



CapaCity Workshop

Making affordable housing work

Policies, instruments and experiences

Workshop Report

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0 Executive Summary

The provision of affordable housing may be considered one of the most essential preconditions for an inclusive and sustainable urban development. In the countries of Central and Eastern Europe, deregulation policies of the transition years after 1989 led to a far-reaching privatisation of the public housing stock. Up to 90% of formerly public flats were sold to the tenants, at the same time public investment in affordable not-for-profit housing was reduced dramatically. As a result, cities today are lacking instruments for a balanced development of the housing market (thus leading to social segregation) – while a considerable share of the new society of homeowners is unable to afford the necessary refurbishment of often prefabricated houses from the Communist era.

In comparison, the housing system of other European cities, and in particular the Vienna housing model rests on a balanced mix of housing ownership and rental housing, strong tenants rights, and – above all – a long tradition of publicly subsidised housing production (be it by the municipality itself or by limited-profit housing associations) and housing refurbishment.

The Workshop “Making affordable housing work – Policies, instruments and experiences” was organised through the CapaCity programme in close cooperation between *europaforum wien*, the City of Prague respectively the Prague Institute of Planning and Development (IPR) and the Czech Technical University of Prague, Faculty of Architecture, with the support and coordination of *praguewatch.cz*. The aim of the seminar was to give an insight into good practices of affordable housing policies in European cities addressing specific issues like cooperative and bottom-up housing models, and to provide details about the public housing system of, to explain its policy background, its instruments and main structures, and to discuss with the workshop participants to what extent the model may be adaptable to their specific contexts.

Key elements of the Vienna housing model

The following elements of the Vienna model of social housing were explained by the members of the Viennese delegation and discussed with the expert audience:

- **Legal framework.** National and regional law forms the base for social housing in Vienna, the “Wohnungsgemeinnützigkeitsgesetz” being one of its cornerstones.

- **Limited-profit housing associations.** The model of social housing in Vienna rests on the system of housing cooperatives built up throughout the 20st century.
- **Income threshold.** For municipal housing and housing provided by limited-profit housing associations income thresholds apply. To secure social mixing, high income limits have been defined allowing about 80% of households to access social housing in Vienna. Incomes are checked before moving in into a subsidised flat. Later income checks have been rejected.
- **Funding.** Funding for social housing in Austria is tax-based. Employees and employers contribute 0.5% each of gross pay. In total Vienna's housing subsidies in 2016 amount to 582 Mio. EUR.
- **Allocation of flats.** In general the City of Vienna aims at a very high level of transparency to avoid corruption and clientilism. Flats provided by limited profit housing associations are distributed based on the principle "first come, first serve", the proven need and urgency also play a significant role.
- **Rents.** Another tool to secure social mixing is that rent-levels in the affordable sector are not related to the location: Municipal flats in the Inner-City have the same rent level than in outer districts, regarding flats from limited-profit housing associations there are differences, but only very minor ones. In recent years the prices for affordable housing have increased with a rate only slightly above the inflation rate.
- **Smart-Housing.** The new housing program is especially targeting young families, couples, single parents, elderly people and singles. Smart Housing provides apartments that combine a compact ground floor plan with innovative, socially sustainable architecture.
- **Neighbourhood management.** External „intermediate“ initiatives and private consultancies are hired by building companies to manage the community building in large projects. Area renewal offices (GB*) coordinate and promote rehabilitation programmes.
- **Active land policy.** Wohnfonds wien aims at providing land for subsidized new housing construction using well-directed acquisition strategies to purchase properties with development potential.
- **Quality standards.** Following the criteria of the "Four-Pillar-Model" (Architecture, Economy, Ecology, Social Sustainability), every subsidised housing project is reviewed either by the "Land Advisory Board" or by a jury in a „Housing Developers Competition“.

- **Soft urban renewal.** Urban renewal policy aims at the preservation of old building stock with the participation of residents taking into consideration accessibility, daily use suitability, residents' needs, city ecology etc.

Recommendations for a renaissance of affordable housing policy in Prague

- **Focus on "object side" funding?** Since the 1980s one can witness a trend away from object funding, towards a more subject funded system. However research shows that this system change is not very efficient. This becomes strikingly clear when looking at the public expenditure on housing in percent of GDP (this includes individual subsidies, reduced taxes, tax exemptions, subsidies for loans). In Austria the public spends 0.7% of the GDP for housing relevant expenditures (to a large extend object subsidies). In the Netherlands this number jumped from 1.5 to 2.5% recently due to a relocation of funds to the subject side. In the UK this number amounts to 1.5% (predominantly subject side, e.g. subs for low-income households to find a flat on the private market). The expenditure in the Czech Republic is 0.6%. These numbers illustrate the cumulative effect of object funding, as the affordable houses are permanently at the disposal for lower income households.
- **Develop strong limited profit housing associations (LPHA).** To secure a functioning and affordable housing market limited-profit housing associations play a crucial role. To function properly a set of framework conditions have to apply. Amongst others LPHA need a (modified) cost covering principle: exemptions from the principle to secure limited profit-making opportunities, should have an obligation to use profits for building new apartments, should be controlled by state authorities AND independent monitoring organisation, and should enjoy tax exemptions.

1 Introduction

The program **CapaCity – Urban Competences** pursues a more deepened international cooperation between the City of Vienna, its organizations and other cities. Several initiatives in the Danube region already have pushed forward cooperation and intensification of social and economic exchange between countries, regions and cities (f.i. the enlargement of the European Union in 2004 & 2007; the establishment of the European Strategy for the Danube Region), nevertheless the City of Vienna now focuses on the internationalization of organizations and companies in order to generate common project ideas. Integrated urban development as holistic smart city approach is the main aspect of future activities within the program **CapaCity**. The Municipal Department for European Affairs (MA 27) of the City of Vienna as initiator of the **CapaCity** program pursues to both widen the range of topics for city cooperation and to identify core topics of common interest.

Intensified European integration is one aspect of the program, additionally the city of Vienna has been visited by rising numbers of delegations and municipal experts, who are interested in urban strategies and technologies applied in Vienna. **CapaCity** will build up on opportunities generated by this grand international interest and will strive after sustaining contacts and intensifying exchange with regard to urban technologies and strategies.

The following activities are designed within the project **CapaCity** in order to support Viennese companies and organisations to deepen internationalization and activities in CEE and SEE:

- Organization of workshops in selected cities and towns with participation of Vienna stakeholders. The main aim of these workshops is follow-up activities.
- Coordination and collection of statistics of visiting delegations and experts to Vienna organisations and companies with particular interest in Vienna urban solutions.
- Representation at events, relevant for smart city expert networks & cooperation ideas.
- Research on and collection of relevant challenges for future urban development with regard to important cross-border and transnational projects and attractive co-financing instruments.
- Development of project ideas, triggered by municipal expert exchange on the basis of organized workshops in **CapaCity** partner cities.

Diverse sectors and topics are relevant for workshops within **CapaCity** which are based on issues of the smart city Vienna framework strategy: radical resource preservation, innovations/new technologies, balanced quality of living. **CapaCity** is open for a variety of concrete topics, e.g. among others integration and diversity policies, PPPs (private-public partnerships) for cities and municipalities, urban mobility and transport planning, strategies for tourism development or urban development visions. The ruling principle of workshops is the mutual benefit for both the host city and the City of Vienna and its organizations.

The Workshop "Making affordable housing work – Policies, instruments and experiences" was organised through the **CapaCity** programme in close cooperation between *europaforum wien*, the City of Prague respectively the Prague Institute of Planning and Development (IPR) and the Czech Technical University of Prague, Faculty of Architecture, with the support and coordination of praguewatch.cz.

The workshop programme rested on the expertise of the Viennese delegation consisting of

- **Wolfgang Amann**, Institute for Real Estate Construction and Housing Ltd., Vienna
- **Herbert Bartik**, europaforum wien, Center for Urban Dialogue and European Policy
- **Susanne Bauer**, City of Vienna, MA 50 – Division for Housing Research and International Relations
- **Raimund Gutmann**, Wohnbund:Consult, Vienna/Salzburg
- **Johannes Lutter**, europaforum wien, Center for Urban Dialogue and European Policy
- **Martin Orner**, Limited Profit Housing Association EBG (Gemeinnützige Ein- und Mehrfamilienhäuser Baugenossenschaft reg. Gen. m. b. H.)
- **Daniela Strassl**, City of Vienna, Executive Group for Construction and Technology

2 The study case

The provision of affordable housing may be considered one of the most essential preconditions for an inclusive and sustainable urban development.

In the countries of Central and Eastern Europe, deregulation policies of the transition years after 1989 led to a far-reaching privatisation of the public housing stock. Up to 90% of formerly public flats were sold to the tenants, at the same time public investment in affordable not-for-profit housing was reduced dramatically. As a result, cities today are lacking instruments for a balanced development of the housing market (thus leading to social segregation) – while a considerable share of the new society of homeowners is unable to afford the necessary refurbishment of often prefabricated houses from the Communist era.

In comparison, the housing system of other European cities, and in particular the Vienna housing model rests on a balanced mix of housing ownership and rental housing, strong tenants rights, and – above all – a long tradition of publicly subsidised housing production (be it by the municipality itself or by limited-profit housing associations) and housing refurbishment.

The aim of the seminar was therefore to give an insight into good practices of affordable housing policies in European cities addressing specific issues like cooperative and bottom-up housing models (day 1 – 12 October 2016), and to provide details about the public housing system of Vienna (day 2 – 13 October 2016), to explain its policy background, its instruments and main structures, and to discuss with the workshop participants to what extent the model may be adaptable to their specific contexts.

Affordable Housing in the Czech Republic

The country is facing a shortage of affordable housing for people who cannot afford to buy or to pay the market rent. Strict rent regulations, implemented during the previous communist regime, and still in force, contribute to the problem. These regulations, in addition to keeping the rents at a much lower level than market rents, give the possibility to “regulated tenants” of disposing of their units by transferring them to family members or exchanging and trading them. This situation has allowed high income people to remain in, and to transfer, “regulated” units leaving low-income families unable to access these regulated units and having to pay higher market rents. A further contributor to the situation is an unwillingness to make long-term financial commitment (mortgages) and to dedicate a share of income on rents. After

long debates, the Parliament adopted the law No. 107/2006 Coll. on deregulation of rents for the purpose of settling relations between owners and tenants.

Today, in spite of several attempts, the Czech Republic has no recognisable 'official' overarching housing policy but appears to have recognisable housing priorities. These priorities include: optimal use and good maintenance of the existing stock; targeted actions in favour of disadvantaged groups, and financing mechanisms to assist middle and low-income families. Programmes are available for housing co-operatives and non-profit groups. Since 1994, the construction of new housing by co-operatives is at a minimum level, representing only a few dozens of housing units per year.

Transition of the housing system in the 1990s

At the beginning of the 1990s, with the collapse of the Communist regime (as in neighbouring countries) a major economic transformation was implemented, shifting from a centrally planned to a market economy. In the housing sector, two methods were implemented: restitution and privatisation. The restitution phase involved the return of around 7% of the housing stock to the original owners or descendants of original owners whose housing had been expropriated by the Communist regime.

Privatisation of state-owned blocks of flats was implemented in two phases. First, the state transferred all state-owned properties to the municipalities. Second, privatisation of a large portion of municipal-owned properties was done through the sale of entire buildings to newly established housing co-operatives or through the sale of dwellings to individual tenants who then established associations of owners of housing units. Many thousands of housing co-ops were founded during this process (roughly 10,000 housing co-operatives and 43,000 associations of owners of housing units). This led to a broad privatization of the state housing stock which is still ongoing. After 1989, municipalities and the state experienced a dramatic drop in the number of homes in its ownership (with currently only 49,000. inhabited houses with apartments, i.e. 2.7% of the overall housing stock).

Housing stock in CZ today

According to the current statistical results, in 2011 the total number of homes in the Czech Republic was 4,756,572. Rental housing, as most flexible form of housing, has the highest proportion in the largest cities of the country.

The tenure composition has changed significantly since the 1990s. In 1991, 41% of the housing stock was owner-occupied, 27% owned by the state or municipality, 21% owned by housing cooperatives and 11% private rental. In 2011, the share of owner-

occupied stock grew to 64% (family houses and flats in housing blocks) along with 18% rental, 13% housing co-operatives and 5% other. However, home-ownership remains low compared to other Eastern European countries.

In rented flats lived almost 776,000 households, representing 18.1% of the total, the share of housing costs in net income amounted to 31.3%.

In 2012, households in rented accommodation whose share of housing costs in net income exceeded 40%, were 273,000, i.e. 35.2% of households living in rented accommodation and 6.4% of all households. Households in rented accommodation, whose share of housing costs in net income exceeded 50%, amounted to almost 156,000, i.e. 20.1% (respectively 3.6%), and households with a share of housing costs in net income of more than 60% to almost 101,000, i.e. 13.0% (respectively 2.4% of all households).

Housing co-operatives (non-profit)

Today, housing co-operatives are completely independent from the state. Even though their overall share in the housing market has decreased as a consequence of transfers of co-operatives' flats into private ownership, they have been able to establish themselves as key players in the housing market since the beginning of privatisation. Housing co-operatives in the Czech Republic are not seen as just "entrepreneurs" with an economic role but are also expected to solve various social problems as well.

Key characteristics of the Czech housing co-operatives are:

- Rental: members are tenants. They do not own their unit. Units remain the housing co-operative's property.
- Operating as non-profit.
- Mostly prefabricated buildings (high-rise and multiple-storey).
- Managed professionally or on voluntary basis according to the size: 9,700 housing co-operatives were founded through the privatization process with 150,000 units and managed by volunteers. The remaining 300 housing co-operatives with 280,000 units are managed by professionals. Besides their own flats these larger co-operatives administer approximately 350,000 units of associations of private owners.
- The size of housing co-operatives varies: for example 69% of housing co-operatives manage 250 units whereas 2% of housing co-operatives manage more than 10,000 units.
- Members pay a share for the administration/management of the co-operative.

- The monthly rent paid by the member is established according to the floor space occupied.
- Housing co-op rents cover the mortgage cost, the insurance premium, an allocation for the maintenance of the building and a housing society administration fee. The administration fee in 2011 is equivalent to 6–8 Euros per unit per month.

Financing

In the 1990s, state support for housing co-operatives was substantially restructured through:

- A state-subsidised housing savings scheme based on the Austrian/German model.
- Tax relief for interests on mortgage loans.
- Direct financial support for housing construction.
- Programs for repairs and modernization of prefabricated housing stock.

The construction savings scheme has been available since 1993 and is based on the German and Austrian model. The goals are to encourage people to save money while facilitating the accumulation of funds to provide low-interest loans. Half of the state's housing expenditure is directed to support the housing savings system. The scheme works as follows:

- Low-interest savings with a non-refundable financial government contribution of 15% of the annual saving amount (maximum premium).
- Government contribution available after 6 years' saving. The total sum saved may be used for non-housing purposes. Individuals can continue to save after the 6th year.
- Low-interest loan for housing available when 50% of the loan amount has been saved. Loans are for housing purposes exclusively.
- Income tax exemption of interest on savings deposits including the state premium.
- Deduction of paid interest on loans from income tax.

In the period 2001–2011 a significant instrument directed at modernizing and reconstructing housing units was introduced, the 'PANEL' programme. It provided financial help to access commercial financing through an interest subsidy, administered by the State Fund for Development of Housing (SFRB). The program also provides a state guarantee from the Czech Guarantee and Development Bank. For financial reasons this programme was terminated in 2011.

Legal Framework

Throughout the years and the different regimes, housing co-operative's regulations in the Czech Republic have always been included in a special legislative act.

Today, the legal instruments for the co-op housing sector are:

- Commercial Code: general co-operative regulations were included in the commercial code in 1991.
- Transformation Act: gives housing co-operative members the right to sell their co-op's share on the open market and the right to become the owner of their units
- Law No.378/2005 Coll. (of 19/8/2005) and Government's Regulation 465/2005 Coll. (of 9/11/2005 – regulations for the construction of co-operative flats.
- Law No. 107/2006 Coll. on one-sided increase of rents.

Currently, competence in addressing housing for citizens is divided between many actors and enshrined in many laws, statutes and articles of associations. These competencies were based on the need to address the specific inputs into housing policy (construction, financial assistance to help cover the costs, inclusion of excluded groups etc.), but they lack a coherent consistency, continuity and permeability.

The main coordinator is the Ministry for Regional Development, which is established as central government authority by Act no. 2/1969, including matters of housing policy, development of housing and leasing of residential and commercial premises. Under this Act, the Ministry for Regional Development coordinates the activities of ministries and other central government authorities in housing policy, including coordination of financing these activities.

