Social resp. Subsidized Housing in Vienna
A Contribution to an Affordable and Environmental Friendly Housing in the Light of Global Challenges
A Story of Vision, Action and Hope

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Partnership for the Future in the Light of Global Challenges

Europe, Planet Earth 2030...

What are the roles of the State, of the governance? - Housing a human right

How do we most likely reach the Climate goals? – strategic subsidising

How do we engage citizens? – we need broad participation

How do we ensure societal integration, economic growth and stability as well as environment protection? – partnership approaches for different target groups and stakeholders

Vienna’s affordable social and subsidized housing is a valuable answer as it ensures a holistic approach with multi-level goals
The focus on subsidized social housing for the many is a result of a general political consensus.

It is on the long run

• economically effective, • socially fair, • ecologically sustainable and

• integrative in regards to political and societal dynamics and peace

• contributes to UN Climate Goals

Affordable social subsidized housing is not the problem, it is the solution.
Advantages of Subsidized Social Housing
Advantages of Subsidizing Social Housing

- **Active housing construction policy**
  Active housing policy, future oriented land management, **sustainable financing**, 

- **Definition and safeguarding quality criteria**
  Social housing has a pioneering task **Social political component, social sustainable urban development**
  Social housing targets a large mass of population, creates social mixture, avoids discrimination through ghettoization, minimizes gentrification

- **Positive effect on the real estate market**
  Social housing calms land prizes, contributes to societal dynamics

- **Saveguarding jobs and support to construction industry**
  supporting liable partners, fostering innovations

- **Eco-refurbishment and ecological and integrated new housing construction**

- **By structure and scale, contribution to the UN Climate Goals**
In the course of the „Municipal Housing Programme“ between 1923 and 1934, about 65,000 Municipal Dwellings/Flats were built in about 350 residential neighbourhoods. After 1945 the City of Vienna continued its Municipal Housing Construction Programme. Up to date, 220,000 dwellings are owned by the City of Vienna. They represent the spine of social housing in Vienna.
Social Dwelling Stock: a Societal consensus

890,000 dwellings/flats with principal residence

- **33%** Private rented flats, **292,000 flats**
- **25%** Municipal flats, **220,000 flats**
- **20%** Limited profit flats (LPHA), **182,000 flats**
- **12%** Private owned flats, **110,000 flats**
- **6%** Privately owned single family houses, **50,000 flats**
- **4%** Other legal means, **36,000 flats**

*Source: Statistik Austria: Wohnen 2015, micro census Vienna, 30.5.2016*
In Vienna, renting a flat is equally attractive to buying one thanks to:
- strict tenants protection
- Federal system – law making competence
- subsidies for building social housing
- refurbishing social private housing
- institutional control mechanisms
- Land use category „subsidized housing“ by Building code, 2018/19
- Urban development Contract, 2014/15
- Reference value for private permanent rental contracta
Housing Ecosystem: Players in Partnership for Social Housing in Vienna

- **Wohnfonds Wien**
  - Acquisition of land plots, refurbishment, Developers competitions

- **Wiener Wohnen**
  - Municipal non-profit enterprise managing municipal housing stock (200,000)

- **Limited-Profit Housing Associations (LPHA)**
  - 186 in Austria

- **Urban Renewal Offices**
  - Private Contractors at the service of the City of Vienna
  - Communication & Councelling

- **Wohnservice Wien**
  - Municipal owned non-profit enterprise allocation of socially funded dwellings

- **strong legal protection of tenants**
Housing Ecosystem: Social Housing Agenda in Vienna: multi level approach

- Management of existing municipal rental dwellings
- "Soft Urban Renewal"
- Public land management (Housing Fund, 1984)
- Subsidized housing construction by non-profit developers
- Subsidizing subjects (persons) and objects (renewal and new construction)
Housing subsidies in Vienna 2017: Budget fund for governance responsibility same as infrastructure e.a.

Total budget 2017: 577 Mio. (467 Mio. subsidies to objects, 2018: 422,9 Mio.)
Key value: return from loans thanks to long term policy (figures 2014)

Return from loans = + 290.1 Mio.

Housing Subsidy contribution (federal source) = + 155.3 Mio.

Total Influx = + 445.4 Mio.

