down-payment. All subsidized apartments are subject to certain income-limits at the time of completion, high-income households are mostly excluded from such housing, for example. On the other hand, a later increase of income does not lead to a loss of the apartment.

THE NEW TENEMENT: TRADITION AND MODERNITY

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DIRECT AND INDIVIDUAL SUBSIDIES

The federal constitution allows Vienna to set its own criteria for housing subsidies more or less autonomously; object-subsidies are given to the developers in order for them to reduce the financing costs and rents. Typically, the amount of non-repayable subsidies is around 30% of the total construction costs. Meanwhile – with regard to EU regulations – such grants have been replaced by public 1% interest loans of up to 35 years. The level of grants depends on the project, with higher subsidies given to special projects like passive housing (housing estates without any sort of traditional heating) and other environment-conscious developments. Contrary to individual grants these subsidies give the public administration the possibility to directly influence housing production. Still, the percentage of subsidies to the tenants is increasing, low-income households now even have a legal right to receive such allowances.

REDUCING CONSTRUCTION COSTS

All subsidized housing projects are subject to public tender, with the best offer (not necessarily the cheapest) to be commissioned. Presently, total construction costs, including those for planning, amount to approx. 1,600 euro / m² of useable floor space, plus an amount for the respective share in land costs. Higher land prices are usually not accepted for social housing purposes. The city of Vienna profits from its strong influence on the land market due to the high percentage – approximately 90 % – of social housing within the total housing production, and due to the dedicated use of large areas exclusively for housing purposes. Housing developers' competitions, organized for all larger projects, also help to reduce construction costs. Developers have to offer a complete product, consisting of the planning, of ecological measures, social sustainability, and of exact economic calculations, and are judged along this "4 pillar-system" by an interdisciplinary jury along a complex score system. Developers have to give a price guarantee, otherwise they risk losing the subsidies!

ECOLOGY

As a result of several experimental buildings, low-energy consumption (about 35 kWh/ m² / year) has now become the rule in new housing, with more and more housing reaching passive housing standard (less than 15 kWh/m²/year). This is also seen as one of Vienna's contributions to fulfil the requirements of the Kyoto Treaty. Other ecological measures include individual water metering, the use of rainwater and 'grey' water, passive and active solar energy use, measures to reduce emissions from construction sites, etc.

New housing estates are required to connect to the city-owned district heating system; as far as technically feasible, this is also the case with all subsidized renewal projects. Currently, some 212,000 apartments – about 25 % of all housing in Vienna – as well as a large number of offices and business premises are connected to this heating system. It comprises of 900 kilometres of pipes. Each apartment metered individually. The initial temperature lies between 95 and 150 Celsius depending on the outside temperature. About 25 % of the necessary energy is provided by waste incineration, the rest comes from linkages to several power stations and a large refinery. Only at peak times, close to 4,5 % of the annual consumption has to be produced in five gas or oil power stations. Thus 64,6 % of all primary energy can be saved, equalling a reduction of CO₂ output of one million tons. The present capacity of the district heating company is extended continuously.

TENANTS' SECURITY

Despite much controversy, the 1917 Tenancy Act, which regulates the maximum amount of rent that may be asked for an apartment according to location, legal status, and construction period, has remained a national law until the present day. Only in very few, exactly defined cases, rents can be increased. Limited rental contracts have been allowed for some years. Most Vienna households nevertheless dispose of indefinite rental contracts, which can even be passed on to children occupying the same flat. In social housing only indefinite contracts are permitted, and tenants enjoy

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a broad participation in the day-to-day management of the building. But also in privately-owned rental buildings, tenants are guaranteed important rights; they may, for example, carry out improvements against the owner's decision (but not the other way round!). Disagreements between landlords and tenants can be decided by a city-run arbitration office without any extra costs. Decisions of this department are legally binding and can be passed on to the courts. This unusually high security for tenants may explain why about 80 % of all Vienna residents live in rental apartments.

BALANCED NEIGHBOURHOODS

In order to prevent the emergence of social ghettos, new housing areas usually comprise of apartments of different costs and of various legal statuses: rental and owner-occupied apartments with higher or lower subsidisation, as well as privately financed condominiums, the latter being without any income limits. As a result, large new housing estates have a rather good social mixture.

ALLOCATION

Within the subsidised housing programme two forms of housing have to be distinguished : council housing (which is cheaper), and housing provided by non-profit associations or other developers using public subsidies. Here, income limits are higher making these estates accessible for a large part of the population. Such developers also offer some flats for home-ownership, with a slightly higher income limit. Applications for council housing follow a strict score system (urgency of demand, size of household, etc.) which is transparent for all applicants. All developers using public subsidies have to give one third of the new apartments to the city for allocation, which then follows the same principles as in council housing; the rest of the subsidised flats is let or sold by the associations themselves.

SOCIAL CITY PLANNING

In Vienna housing is understood as a part of social-oriented city planning. The city has installed an infrastructure commission to define in detail the conditions for subsidized housing projects. Thus, new housing projects form a part of an existing area and help to overcome infrastructure deficiencies, such as in schools, health institutions, etc. Public means of transport are equally important.

The general rules are put down in the City Development Plan and are being revised and adopted by the City Council roughly every ten years. It defines the general aims and the development trends, including among others, the housing or business areas, axes of urban development along public transport lines, green areas, etc. Other plans, notably the Land Use Plan, are based on this general conception.

The Land Use Plan is subject to broad public participation by residents, district councils, etc., and is also adopted by the City Council. It includes the exactly defined use of each single plot in Vienna. These plans are worked out by the respective City Planning Departments (MA 21A and B) and by the politicians (councillors) bearing the responsibility for urban planning and housing.

SOCIAL ARCHITECTURE

The general policy of Vienna, i.e. not to leave urban development and housing completely up to the free market, is complemented by the housing subsidies and by the regulations of the Building Order, a Vienna provincial act. In its first part this law rules issues of city planning, like the interdisciplinary Advisory Board for Urban Planning and Urban Development, and the contents of the Land Use Plan. These plans have to describe in detail its exact use for each plot of land, the height and form of the buildings (free-standing, attached, etc.), the maximum density, the number of green areas, underground building parts, etc. They are legally binding for everyone after adoption by the City Council.

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Other chapters of the Building Order law stipulate the technical requirements, such as health protection and handicapped accessibility, as well as the architectural design. Without impeding modern architecture even in so-called protection-zones, any disturbance of the overall urban landscape should be prevented. The city has an own architectural department (MA 19) to provide advice and to offer assistance in deciding about new buildings, reconstructions, or the design of open areas. The department has also collected data about culturally valuable buildings, which can be accessed via the World Wide Web.

INFORMATION AND PUBLIC DISCOURSE

A further development of social housing concerns urban planning, architecture, ecology, and last but not least, social policy. This needs a continual broad discussion by the general public and among experts, as well as continuous information availability. This includes special housing research programmes and the distribution of their results by publications, presentations, and the regular publishing of housing issues in the media. Of course the clients of social housing, potential house-hunters for example, have to be informed comprehensively and un-bureaucratically. At the city-owned company Wohnservice Wien, all information about planned and completed subsidized housing projects can be obtained at its centrally-located centre or via its web page. But this is only the beginning. The city is now implementing its e-government strategy, which in the near future will enable residents to carry out all necessary steps from their homes, from the first overview of new housing, to the reservation of a particular apartment.

Vienna social housing thus represents a manifold system, which for decades has continuously developed and adapted to meet new challenges. In spite of its complexity, however, its primary aim should be kept in mind: to offer comfortable contemporary housing in an attractive urban environment to all residents at affordable prices.