What next

This year, the parliament of the Czech Republic will discuss a draft of the social housing law currently being prepared. The aim of this long awaited legal standard is to provide decent housing for a few percent of the socially weakest Czech households. Considering the persistent underestimation of financially affordable housing, even this seems to be an ambitious goal – although possibly still far from sufficient. Searching for tools that enable dignified, adequate housing for less wealthy citizens who cannot be categorized as the socially weakest, as defined by the draft law on social housing, is therefore a major challenge for both public and private sectors. This is especially true of construction companies, who will inevitably participate in the implementation of economically affordable housing. We are drawing from the following knowledge and experience:

1. Although only a relatively small proportion of households rank below the official threshold of housing un/affordability, a disproportionate number of households rank just above it. In many towns, ownership or rental market housing is not financially affordable for these households, or can only be obtained with great difficulty.
2. The segment of so-called middle class households with a real chance at acquiring proprietary commercial housing is relatively small. Most of these households finance the purchase of an apartment via a mortgage. They are therefore obliged to pay off the mortgage for twenty or more years, significantly reducing their living standards and exposing themselves to an increased risk of insolvency. This model, leading to the impoverishment of the middle class, is not socially sustainable either.
3. A saturated commercial housing market, which can occur quite easily under these circumstances, would very likely lead to a significant stagnation in the construction industry, similar to how it was effected after the 2009 economic crisis in many Western European countries.
4. Foreign practice shows that in periods of economic stagnation, the implementation of financially affordable housing projects provide construction and development companies with an opportunity to avoid a significant reduction in the volume of their activity, dismissing employees and implementing further austerity measures.

In order to address housing affordability in the Czech Republic in a long-term and conceptual way, it is necessary to ask questions such as:

- How is the public administration planning to improve housing affordability for socially vulnerable households just slightly above the 5% poverty line?
- What is the current and possible future role of the public administration and local governments in this process?
- What will the role of the private sector be in the construction of financially affordable housing? How will the private sector cooperate with public entities?
- How will the financial resources for the construction of affordable housing be secured? Under what conditions will banks be prepared to fund these projects? To what extent is the state ready to become the financial guarantor of affordable housing construction?

3 Workshop Programme

Day 1 (12th Oct 2016):

Affordable housing: International perspectives and good practice models

09.00	<p>1 Affordable rental housing whether purely directed by municipalities, communities entrusted to a management organization, or directly carried out by non-profit housing organizations)</p> <p>Keynote presentation from Vienna Susanne Bauer, City of Vienna, MA 50 – Division for Housing Research and International Relations</p> <p>Lecture from Prague expert Paul Koch & Maria Topolčanská, ARCHIP Financing affordable housing in cooperation between public and private sectors</p> <p>Debate</p>
10.45	Coffee Break
11.00	<p>2 Housing Cooperative model</p> <p>Keynote presentation from Barcelona: Arnau Andres Gallart, LACOL Architects Housing cooperation pilot project "Habitatges La Borda</p> <p>Lecture from Prague expert Martin Kroh, Housing Association SBD Praha Cooperative model of affordable housing in Czech republic</p> <p>Debate</p>
12.45	Lunch Break
13.30	<p>3 Bottom- up initiative housing models</p> <p>Keynote presentation from Rotterdam / The Hague Ineke Hulshof, Hulshof Architecten Case studies Wallisblock (Rotterdam) & JUNO block (The Hague)</p> <p>Lecture from Prague expert Marek Kopeč, baugruppe.cz Bottom-up initiatives for affordable housing in Czech Republic</p> <p>Debate</p>
16.00	End of Day 1

Day 2 (13th October 2016):
Affordable housing: the Vienna model

09.00	Welcome and Introduction Nisan Jazairi , PragueWatch Modertion Johannes Lutter , europaforum wien
	Support for affordable housing in the draft strategic plan of the City of Prague Michal Němec , Prague Institute of Planning and Development (IPR), Strategy and Policy Section
09.15	The Vienna model of social housing <ul style="list-style-type: none"> • Overview of the main pillars of the housing system: Housing policy goals and their legal provisions Balancing social mix and targeting particularly vulnerable groups (Input: Susanne Bauer) • Performance indicators of affordable housing policy in Vienna: housing construction, costs, energy performance etc. (Input: Wolfgang Amann) • Individual housing subsidies (subject funding) vs. subsidized housing construction (object funding) – strengths, weaknesses, balancing (Input: Wolfgang Amann)
10.00	Welcome address Petra Kolinska , Deputy Mayor for Urban Development and Planning
10.15	The model of subsidized housing construction in Vienna <ul style="list-style-type: none"> • Active land policy by the Vienna Land Procurement and Urban Renewal Fund: instruments and limits (Input: Daniela Strassl) • Providing for affordable housing by limited-profit housing associations – the Austrian system of public utility (“Gemeinnützigkeit”) in theory and practice (Input: Martin Orner) • Alternative financing models of affordable housing: Housing investment bank WEBIT, housing initiative (“Wohnbauinitiative”) (Input: Wolfgang Amann & Susanne Bauer)

11.00	Coffee Break
11.45	<p>Quality standards & affordability</p> <ul style="list-style-type: none"> Balancing architectural, ecological and social sustainability standards with costs (Input: Raimund Gutmann) Public housing policy as innovation driver: the instrument of "housing developers competitions" (Input: Raimund Gutmann)
12.30	<p>Access to affordable housing – instruments for specific target groups</p> <ul style="list-style-type: none"> SMART Housing: Special housing models focussing on affordability for young families, couples, single parents, elderly people and singles (Input: Susanne Bauer) Bottom-up experiences with affordable housing development: cooperative procedures, building groups, do-it-yourself models etc (Input: Raimund Gutmann)
13.30	Lunch Break
14.15	<p>Managing the existing housing stock in times of growth & densification</p> <ul style="list-style-type: none"> The modal of "Soft Urban Renewal": subsidised, socially compatible refurbishment aiming at an upgrade of poor neighbourhoods while counteracting gentrification (Input: Daniela Strassl) Programme for the thermal renovation of housing estates (to reach the goals of climate protection and address the danger of fuel poverty) (Input: Daniela Strassl) Instruments of neighbourhood management: Area renewal offices ("Gebietsbetreuungen"), district management, conflict mediation (Input: Raimund Gutmann)
15.30	Further aspects to be discussed
16.00	End of the workshop

4 Workshop Findings

4.1 Observations and analysis

4.1.1 The Prague Context (cf. also chapter 2)

- **Housing costs as increasing burden despite of high wages.** Currently the average net monthly rent in Prague is at app. 7.8 EUR/m². If you buy a flat the average price per m² is app. 2,111 EUR. This price level leads to a situation where despite of relatively high wages in Prague, affordability of housing is a sincere problem in the city. E.g. whereas in the Czech Republic as a whole housing costs as a percentage of the monthly income amount to 18.3%, in Prague this figure is 20.6%. In the rental market, tenants have to allocate a third of their income to housing.
- **Danger of homelessness.** Due to the problematic situation in the housing market, homelessness is an increasing problem in the city. Currently there are about 10,000 homeless people in Prague with a further 10,000 with the acute risk of losing their home.
- **Municipal housing.** The share of the municipal housing stock is at 5.7%, reflecting the decreasing number of municipal flats (from 194,000 in 1991 to 35,000 in 2016) due to the large scale privatisation process. New construction is on a very low level. After zero municipal flats have been built in 2012 and 2013, 2014 saw the production of 187 flats. Up until now the rewards from privatisation have not been reinvested into the municipal/social housing market.
- **Social housing development fund.** In the future it is planned to use the funds from the social housing development fund solely for renovation or building of social and affordable housing. Currently the funds hold 2 Bn. CZK (app. 80 Mio. EUR).

4.1.2 The Vienna Model of Social Housing

Some basic facts

(for more details please see Presentation_Bauer_Affordable_Housing)

- **Cornerstones.** 77% of the Viennese population live in rental apartments, 26% of these apartments are municipal flats, a further 16% are affordable houses built by limited-profit housing associations. Therefore in total the public sector has influence on more than 42% of the rental housing stock. For these 420,000 flats which belong to the city or limited-profit housing associations there are strict rent regulations. Affordable housing is distributed over the whole city to guarantee social mixing.
- **Income threshold.** For municipal housing and housing provided by limited-profit associations income thresholds apply. To secure social mixing, high income limits have been defined deliberately. Therefore, the income ceiling de facto allows about 80% of households to access social housing in Vienna.
- **Legal framework.** National and regional law forms the base for social housing in Vienna. One of the most important pillars is the so called "Wohnungsgemeinnützigkeitsgesetz" – amongst others it regulates that limited profit housing associations have to reinvest their profit into social housing.
- **Funding.** Funding for social housing in Austria is tax-based. Employees and employers contribute 0.5% each of gross pay. In total Vienna's housing subsidies in 2016 amount to 582 Mio. EUR. The main share is national money which is re-distributed to the regional level. Additionally, the City of Vienna spends another 150 Mio. EUR.
- **Allocation of flats.** In general the City of Vienna aims at a very high level of transparency to avoid corruption and clientilism. Flats provided by limited profit housing associations are distributed based on the principle "first come, first serve". In relation to municipal flats the proven need and urgency also play a significant role.

Social mixing

(for more details please see *Presentation_Amann_Welfare_Regimes / Presentation_Bauer_Smart_Housing / Presentation_Gutmann_Qualities_Procedures*)

- **Target groups.** Social/affordable housing in Vienna targets a wide sector of the population. New affordable housing provided by limited-profit housing associations is targeting primarily middle income groups. Therefore there are significant overlaps with the private market. Only the two tenths with highest income are not eligible for affordable housing and therefore use solely the private market. Municipal housing is targeting the middle-classes and lower middle-classes.
- **Incomes.** Incomes are checked before moving in into a subsidised flat. Later income checks have been rejected so far because of the expected high bureaucratic costs. Moreover social mixing has proven to be efficient in macro-economic terms as well as in micro-economic ones, as the management of mixed houses is easier and more cost efficient.
- **Rents.** Another tool to secure social mixing and spatial mixing is that rent-levels in the affordable sector are not related to the location. That means a municipal flat in the Inner-City has the same rent level than one in an outer district. Regarding flats from limited-profit housing associations there are differences, but only very minor ones.
 Currently the rent levels in the private and affordable market are as follows:
 - Market prices: new construction app. 11 EUR/m² / existing stock: 8.7 EUR/m² (including running costs without heating)
 - Affordable sector: new construction between 6-7 EUR/m² / existing stock: 6.7 EUR/m² in limited profit sector; 6.4 in municipal housing
 In recent years the prices for affordable housing has increased with a rate only slightly above the inflation rate.
- **Smart-Housing.** The new housing program is especially targeting young families, couples, single parents, elderly people and singles. Justified housing needs for Smart-Housing are social criteria such as:
 - Overcrowding
 - Reservation for youngsters
 - Person with special needs
 Smart Housing provides apartments that combine a compact ground floor plan with innovative, socially sustainable architecture. They are characterized by economic and comfortable facilities (for example, a shower instead of a

bathtub), which offer different packages – e.g. floor covering, tiles, instead of expensive individual requests. All newly built subsidised buildings include a certain percentage of “SMART” apartments (about one third) to achieve a small-scale social mix; 50% of “SMART” flats are distributed via Wohnservice Wien, a company of the City of Vienna.

- **Neighbourhood-Management.** External „intermediate“ initiatives and private consultancies are hired by building companies to manage the community building in large projects. Area renewal offices (GB*) – a service by the city of Vienna – run by architects or housing developers and commissioned by the city coordinate and promote rehabilitation programmes since 1974 , predominantly in the private housing stock. Finally the “Wohnpartner” – a service by the city of Vienna (Wohnservice Wien GmbH) – carries out „residential support for communal flats“. Since 2010 Wohnpartner provides service facilities for municipal housing tenants to increase residential satisfaction and mediates in cases of conflict.
- **“Baugruppen”.** Bottom-up housing initiatives with special interests are a minority sector within affordable housing, but act as important pioneers and trendsetter.

Active land policy

(for more details please see Presentation_Strassl_Land_Policy)

- **Wohnfonds wien as the main actor.** Wohnfonds wien was founded in 1984. Simultaneously with the foundation, the fund has been endowed by the city with capital and donation of properties. Its main aim is to provide land for subsidized new housing construction. To do this, over the years well-directed acquisition strategies were implemented to purchase properties with development potential. These policies have a damping effect on the Viennese property market by being able to sell the land for housing projects without additional mark-up (as a non-profit organisation) and thus cut basic costs of the property market.
- **Current challenges.** Due to population growth and continuous private investment into real estate land prices have increased significantly. Land owners are therefore less prepared to sell their property to acceptable prices to the wohnfonds. Moreover due to restrictions in public budgets it is increasingly difficult to provide the necessary social infrastructure alongside housing projects. In a reaction to that the City of Vienna increasingly implements urban development contracts (“Städtebauliche Verträge”) which define that a certain

share of the infrastructure is to be financed by the developer. Furthermore new tools in the building code support the availability of land for affordable housing (e.g. new category "subsidised housing", earmarking of plots as building land for only limited periods).

Limited profit housing associations

(for more details see Presentation_Orner_Public_Utility)

- **History.** The first housing cooperatives were founded in the 1890's (some of them still existing) as self-help organizations. Before and after WW I foundation of several cooperatives in Austria, housing construction supported by state funds. After WW II based on a new legal framework: foundation of limited-profit housing companies (stock companies and plc's). In 2016 in all of Austria 186 companies are operating, providing the bulk of affordable housing.
- **Target groups.** Very low income groups have never been the target group (necessary subsidies would have been too high), but rather the lower to higher middle class. However, after the repayment of loans the rent is reduced according to principles of public utility law (currently about 6 EUR/m²/month, incl. tax, without heating). This makes a very good offer for lower income groups (cheapest apartments on the market). Every year thousands of additional apartments reach this status. So the middle income groups finance apartments for lower income groups over a long period.

Housing Developers Competition

(for more details please see Presentation_Gutmann_Qualities_Procedures)

- **Four Pillar Model.** Following the criteria of the "Four-Pillar-Model" (Architecture, Economy, Ecology, Social Sustainability), every subsidised housing project is reviewed either by the "Land Advisory Board" or by a jury in a „Housing Developers Competition". This form of quality assurance was started in 1995 (single or two-stage competitions) and is managed by „wohnfonds_wien" supported by an interdisciplinary jury. Property developers invite teams of architects, landscape planners and sociologists etc.; the winners sign a treaty ensuring quality and rental price.
- **Measuring social sustainability.** The social sustainability is amongst others measured against the following criteria: the floor plans – is there a certain diversity or are all the floor plans oriented towards the needs of "classical" families; size and quality of the community facilities, quality of semi-public

spaces etc. Moreover the Vienna housing research programme offers important insights into social sustainability (e.g. providing evaluation, surveys etc.).

Soft Urban Renewal

(for details please see Presentation_Strassl_Renewal_Renovation)

- **Principles.** Soft urban renewal in Vienna is
 - Based on the preservation of old building stock and thus also on the preservation of the cityscape
 - Based on the participation of residents
 - Creating new living space in existing housing stock
 - Taking into consideration accessibility, daily use suitability, residents' needs, city ecology, e.g. by reduction of buildings' energy demand or dealing with care with urban animal life
 - Improving neighbourhoods and infrastructure
 - Preserving workplaces close to home
- **Funding.** Private landlords can apply for funding, in return the possible rent increases after renovation are strictly restricted. This helps to avoid gentrification processes.
- **Thewosan.** Since 2000 the Thermal Renovation of Housing Estates (Thewosan) aims to reduce energy consumption, additionally also air pollutants and CO₂ emissions

4.2 Recommendations and elaboration of measures

Consider performance indicators

(for more details see Presentation_Amann_Performance_Indicators)

- **Austria's system is outperforming most other European countries.** Looking at output indicators demonstrates that the Austrian system is highly effective in terms of:
 - *Total output:* Due to the financial crises housing production has seen a significant decrease in 2006-2009 in Europe and remains on a low level ever since. In Austria however a different picture emerges – the housing production has absorbed shocks quite well and remains on a sufficiently high level (with the exception of particularly fast growing regions like Vienna). In the Czech Republic housing production remains below the EU average.

- *Energy efficiency:* According to the Paris treaty the building sector is supposed to be CO₂ free within one generation. In Austria CO₂ emissions in the building sector have decreased by 42% since 1990 although average floor space has increased by 50%. Also the Czech Republic has seen a significant decrease with Sweden being on top in that category.
- *Housing cost ratio.* In Austria the amount of the income which has to be used for housing costs is below the EU average. In the Czech Republic one can witness a strong increase until 2008. Recently – due to decreasing costs for fossil fuels – the share is slightly decreasing.

Focus on “object side” funding?

(for more details see *Presentation_Amann_Subject vs Object*)

- **Better results – lower spending.** Since the 1980s one can witness a trend away from object funding, towards a more subject funded system. However research shows that this system change is not very efficient. This becomes strikingly clear when looking at the public expenditure on housing in percent of GDP (this includes individual subsidies, reduced taxes, tax exemptions, subsidies for loans). In Austria the public spends 0.7% of the GDP for housing relevant expenditures (to a large extend object subsidies). In the Netherlands this number jumped from 1.5 to 2.5% recently due to a relocation of funds to the subject side. In the UK this number amounts to 1.5% (predominantly subject side, e.g. subs for low-income households to find a flat on the private market). The expenditure in the Czech Republic is 0.6%. These numbers illustrate the cumulative effect of object funding, as the affordable houses are permanently on disposal for lower income households.