Active Housing Policy

*Is hardly possible with the return assumption of private investors.*

### 3 room flat with 80 m²

<table>
<thead>
<tr>
<th></th>
<th>Subsidized</th>
<th>Market Financement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total construction costs (about 1.800 €/m² of living space)</td>
<td>150,000 €</td>
<td>150,000 €</td>
</tr>
<tr>
<td>Duration of refunding</td>
<td>35 years</td>
<td>20 years</td>
</tr>
<tr>
<td>Return assumption (costs of financing)</td>
<td>about 2 percent</td>
<td>about 5 percent</td>
</tr>
<tr>
<td>Annuity</td>
<td>6,000 €</td>
<td>12,000 €</td>
</tr>
<tr>
<td>Net rental charge without heating and other additional costs</td>
<td>500 €</td>
<td>1,000 €</td>
</tr>
</tbody>
</table>

In house calculation MA 50
It’s obvious that the private real estate market is not able, or is not willing, to meet demand, and public interventions like social housing or housing subsidies are needed.

and

If the private market under current circumstances is not able to fulfil the housing needs of about 75 percent of population it’s obvious that public intervention is needed.
Limited Profit Housing Associations (LPHA)

-Law on limited-profit housing (*Wohnungsgemeinnützigkeitsgesetz, WGG*) 1979

-186 GBV with 882,100 managed flats
  - 98 Cooperatives with 513,400 members
  - 10 Public Limited Companies (Stock Corporations)
  - 78 Private Limited Companies (GmbH).

- **profit limitation**: max. 3,5 % interests on own capital resources

- **cost limited rents**: rents only for the refinancing the costs for land plots and for construction works

- **generational balance**: after payment of construction 1,75€/m² for equity capital formation

- **construction obligation**: Re-Investment of „spare“ own capital (standby/reserve capital)

- **Monitoring union (Revisionsverband)**: supervision of non-profit building associations
Refurbishment

Major Pre-Conditions for Public Funding/Subsidies : Partnership!

• Object older than 20 years
• Dwelling building
• Dwelling max. size of 150 m²
• Situation in accordance to Land Development Plan
• Refurbishment economically justifiable
• Rents do not cover the financing needs
• Structure of owners is irrelevant (private, municipal, non-profit)

In the 1970ies, 42% category D flats („Bassena“), today 3 %
Instruments of Funding / Subsidizing

- Loan of the Land of Vienna (10, 15 or 20 years term, interest 1%)
- Non-refundable subsidies and contributions (once or on a period of 10 resp. 15 years)
- Subsidies to annuities (10 oder 15 Jahre)
- Loan Guarantee
- Subsidies for housing to persons

Combinations are possible!
In 2018, some 6,000 permits were delivered for subsidized housing units. The total subsidies for objects were around 422.9 Mio Euro in 2018. In the last 10 years, in average 7,030 flats have been built per year. In 2017, 8,929 flats have been built. In 2018, 10,018 flats have been newly built. This represents an increase of 30%. Due to the increased number of construction permits in the last 10 years, there will be an increased finalisation of construction in the upcoming period.
117 flats (107 flats out of which 77 subsidized) : same adress for all

**Type B smart**
2-rooms, about. 50 m², rent: about 375 €
**One time: 3.000 €**
(construction contribution)

**Type C with main subsidy**
3-rooms, about 80 m², rent: about 670 €
**One time: 40.000 €**
(basic costs + construction contribution)

**Type C smart**
3-rooms, about 70 m², rent: about 525 €
**One time: 4.200 €**
(construction contribution)

**Type D with super subsidy**
4-rooms about 90 m², rent: about 850 €
**One time: 6.000 €**
(basic costs + construction contribution)
Subsidizing Housing

SMART Housing (Construction) Programme

- Rent: max. 7,5 €/month (incl. House operating costs and turnover tax)
- Financing contribution: max. 60 €/m² living space
- Compact ground plan

• Typ A (1 room): max. 40 m²  
  max. 300,00 €/month + 2,400 €

• Typ B (2 rooms): max. 55 m²  
  max. 415,00 €/month + 3,300 €

• Typ C (3 rooms): max. 70 m²  
  max. 525,00 €/month + 4,200 €

• Typ D (4 rooms): max. 85 m²  
  max. 637,50 €/month + 5,100 €

• Typ E (5 rooms): max. 100 m²  
  max. 750,00 €/month + 6,000 €

Source: http://www.wohnfonds.wien.at/media/file/Neubau/SMART_Wohnbauprogramm.pdf
Since 1989, the City of Vienna implemented over 1,000 subsidized projects with about 100,000 subsidized dwellings. 25,000 of them were evaluated within 55 Developer’s Competitions (since 1995) and 825 projects with over 75,000 dwellings were evaluated by the Land Advisory Board and recommended for subsidies. In addition and in 2018 alone, 9 Developer’s competitions were held for 11 sites with over 5,000 flats to be built until 2022.
## Processes Stimulating Innovation