Develop strong limited profit housing associations (LPHA)

- **Framework conditions.** To secure a functioning and affordable housing market limited profit housing associations play a crucial role. To function properly a set of framework conditions have to apply. Amongst others LPHA
 - need a (modified) cost covering principle: exemptions from the principle to secure limited profit-making opportunities
 - should have an obligation to use profits for building new apartments
 - should be controlled by state authorities AND independent monitoring Organisation
 - should enjoy tax exemptions

5 Benefits for the City of Vienna and next Steps

- **Building on the increased interest in Vienna's model of social housing.** Due to the crisis in the housing market in many European cities with the associated negative effects in terms of social cohesion, liveability and economy, more and more cities show an increased interest in the Vienna model of social housing. This is beneficial for Vienna in two ways: first of all it strengthens its position as an effective, caring and socially inclusive city and a city from which others can learn; secondly it supports the efforts of the city to lobby for a socially inclusive housing market on the European level and to find new partners.
- **Assess the possibilities for know-how export.** This renewed interest increases the feasibility for fruitful bilateral co-operation projects and co-operation in the context of international/European programmes (cf. the "Smart Together" project of Vienna, Lyon and Munich funded by the European Union via the Horizon 2020 scheme) which may help developing new approaches and solutions for the housing policy challenges that also Vienna is facing.

Next steps

- **Developing tailor-made consulting formats based on the needs of the respective city.** The Viennese system of social housing is a complex system which has been developed over the course of a century – with continuous public investment. Therefore the starting conditions vary significantly from other cities, which do not have that kind of tradition or stopped/reduced public investment in social housing, abolished relevant institutions, legal frameworks etc.
 - To secure optimum benefits for other cities, tailor-made consultation formats – based on in-depth analyses of the respective housing market and housing policies in interested cities – can be developed.
- **URBACT as possible platform for cooperation and know-how transfer.** URBACT, the European Territorial Cooperation programme aiming to foster sustainable integrated urban development in cities across Europe, is planning to launch a new call focussing on good practices before the end of 2016 which shall build the basis for additional thematic URBACT networks. The City of Prague already expressed its interest to set up a broad European network on affordable housing, and would be glad to see Vienna in the lead. Thus, URBACT might serve as another platform to enhance Vienna's know-how export.

- Further perspectives will be discussed under the coordination of MA 50, Division of Housing Research and International Relations, as soon as the call has been launched. In particular it has to be assessed whether an initiative under URBACT may serve as a suitable instrument to support the political ambitions of Vienna to take European leadership for fostering public-utility housing in the EU (as recently announced by City Councillor Michael Ludwig).

Annex

List of participants

Andrt Pavel	Litvínov
Bendl Jiří	Město Klecany
Cieslerová Jana	asistence o.r.g.
Chytra Klara	Litvínov
Dolejšek Vladimír	refernet-Ústav hl.architekta
Duchoňová Irena	Mezi proudy
Dvořáčková Helena	náměstkyně primátora, Pardubice
Hadáček František	SFRB State Housing Development Fund
Haverová Martina	Sintel
Holan Lubos	Bohemia Real Invest
Janík Martin	Valašské Klobouky
Jurigová Kateřina	
Kabátek Štefan	NKÚ
Kalašková Jitka	Mesto Brno
Kohout Michael	České vysoké učení technické v Praze - Fakulta architektury
Kroulíková Soňa	Mezi proudy
Kubátová Eva	kancelář starosty Praha 4
Kubelka Čeněk	Zahraniční kancelář města Vídně v Praze
Lesak Vit	
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Víšek Petr	MMR Ministry of regional development
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Affordable Housing In The Strategic Plan For Prague – Update 2016

Michal Němec -----

PRAGUE INSTITUTE OF PLANNING
AND DEVELOPMENT, 13. 10. 2016



IPR
PRAGA

- 1 HIGH PRICES AND RENTS ON THE RESIDENTIAL MARKET,
LOW AFFORDABILITY OF HOUSING**
- 2 INCREASING HOUSING COSTS**
- 3 INCREASING DEMANDS TO ENSURE THE HOUSING
NEEDS OF SENIORS**
- 4 THE NEED FOR HOUSING AND INCLUSION OF PEOPLE
AT RISK OF POVERTY AND SOCIAL EXCLUSION**
- 5 NON-CONCEPTUAL AND PASSIVE MUNICIPAL HOUSING
POLICY IN THE LONG-TERM**

1____ [HIGH PRICES AND RENTS ON THE RESIDENTIAL MARKET, LOW AFFORDABILITY OF HOUSING]

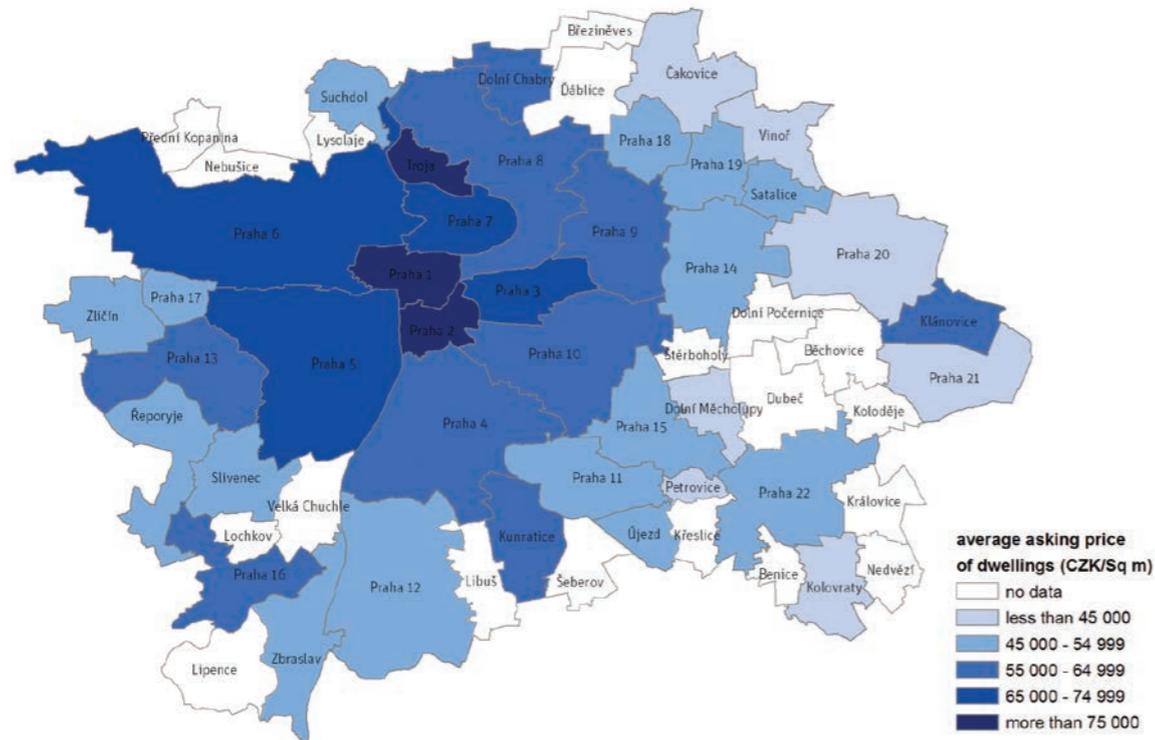
Average asking prices and rents for dwellings in Prague (12/2015):

---- price – 57,049 CZK/m² (approx. 2,111 EUR/m²)

---- net monthly rent – 212 CZK/m² (approx. 7,8 EUR/m²)

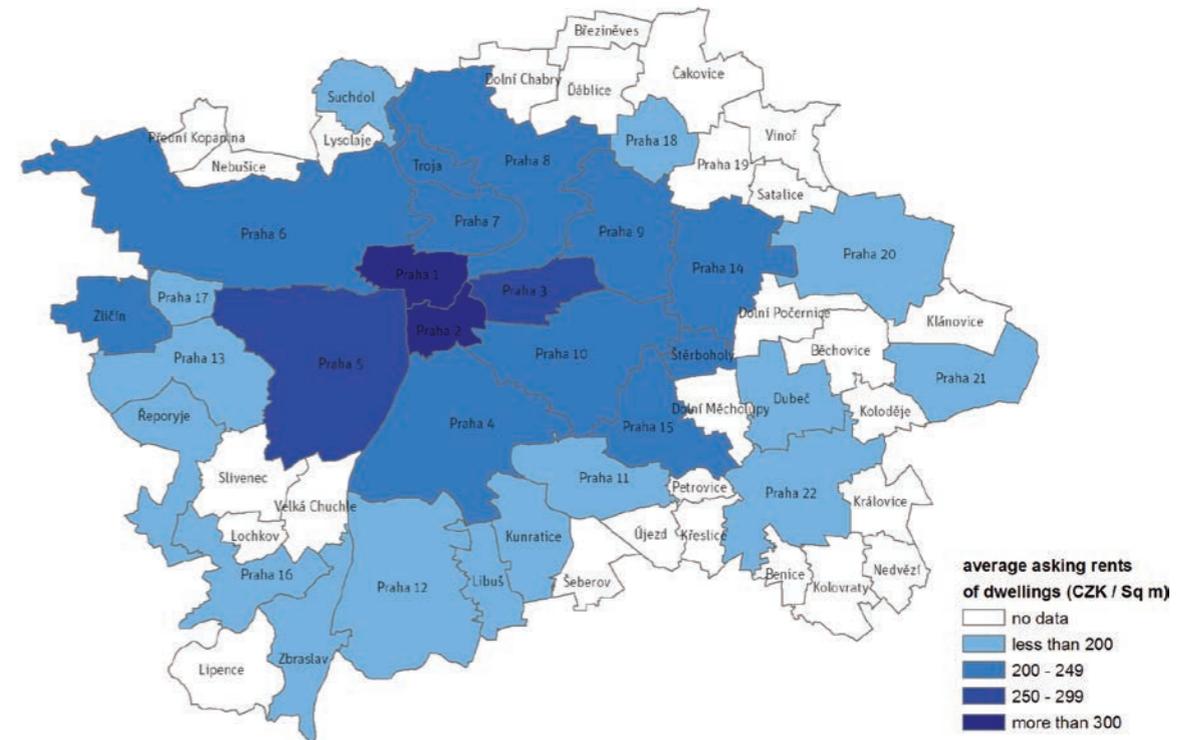
Average asking price of dwellings according to the city boroughs (2015)

[Source: IPR Praha]

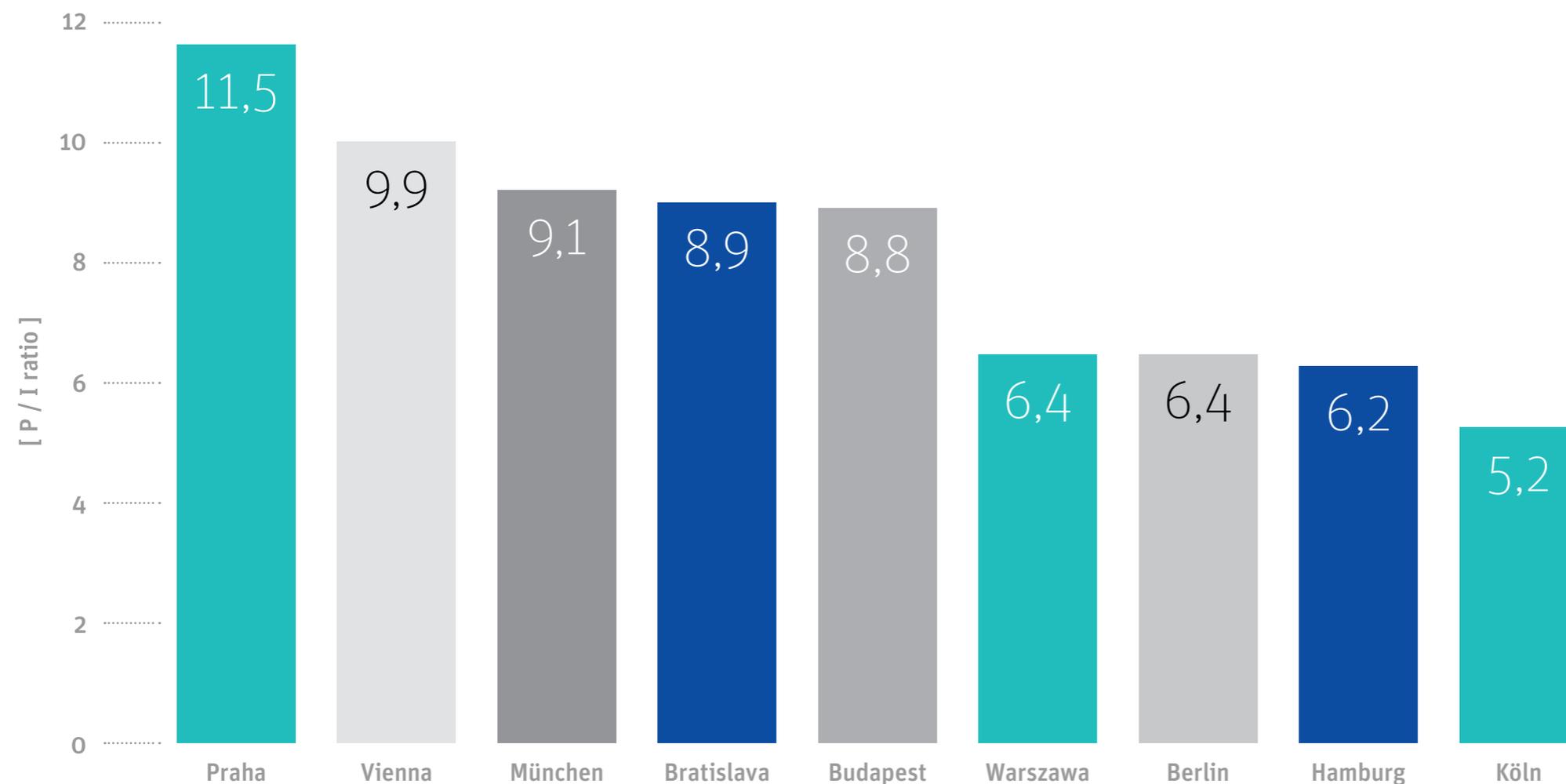


Average asking rents of dwellings according to the city boroughs (2015)

[Source: IPR Praha]



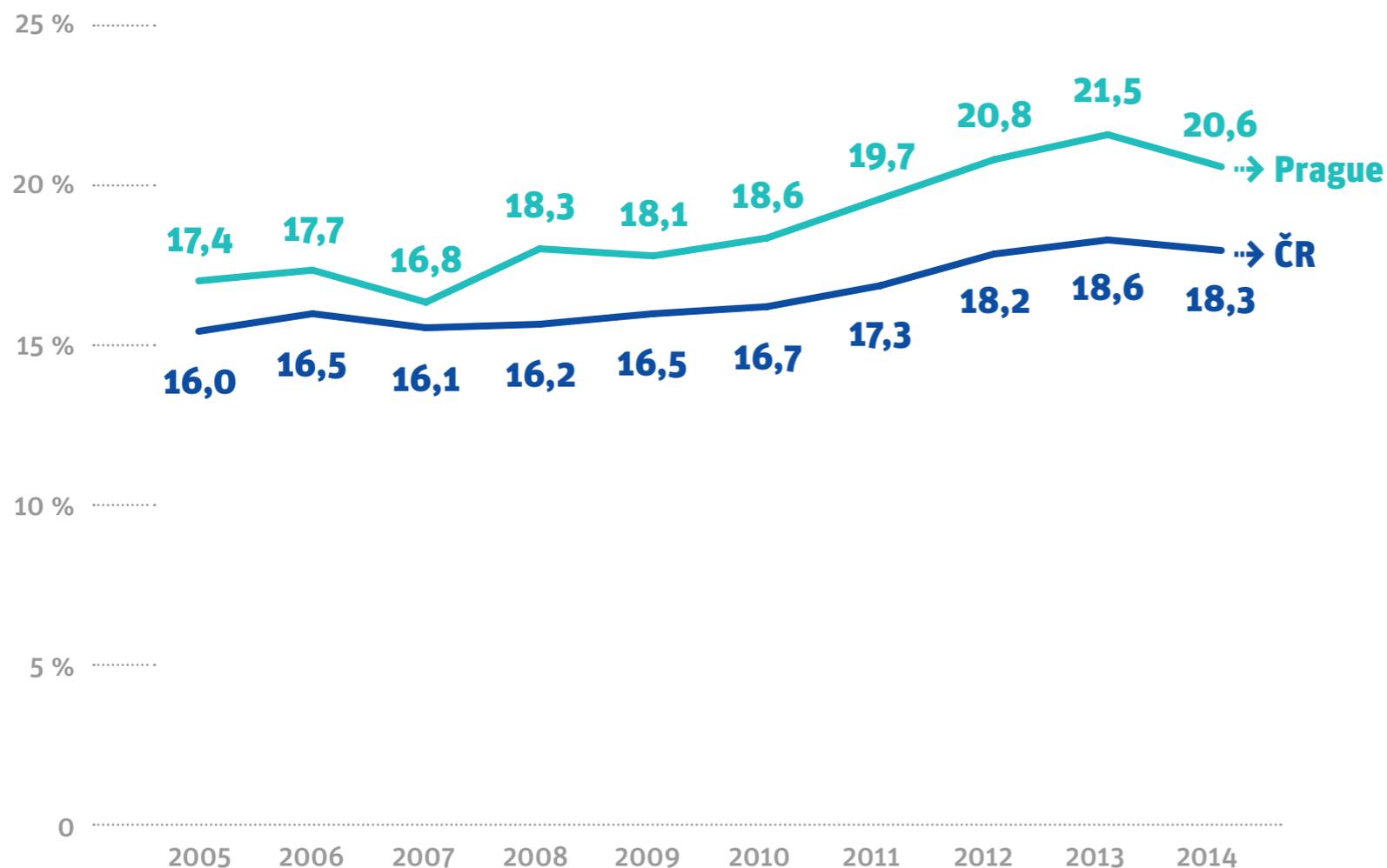
Housing affordability in selected European cities



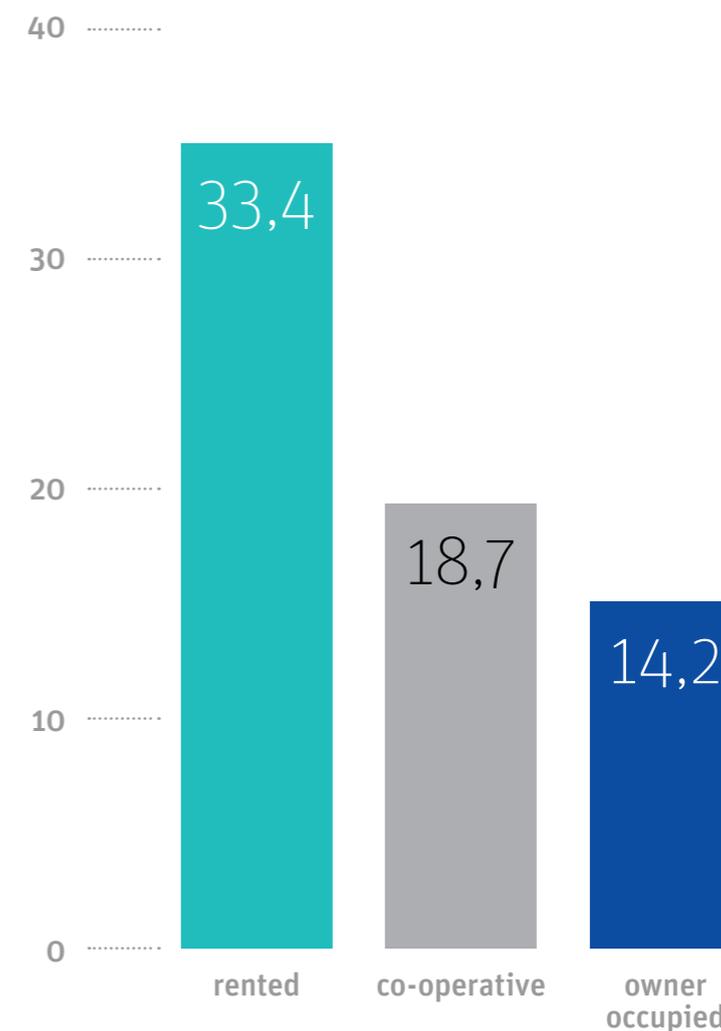
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POLICY IN THE LONG-TERM

2_ [INCREASING HOUSING COSTS]

Housing costs as percentage of net money household income (2005– 2014)



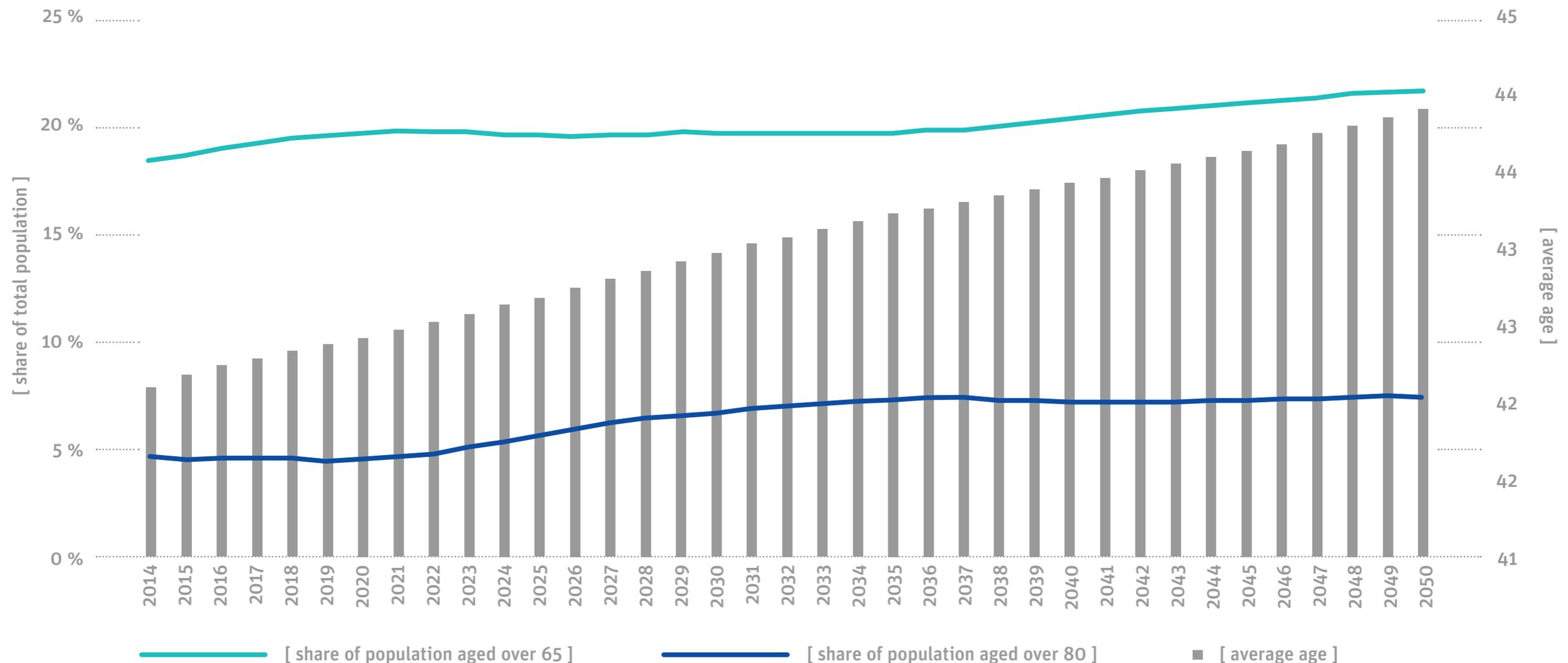
According to the apartment type (Prague, 2014)



- 1 HIGH PRICES AND RENTS ON THE RESIDENTIAL MARKET,
LOW AFFORDABILITY OF HOUSING
- 2 INCREASING HOUSING COSTS
- 3 INCREASING DEMANDS TO ENSURE THE HOUSING
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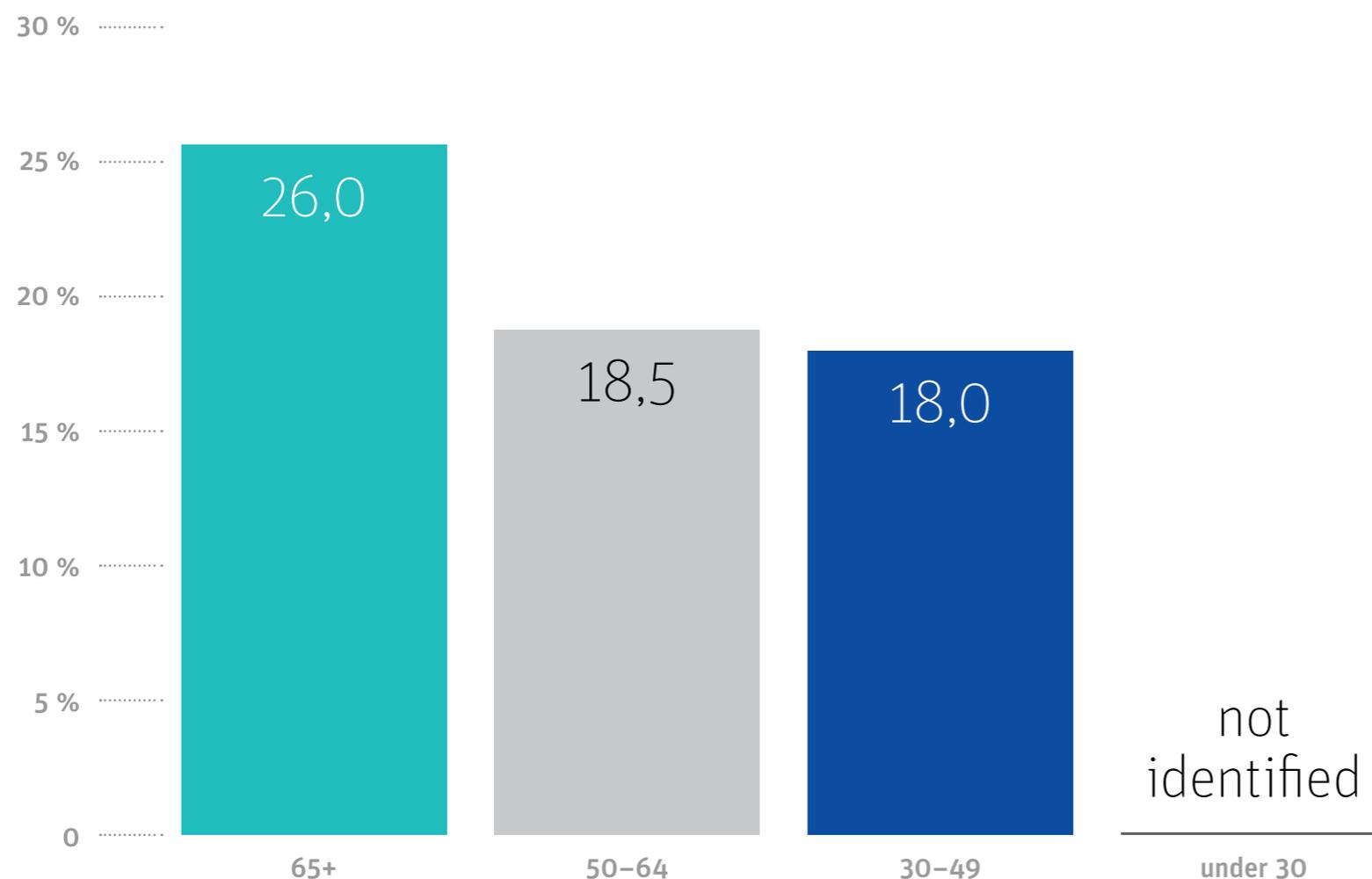
3 [INCREASING DEMANDS TO ENSURE THE HOUSING NEEDS OF SENIORS]

Projected Future Growth of the Older Population in Prague until 2050



3_____ [INCREASING DEMANDS TO ENSURE THE HOUSING NEEDS OF SENIORS]

Housing costs as percentage of net money household income according to age of the household head (Prague, 2014)



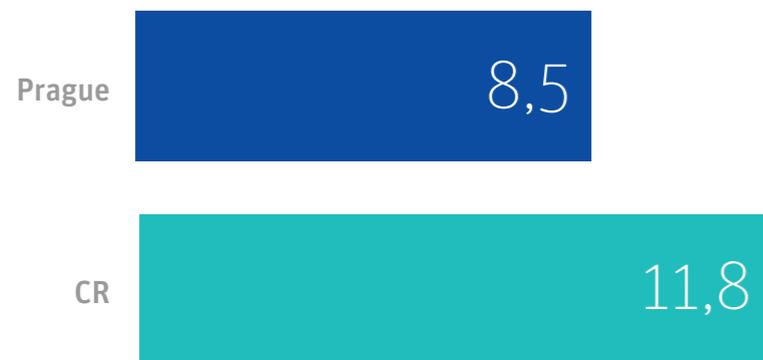
[SOCIAL AND DEMOGRAPHIC CONTEXT OF HOUSING – INITIAL CONDITIONS]

- 1 HIGH PRICES AND RENTS ON THE RESIDENTIAL MARKET,
LOW AFFORDABILITY OF HOUSING
- 2 INCREASING HOUSING COSTS
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- 5 NON-CONCEPTUAL AND PASSIVE MUNICIPAL HOUSING
POLICY IN THE LONG-TERM

Number of persons at risk of losing their homes:

- Prague – 10,604
- Czech Republic – 118,565

per 1,000 inhabitants:



Number of persons without housing (homeless persons):

- Prague – 9,531
- Czech Republic – 68,485

per 1,000 inhabitants:



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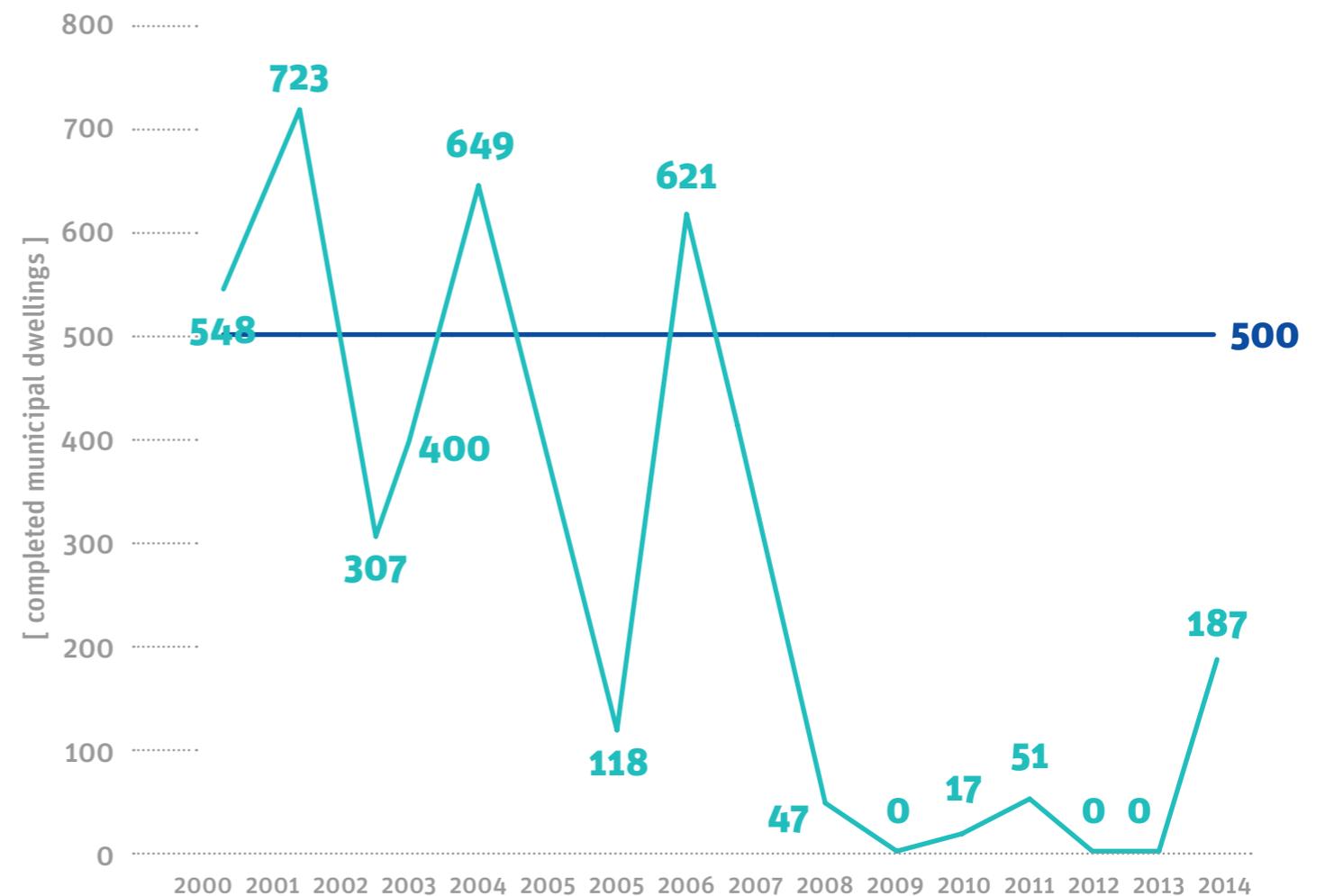
5_ [NON-CONCEPTUAL AND PASSIVE MUNICIPAL HOUSING POLICY IN THE LONG-TERM]

Year **Municipal dwelling stock**
(in thousand)

1991	194
2003	100
2011	64
2016	35

Share of municipal
dwelling stock on total
stock: **5,7 %**

Municipal housing construction in Prague



3 STRATEGIC DIRECTIONS

- Coherent & Healthy Metropolis
- Prosperous & Creative Metropolis
- Conceptually Planned Metropolis

12 STRATEGIC GOALS

... are further divided into number of **FIELDS OF ACTION**,
MEASURES and **EXAMPLES OF ACTIVITIES**

[STRATEGIC GOAL “COHERENT CITY“]

„Prague is open and socially coherent city prepared for current social and demographic changes.“

8 FIELDS OF ACTION

ACTIVE AND DIGNIFIED AGING

SUPPORT FOR FAMILIES

AFFORDABLE HOUSING

HEALTH CARE

INTEGRATION OF HANDICAPPED PEOPLE

SOCIAL INCLUSION

TERRITORIAL COHESION

INTEGRATION OF FOREIGNERS

**[IMPLEMENTATION OF DIFFERENTIATED FORMS OF SOCIAL AND AFFORDABLE HOUSING
(WITHIN COMMON BUILT-AREAS)]**

- Make it possible to create an affordable and social housing system using city subsidies for new housing construction, renovation and repairs of apartments so that there is sufficient capacity of emergency, social and affordable dwellings
 - Target groups: persons in need of housing, senior citizens, handicapped people, young families, vital public servants
- Explore the possibility to cooperate with private house owners and non-profit organizations in securing the housing capacities for the persons in housing emergency

[CONCEPTUAL AND ACTIVE MANAGEMENT OF MUNICIPAL HOUSING POLICY]

- Create a new housing policy concept with emphasis on social aspects of housing
- Consolidate basic housing policy principles between the City of Prague and the respective city districts (a single housing policy)
- Participation on the preparation of the law on social housing (comments, change proposals, etc.) so that possible risks connected to the specifics of the Prague capital are avoided

[EFFECTIVE AND RESPONSIBLE MANAGEMENT OF MUNICIPAL HOUSING STOCK]

- Conduct an audit of the dwelling stock managed by the City of Prague and the respective city districts so that available apartments can be identified
- Foundation of a single city company responsible for the dwelling stock management so that the management is more effective (not applicable to the property of the city districts)
- Stop the privatization of smaller or barrier-free apartments which can be potentially used as social housing
- Using the funds from the Social housing development fund solely for renovation or building the social and affordable housing
- Improve the dwelling stock management transparency as well as the information sharing when it comes to available apartment opportunities (create an real estate advertisement portal featuring apartments owned by the city)

“Thank You for Your Attention”

An architectural rendering of a modern, multi-story apartment complex. The buildings are light-colored with large windows and balconies. Some balconies have bright green railings. In the foreground, there is a well-maintained courtyard with a paved walkway, green grass, and several trees. People, including adults and children, are shown walking and playing in the courtyard. A child is sitting on a low concrete bench, and another child is playing on a sandpit. The sky is blue with scattered white clouds and many small birds flying.