### Land Advisory Board
- Land plot owned by a developer and a project with < 500 flats
- Project submitted to the Land Advisory Board
- Evaluation by the Land Advisory Board with its monthly meetings

### Developers’ Competition
- Land plot owned by a developer and a project with > 500 flats
- or landplot owned by wohnfonds_wien
- *wohnfonds_wien* – the Housing Fund Vienna – makes a call for a Developers Competition (i.a. with a specific subject)
- Evaluation by a jury
- **New:** two step dialogue oriented procedures
# The 4-Pillars-Model

<table>
<thead>
<tr>
<th>Social Sustainability</th>
<th>Architecture</th>
<th>Economy</th>
<th>Ecology</th>
</tr>
</thead>
<tbody>
<tr>
<td>Every day adaptability</td>
<td>Urban structure</td>
<td>Costs for the land plot</td>
<td>Construction safeguarding climate and resources</td>
</tr>
<tr>
<td>Reduction of costs through planning and financing</td>
<td>Structure of the building</td>
<td>Total construction costs</td>
<td>Living in a healthy and eco-friendly environment</td>
</tr>
<tr>
<td>Living in the community</td>
<td>Structure of the dwellings</td>
<td>Costs for the end-users and contract clauses</td>
<td>Qualities in regards to green areas and public spaces relevant to the urban network</td>
</tr>
<tr>
<td>Living for changing needs</td>
<td>Design</td>
<td>Relevance of equipment for the costs</td>
<td>Diverse opportunities for users of green areas and public spaces</td>
</tr>
</tbody>
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## Total Evaluation

Social resp. Subsidized Housing in Vienna:
A Real Contribution to an Affordable and Environmental Friendly Housing that is including numerous stakeholders and developing a positive dynamics in the Light of Global Challenges

Thanks ¡Gracias! Gràcies!
Continuous Knowledge Management, organizational culture and pilot projects

- Continuous knowledge management within the administration
- Continuous quality management / improvement (CQI)
- Continuous dialogue with all partners
- Pilot projects supporting organizational dynamics:
  - Smarter Together (EU-Project with Lyon and Munich: Smart City in an existing urban quarter 2016-2021)
  - IBA_Vienna, New Social Housing 2016-2022
Smarter Together = Gemeinsam g’scheiter

Aktuell die größte, von der EU geförderte Smart City Stadterneuerungsinitiative der Stadt Wien mit Schwerpunkt Simmering
PartnerInnen in Wien

~ 80 Personen | 8 Partner | 9 Dienststellen | 41 Projekte
What now?

4 energy projects

4 building and refurbishment projects

4 infrastructure projects

9 mobility projects

Local activities & co-creation
Current Challenges according to UNECE Conference (Vienna, 13.4.2018):

- 2014 Geneva UN Charter on Sustainable Housing
- Key issues: societal integration and dynamics, climate change

- Fall out of the financial crisis 2008/2009 and global trends
  - Increasing of the building estates / plots (reall estate gold)
  - but the investment in home ownership not a guaranty for sustainable economic and social urban development
  - 194 billion Euro cost of inadequate housing
  - 4 Mio. homeless in Europe
  - Spain: 3,4 Mio houses empty/unfinished/unused after crisis
Current Challenges

→ 81.5 Mio (100 Mio) European overburdened by housing costs (especially people under the poverty threshold, 41 %)
→ 47 % young adults (18-34) live with parents and excluded from societal productivity, no possibility to enter housing market
→ 80 % struggle to find affordable housing in major European cities
→ gender related poverty
→ 11 % public social housing in Europe
→ Below 5% is the social housing stock in Eastern Europe after privatization
→ Class of poor home owners that are not credit worthy
→ Private housing market will always strive to profit, fast RoI, and stock holders interests,
→ Financial market conditions not suitable for major segments of population and even less for the poor
Current Challenges

- Contribution to the Paris UN climate goals
  - 75 % of final energy used in buildings
  - 44 % buildings built before 1980 (→ eco-refurbishment)
  - In 30 years, 70 % of buildings in UNECE-region already built while the global South most of the stock is still to be built. The carbon footprint is to be tackled differently.
  - Poverty, privatized single homes and atomized owners structure cannot contribute substantially to climate goals

- Demographic growth – increased need of new housing
- Demographic development (more elderly and high age persons as well as an increased young population, trend towards single households, new life styles)
- Increased social disparities and real decrease of incomes
- Increased rents on the private housing market