Main pillars of affordable housing in Vienna

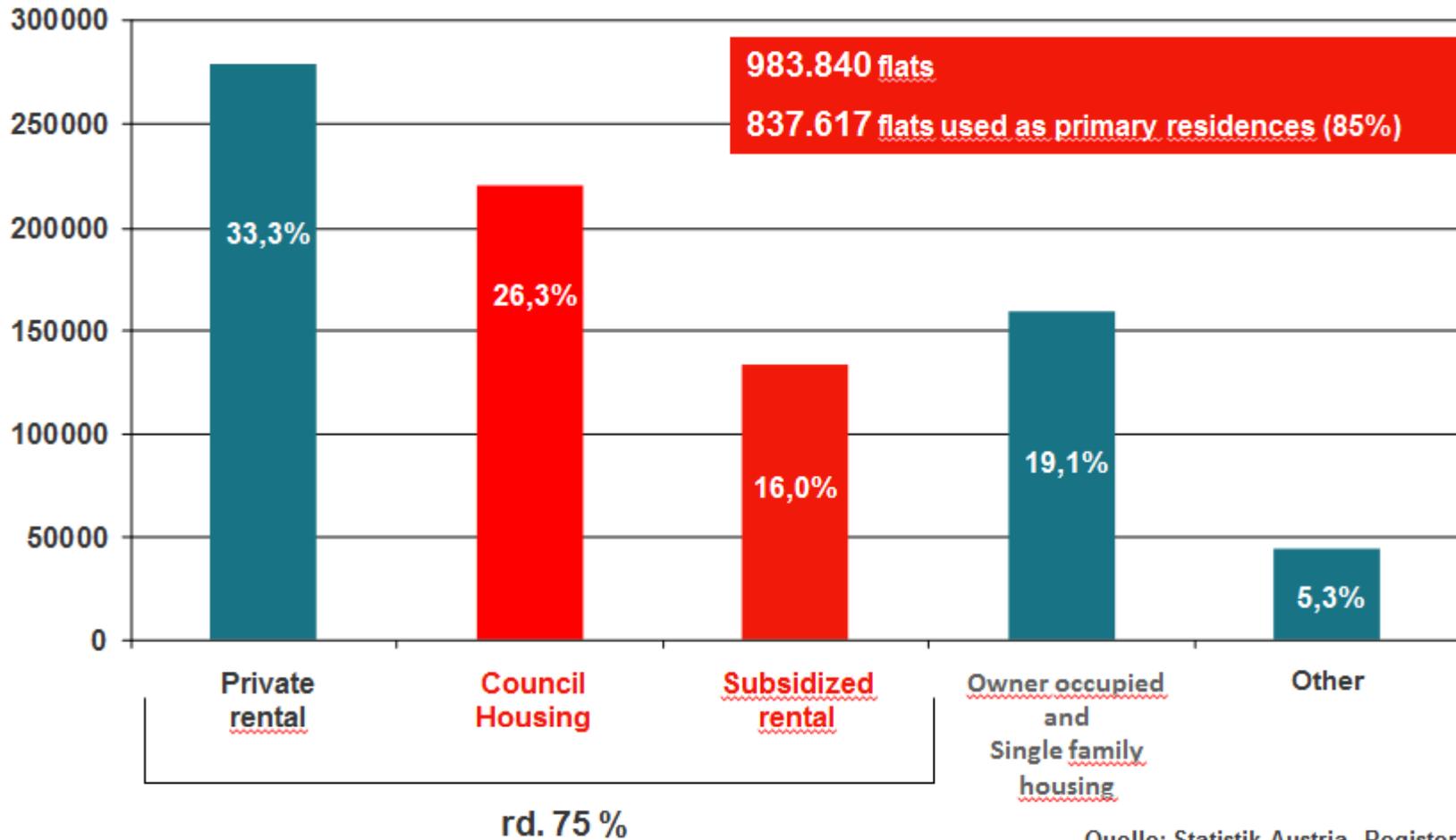
Susanne Bauer, MA 50, Housing Research Division, Vienna

aspersn Seestadt, plot D2

Developer: ÖVW; Design: BKK-3, p.good, rajek barosch

© BKK-3

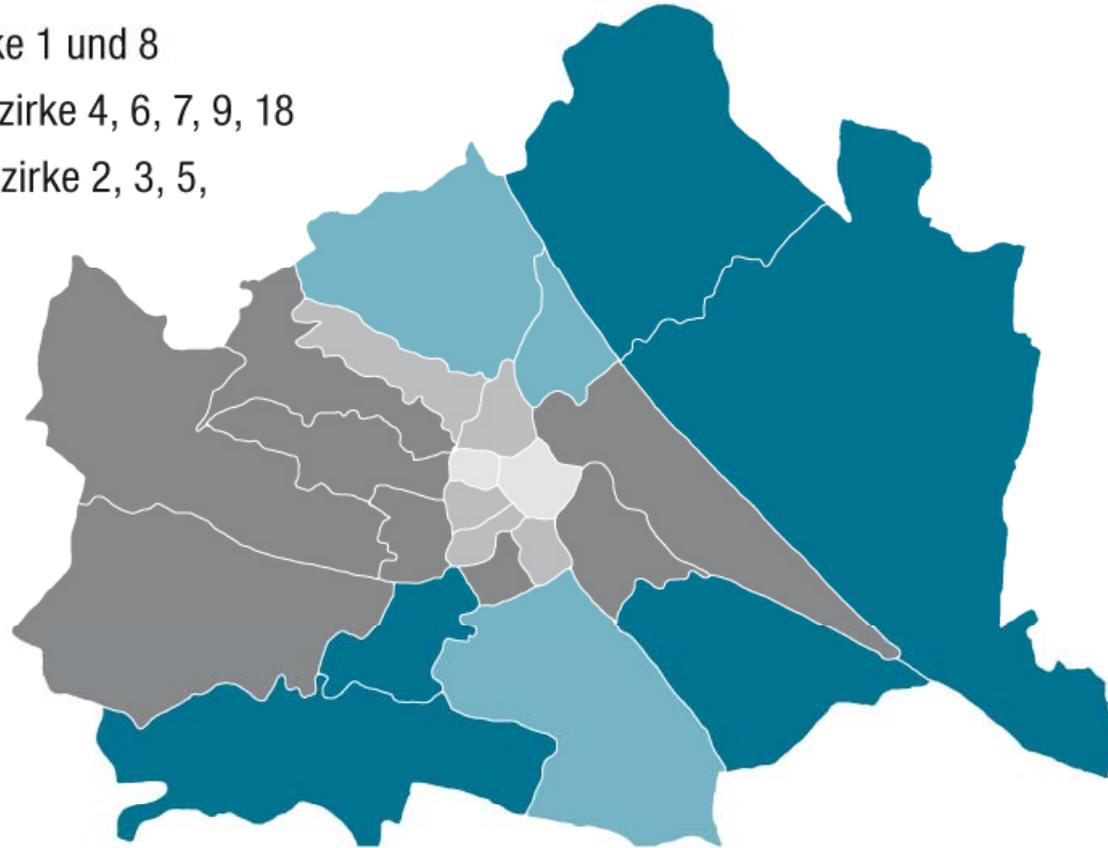
Housing Stock – Property Rights



Quelle: Statistik Austria, Registerzählung 2011

Share of socially rented flats in the stock of primary residences

- **bis 10 Prozent:** Bezirke 1 und 8
- **11 bis 25 Prozent:** Bezirke 4, 6, 7, 9, 18
- **26 bis 33 Prozent:** Bezirke 2, 3, 5, 13, 14, 15, 16, 17
- **34 bis 50 Prozent:** Bezirke 10, 19, 20
- **51 bis 67 Prozent:** Bezirke 11, 12, 21, 22, 23



Quelle: Statistik Austria, Registerzählung 2011

Important Legal Framework in Vienna: (a selection:)

Wiener Wohnhausförderungs- und Wohnhaussanierungsgesetz
(WWFSG 1989)

WWFSG 1989

**I. Hauptstück
Wohnbauförderung**

**II. Hauptstück
Sanierungsförderung**

**III. Hauptstück
Wohnbeihilfe**

**Neubauverordnung
(NeubauVO 2007)**

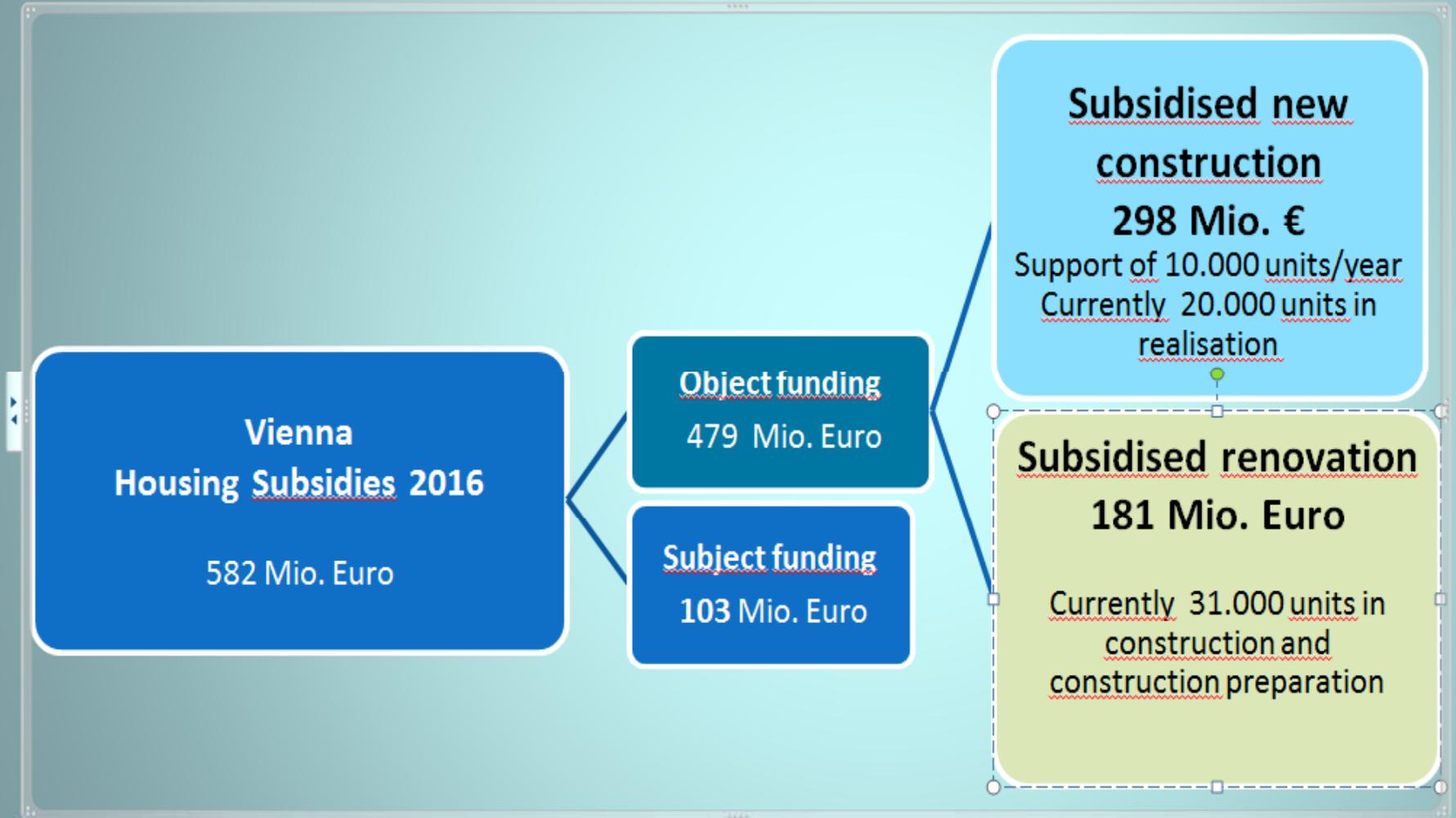
**Sanierungsverordnung
(SanVO 2013)**

WGG

Wohnungsgemeinnützigkeitsgesetz
und Bauträgervertragsgesetz

Mietrechtsgesetz (MRG)

Use of subsidies:



Source of funds: Contribution of employees and employers of 0,5% each of gross pay

Active Viennese Housing Policies

Council Flats

administration, maintenance and renting of 220,000 council flats owned by the city of Vienna

Promotion of Urban renewal

subsidised renovation of 9,500 flats per year within the framework of Gentle Urban Renewal

Subsidised Housing Construction

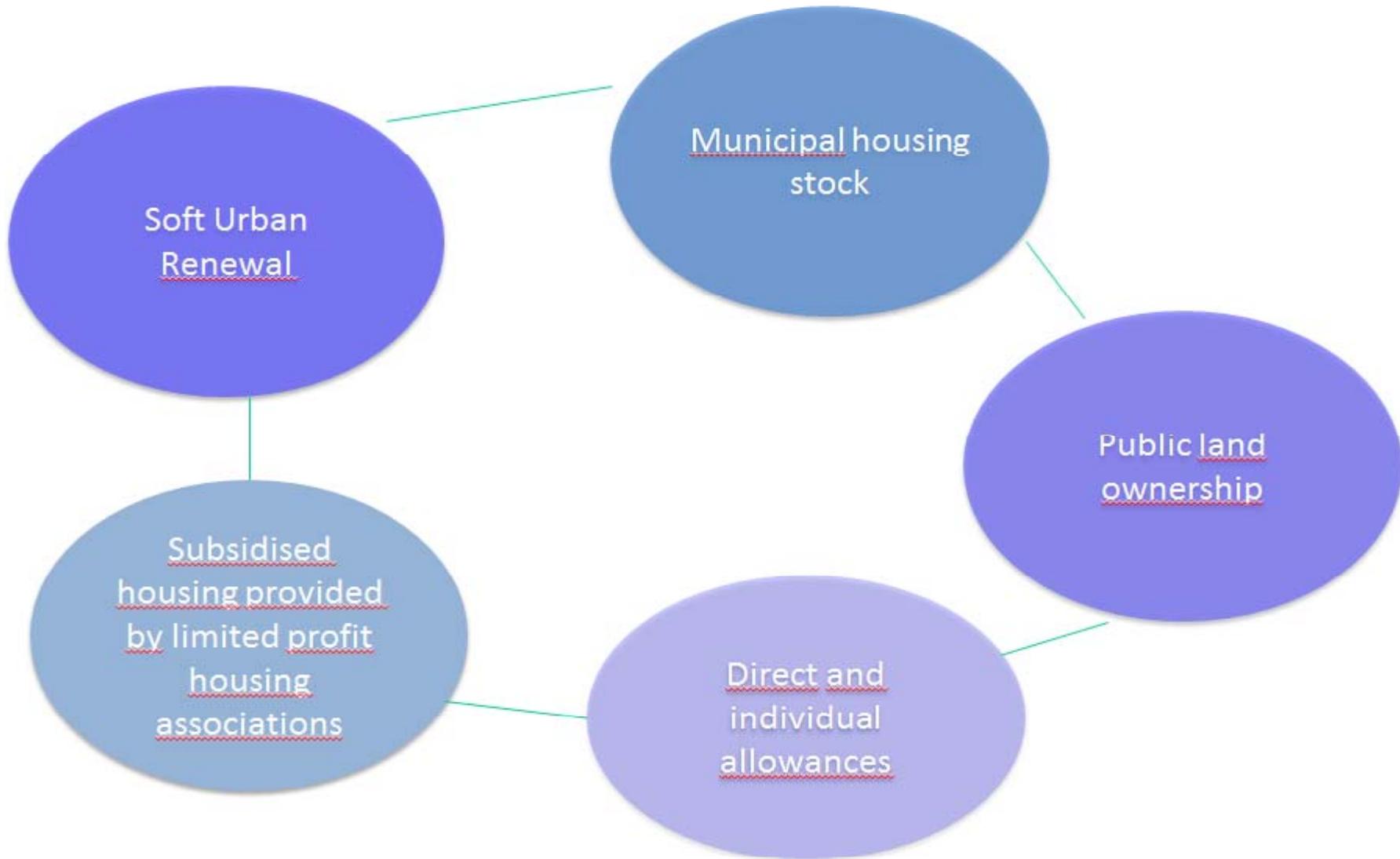
public subsidised construction of currently 10,000 dwellings per year, total stock: 200.000 subsidised units

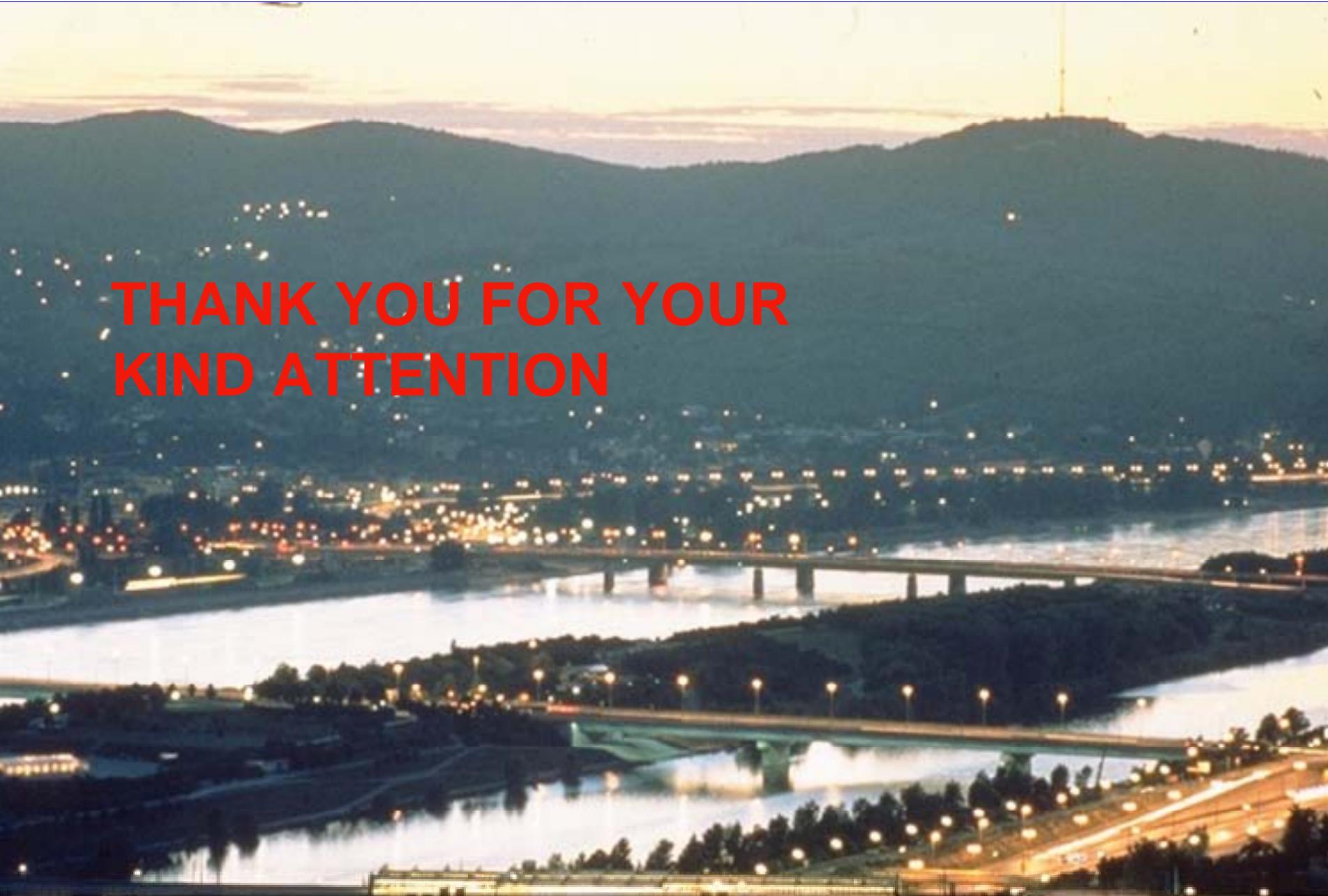


Active Viennese Housing Policies

- The housing subsidies are mainly granted to non-profit housing associations or non-profit housing projects. Profits have to be reinvested into social housing.
- Housing subsidies are mainly given in form of low interest loans (1%) that have to be paid back by over a period of 35 years.
- Depending on the housing projects and the kinds of subsidies that are granted up to 30% of the building costs can be funded publically.
- The subsidies are bound to the fulfilment of numerous quality specifications, including social, economic and ecologic sustainability as well as architectural quality.
- The subsidies and public building-grounds are assigned to the best projects which are judged by a jury of experts within Housing Developers Competitions.

Agendas of Social Housing Policy in Vienna





**THANK YOU FOR YOUR
KIND ATTENTION**

CapaCity Workshop
13 September 2016, Prague

Performance indicators of affordable housing in Austria

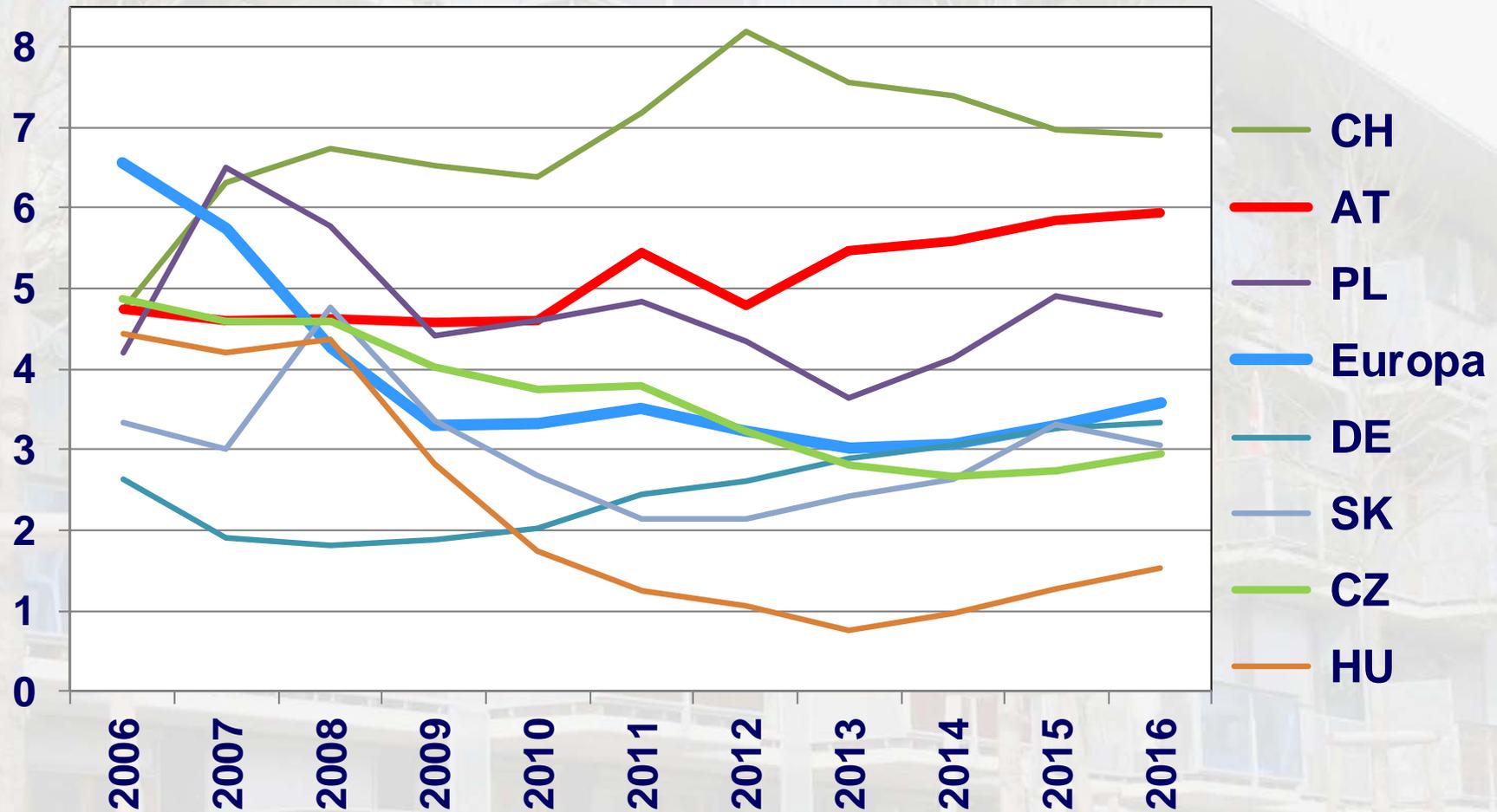
Wolfgang Amann
Dr., Associate Professor



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Stability of housing construction

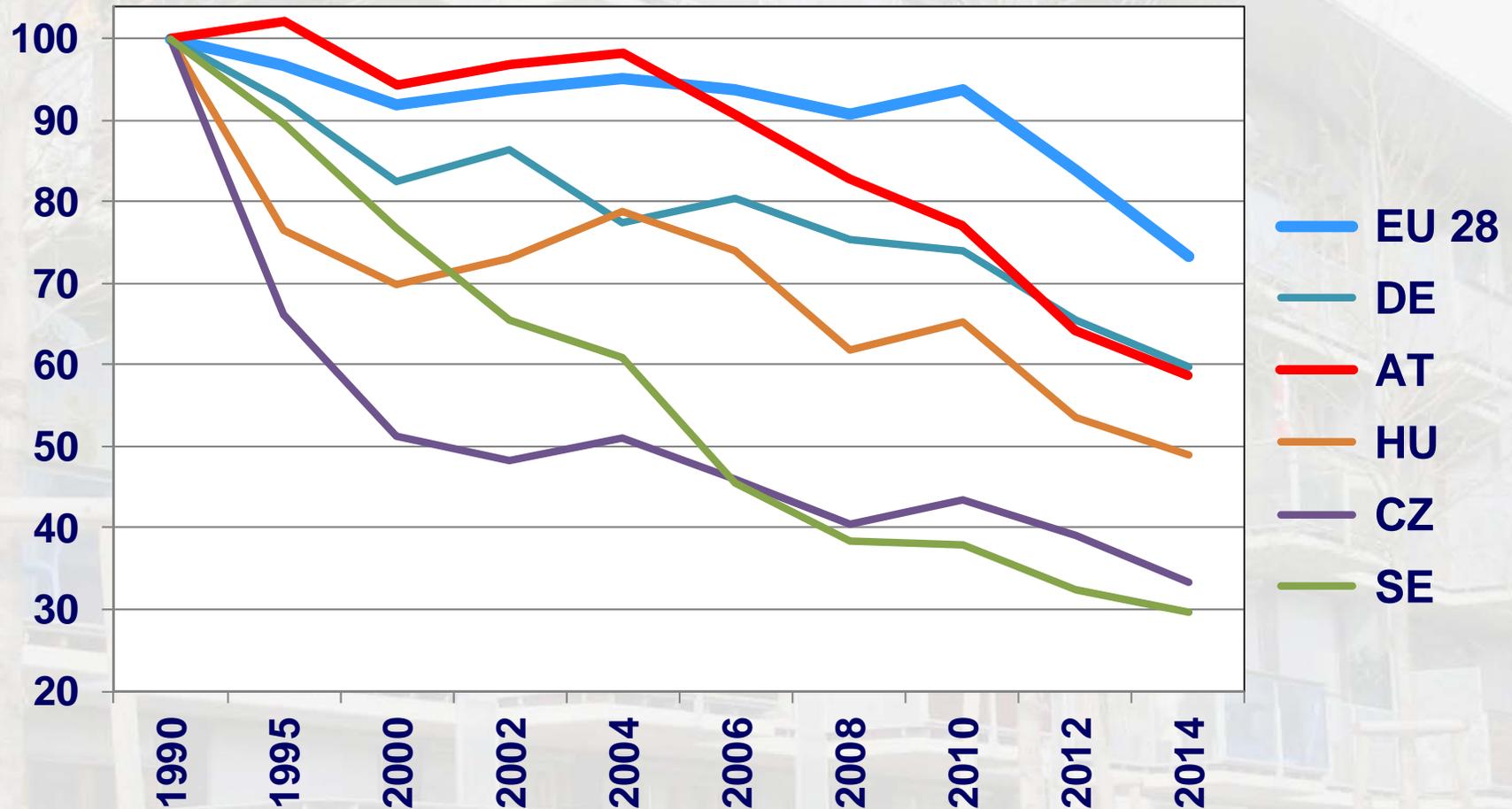
Housing permits per 1,000 inhabitants



Re. Europe = Euroconstruct-countries
 Source: IIBW, Euroconstruct, national statistical offices

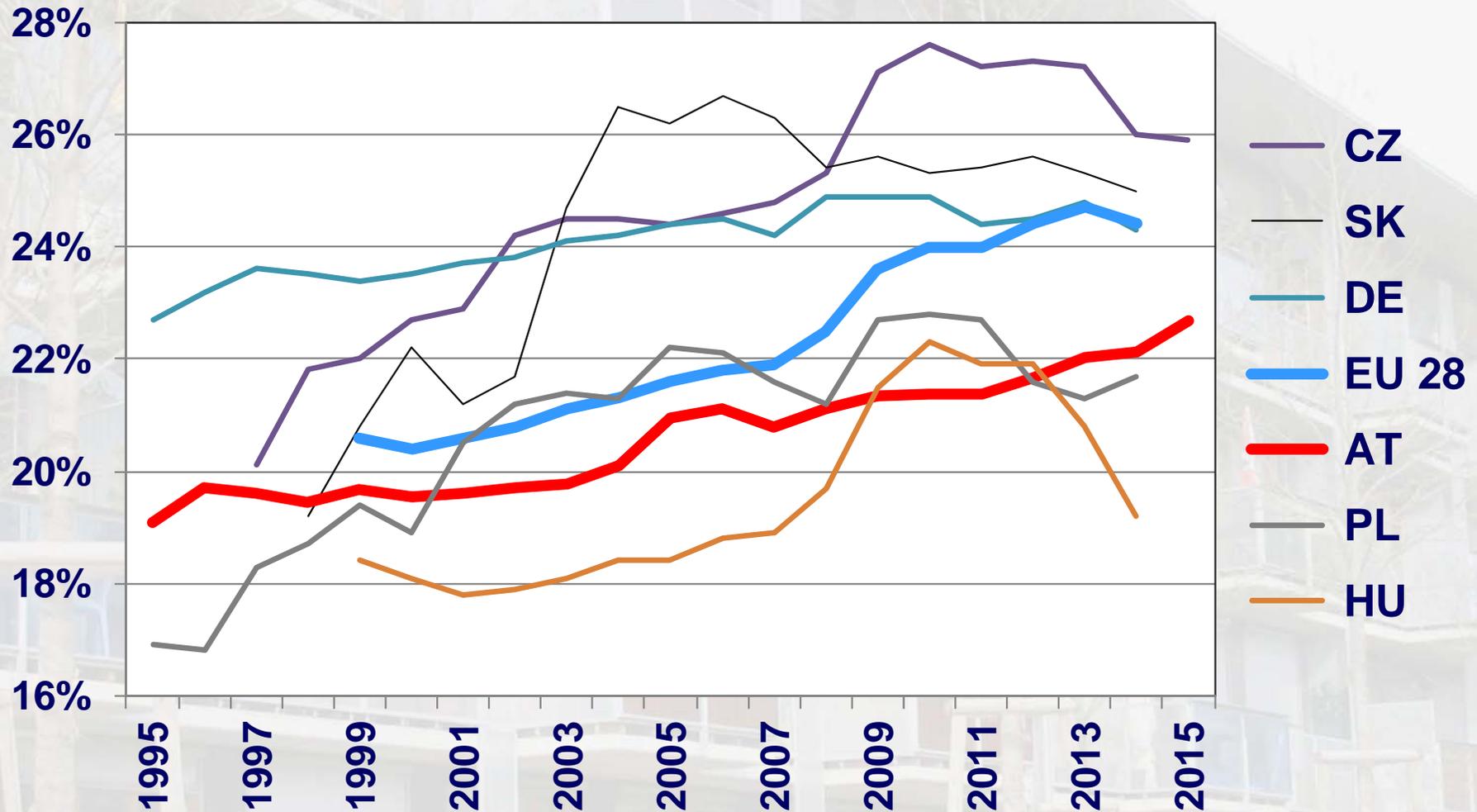
Energy efficiency

Index GHG emissions of buildings (1990=100)



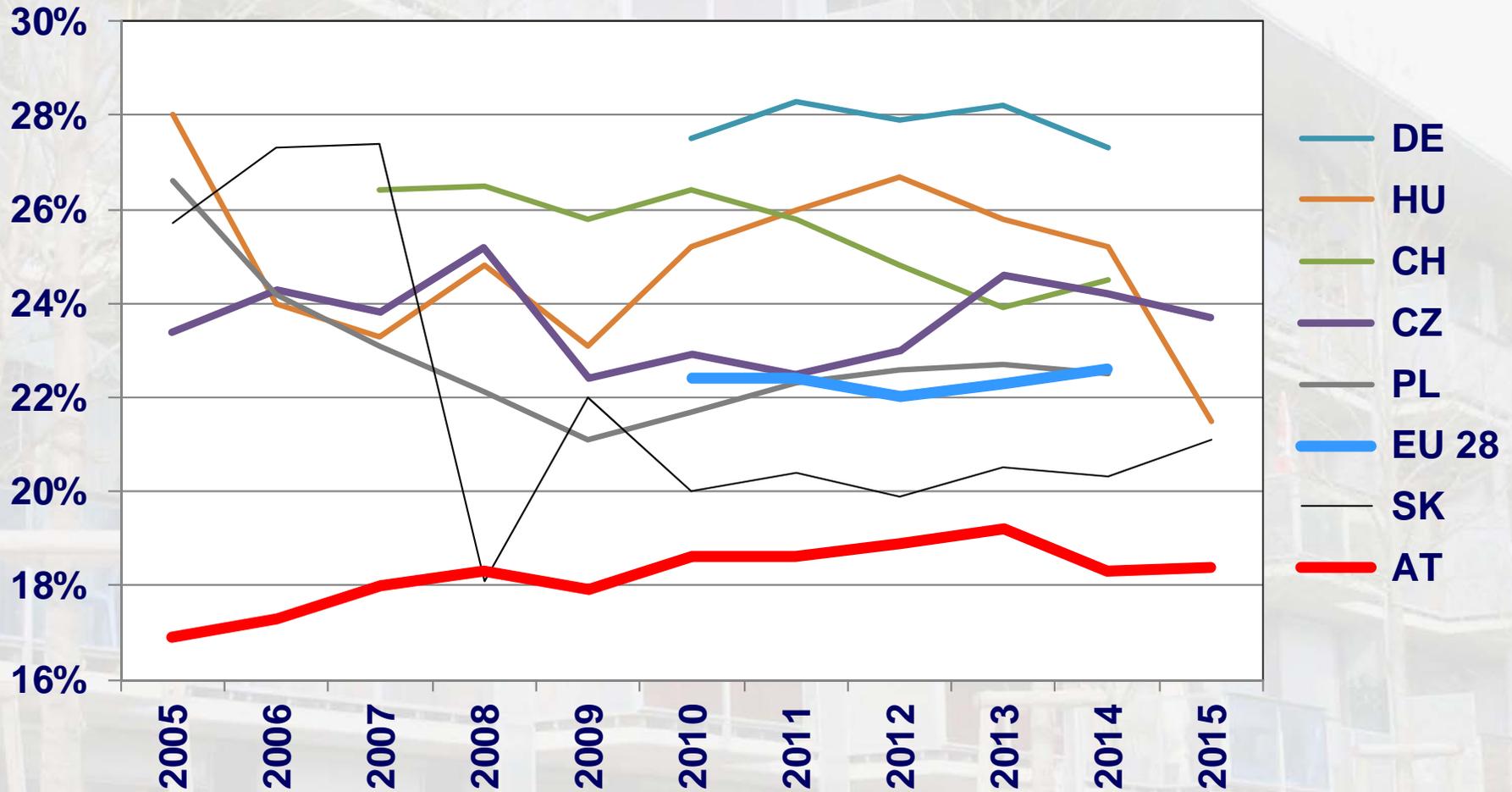
Re. CO2 equivalent
Source: Eurostat, IIBW

Housing cost ratio (national accounts)



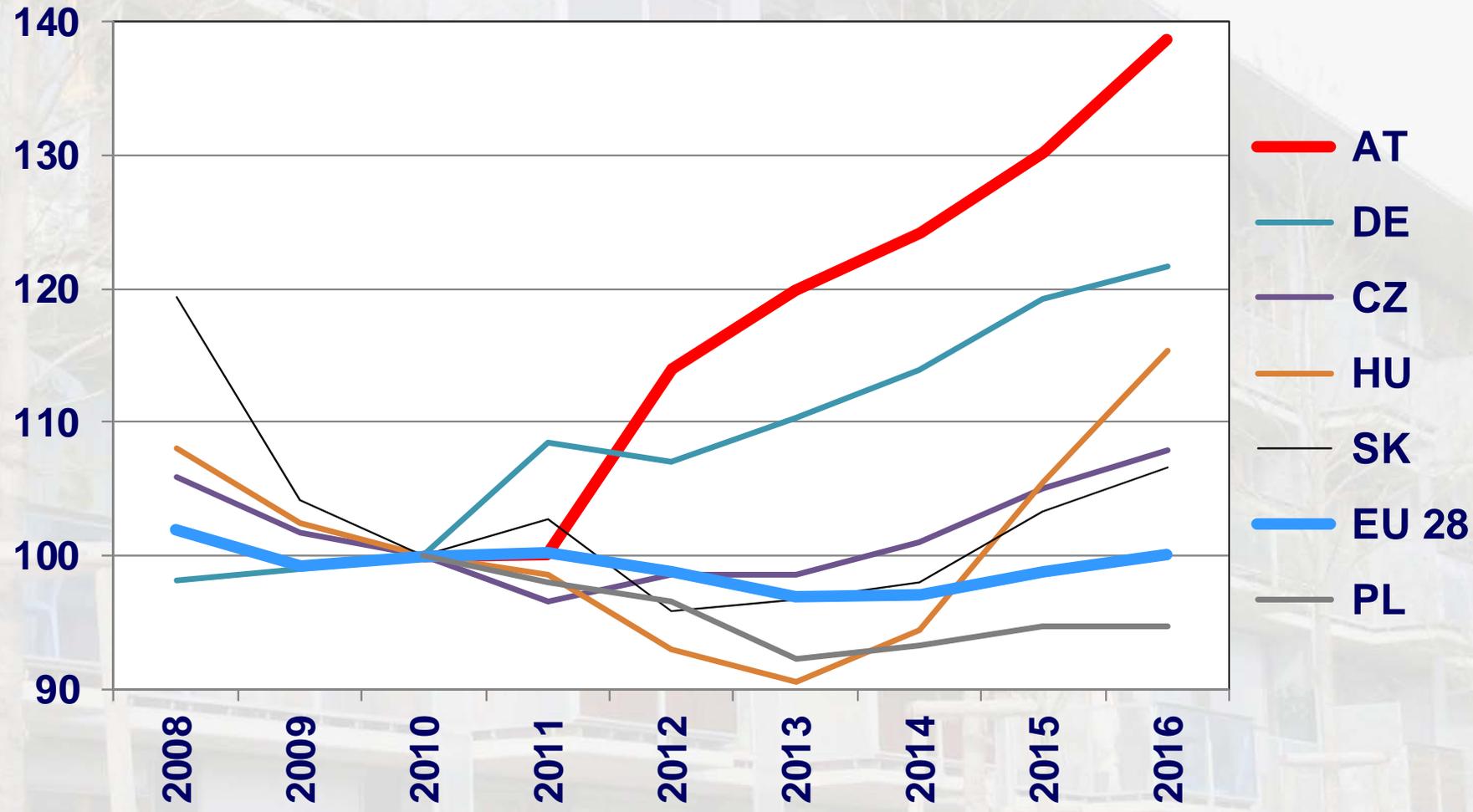
Source: Eurostat, IIBW

Housing cost ratio (EU-SILC)



Source: Eurostat, IIBW

EU House Price Index



Source: Eurostat, IIBW

Other performance indicators

- Housing quantity
- Housing provision for households in need
- Quality of construction, planning, social environment, urban development
- Social integration, cohesion of society

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**CapaCity Workshop
13 September 2016, Prague**

**Housing benefits to strengthen
purchase power of households
VS
subsidies on bricks and mortar
(subject side vs object side funding)**

**Wolfgang Amann
Dr., Associate Professor**



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Classification of housing welfare schemes

Welfare regimes (Esping-Andersen)

Social-democratic

Conservative/
corporately

Market-liberal

Housing welfare regimes (Kemeny)

Integrated/unitary
rental markets

Dual rental
markets

- Size of social housing sectors
- Social targeting
- Rent level
- Competition with private rental market
- Social integration

large

small

low and middle incomes

low incomes

moderately below market

low

yes

no

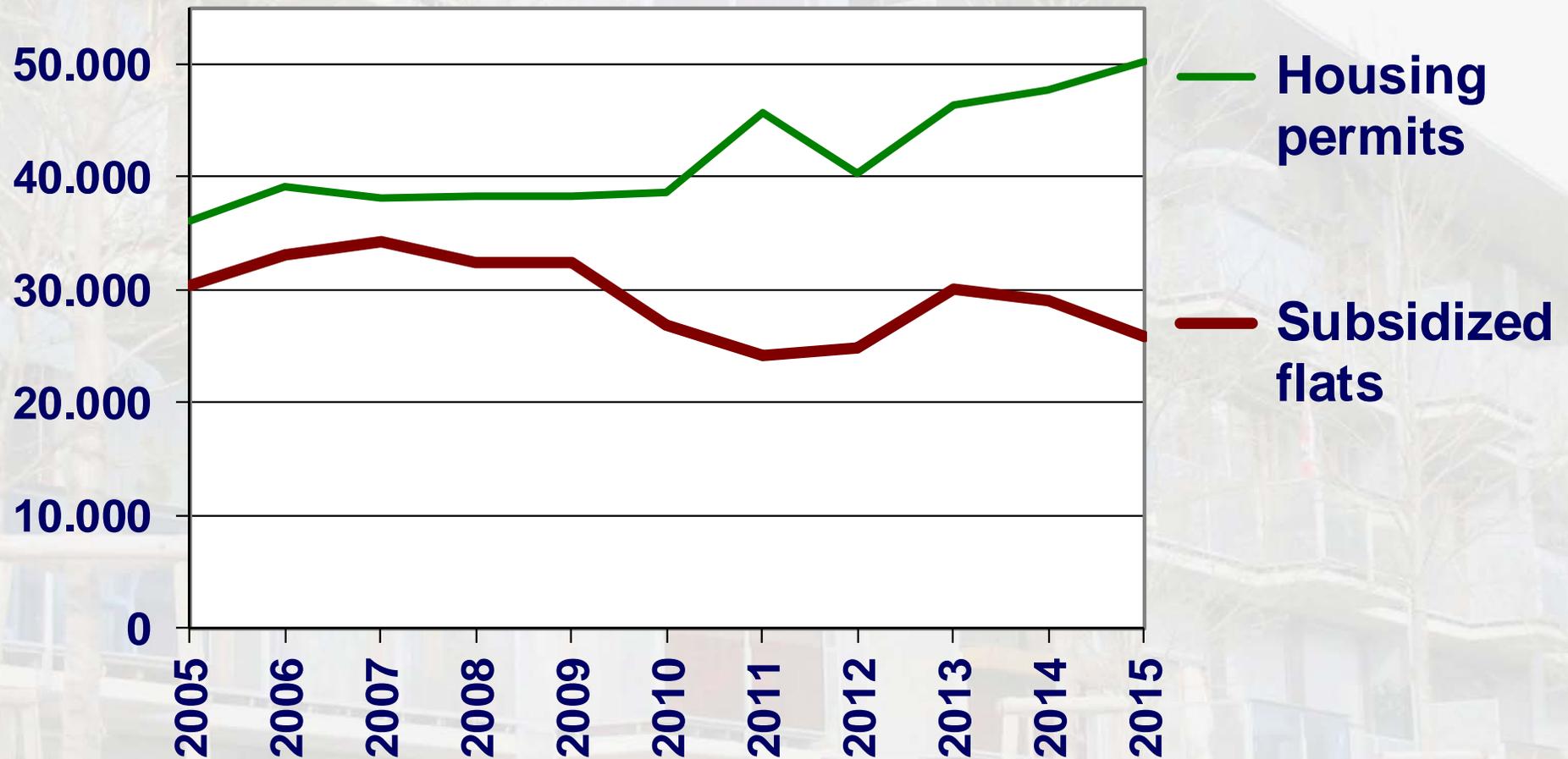
integrative neighbourhoods

ghettoization

Public funding on housing in Austria

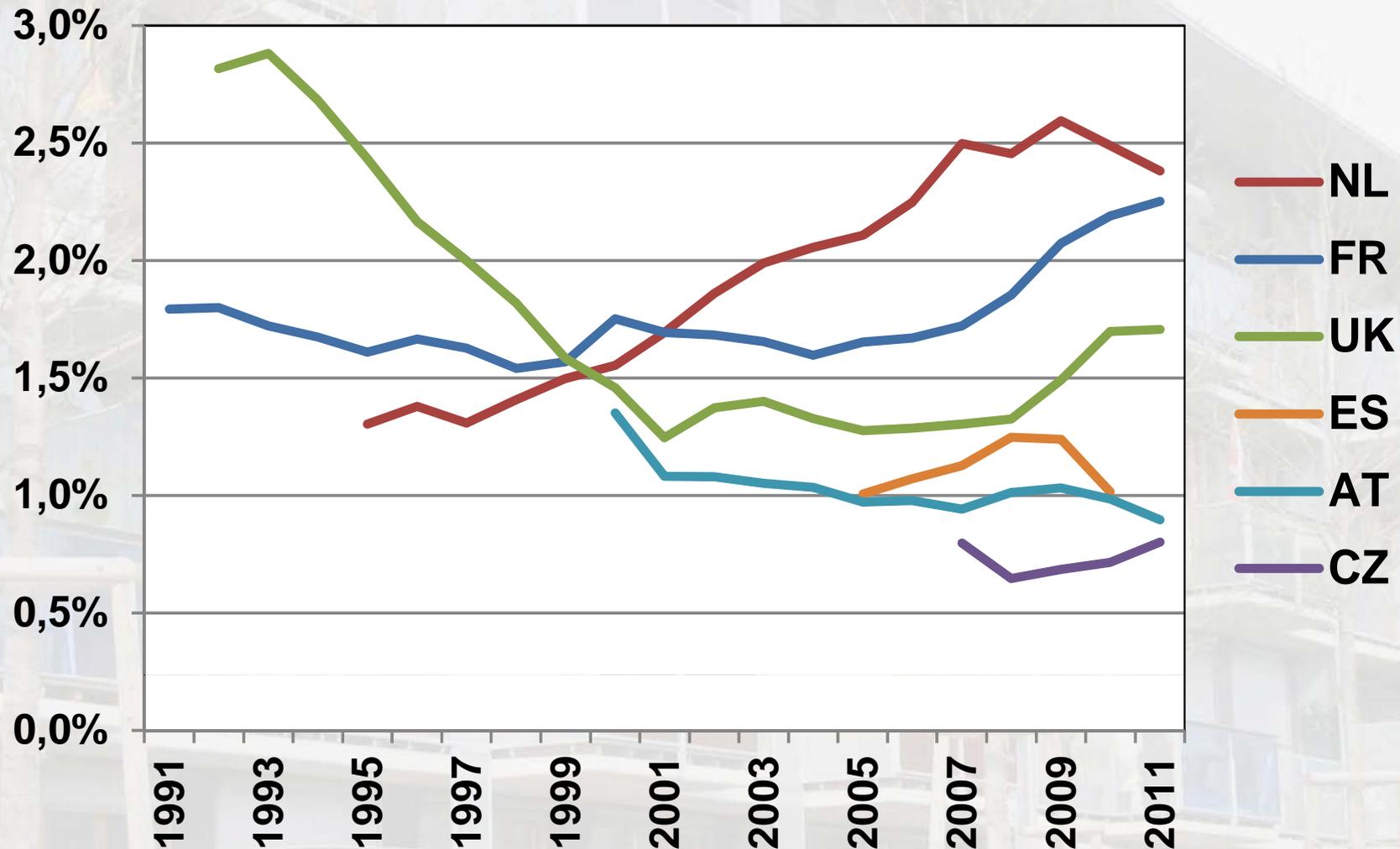
- Object side subsidies (on “bricks and mortar”) – predominant
- Subject side subsidies – complementary
- Tax subsidies (reduced VAT rate, deduction of housing investments, non-taxation of sale of own property) – low
- Subsidies on capital market instruments – “Bauspar” (contract saving) scheme, housing bonds, Housing Investment Bank (new) – low

Housing construction and subsidies (units)



Source: BMF, IIBW

Public expenditure on housing in % of GDP



Source: IIBW, national statistical offices, different sources

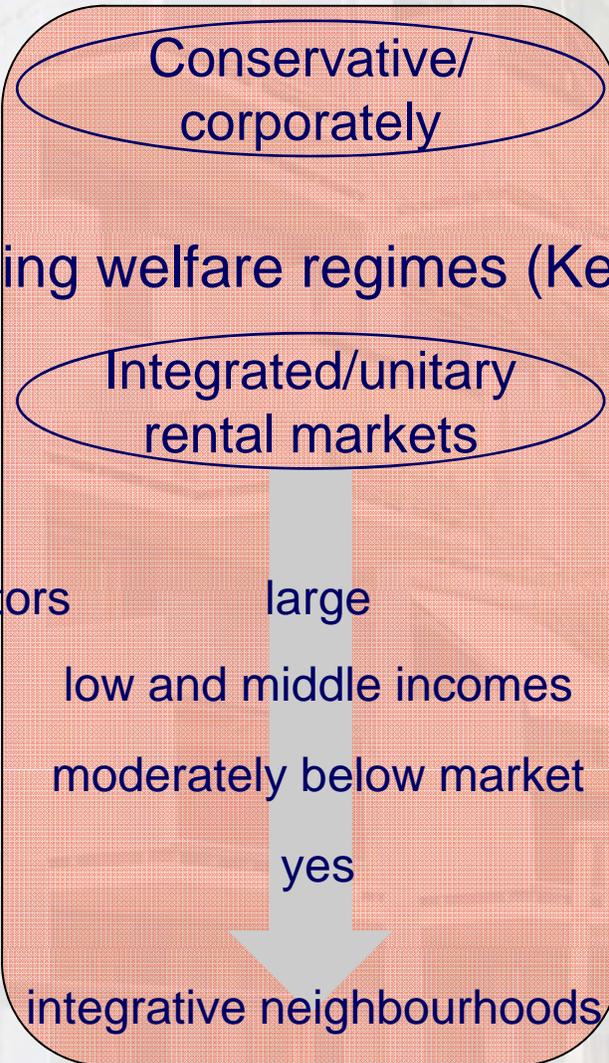
**Housing benefits to strengthen
purchase power of households
VS
subsidies on bricks and mortar
(subject side vs object side funding)**

Wolfgang Amann
Dr., Associate Professor

Classification of housing welfare schemes

Welfare regimes (Esping-Andersen)

Social-democratic



Market-liberal

Housing welfare regimes (Kemény)

Dual rental
markets

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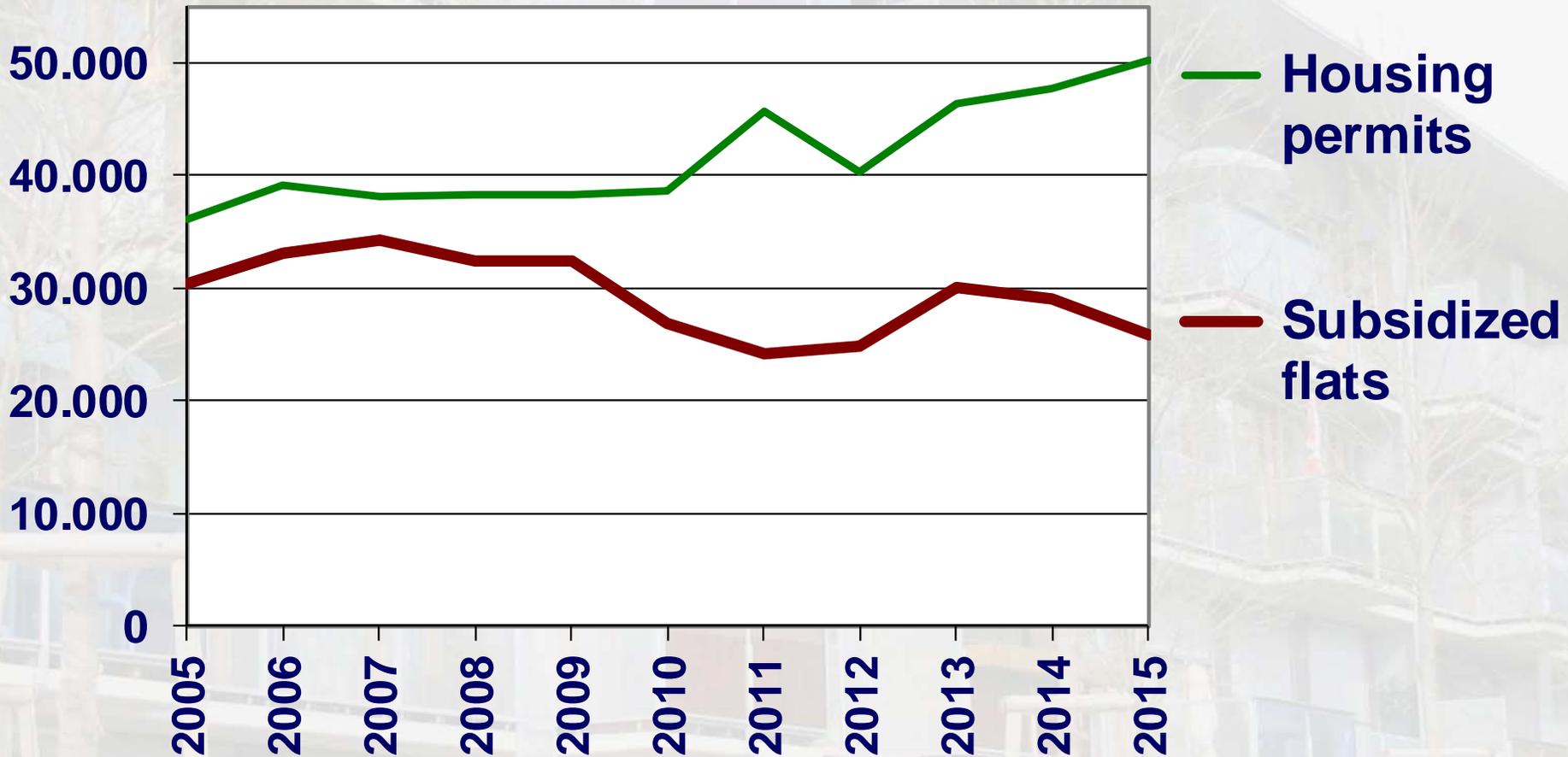
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Public funding on housing in Austria

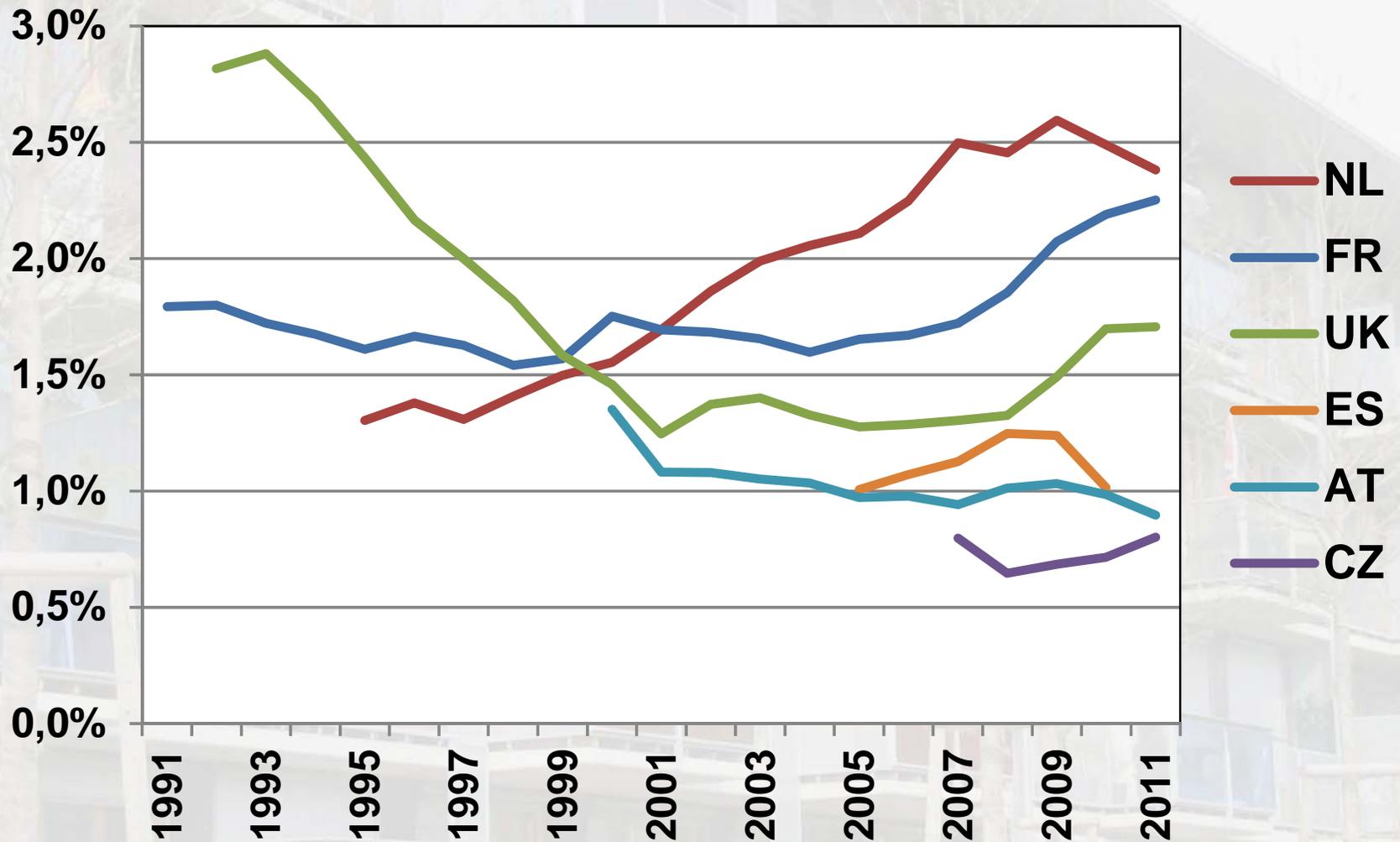
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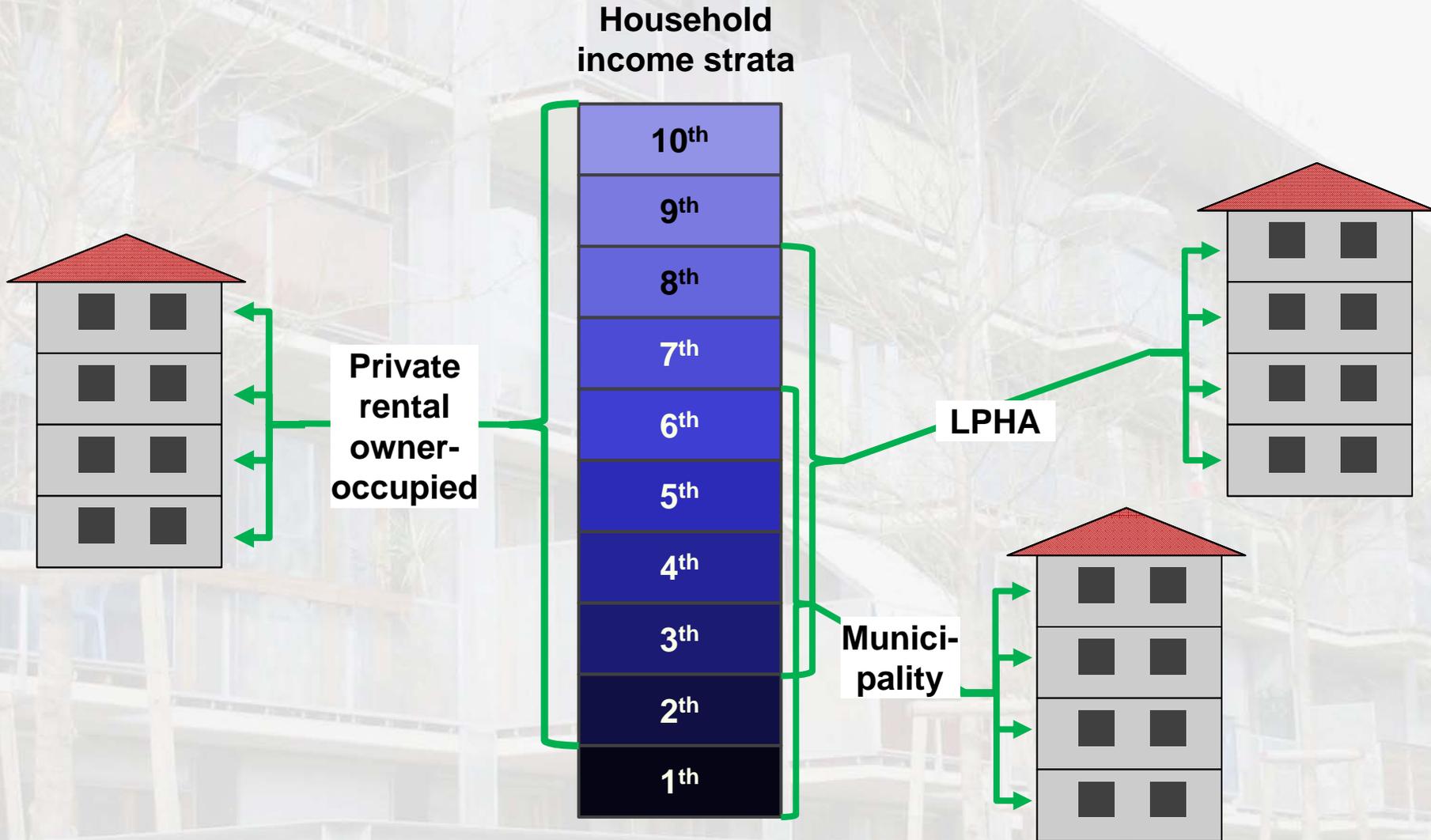
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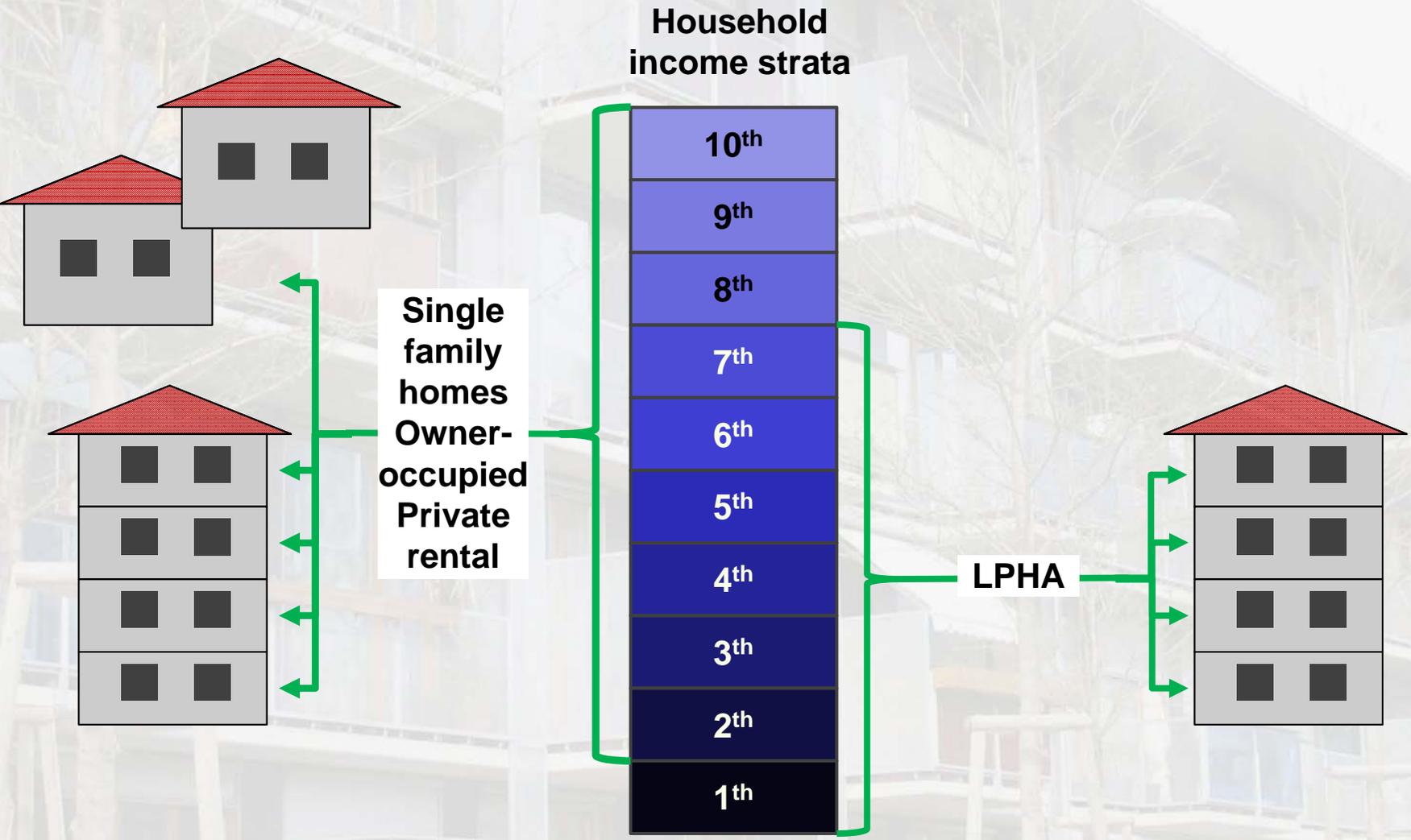


Source: IIBW, national statistical offices, different sources

Market segmentation – Vienna



Market segmentation – other provinces



Active land policy by wohnfonds_wien Fonds für Wohnbau und Stadterneuerung

Wohnfonds_wien

- founded in 1984, based on a decision of the City Council of Vienna, assigned to
- providing land for subsidized new housing construction and quality management in **social housing** and
- handling subsidized renovation of old apartment blocks, coordinating and monitoring refurbishment and **urban renewal** and block renewal
- www.wohnfonds.wien.at

Active land policy by wohnfonds_wien Fonds für Wohnbau und Stadterneuerung

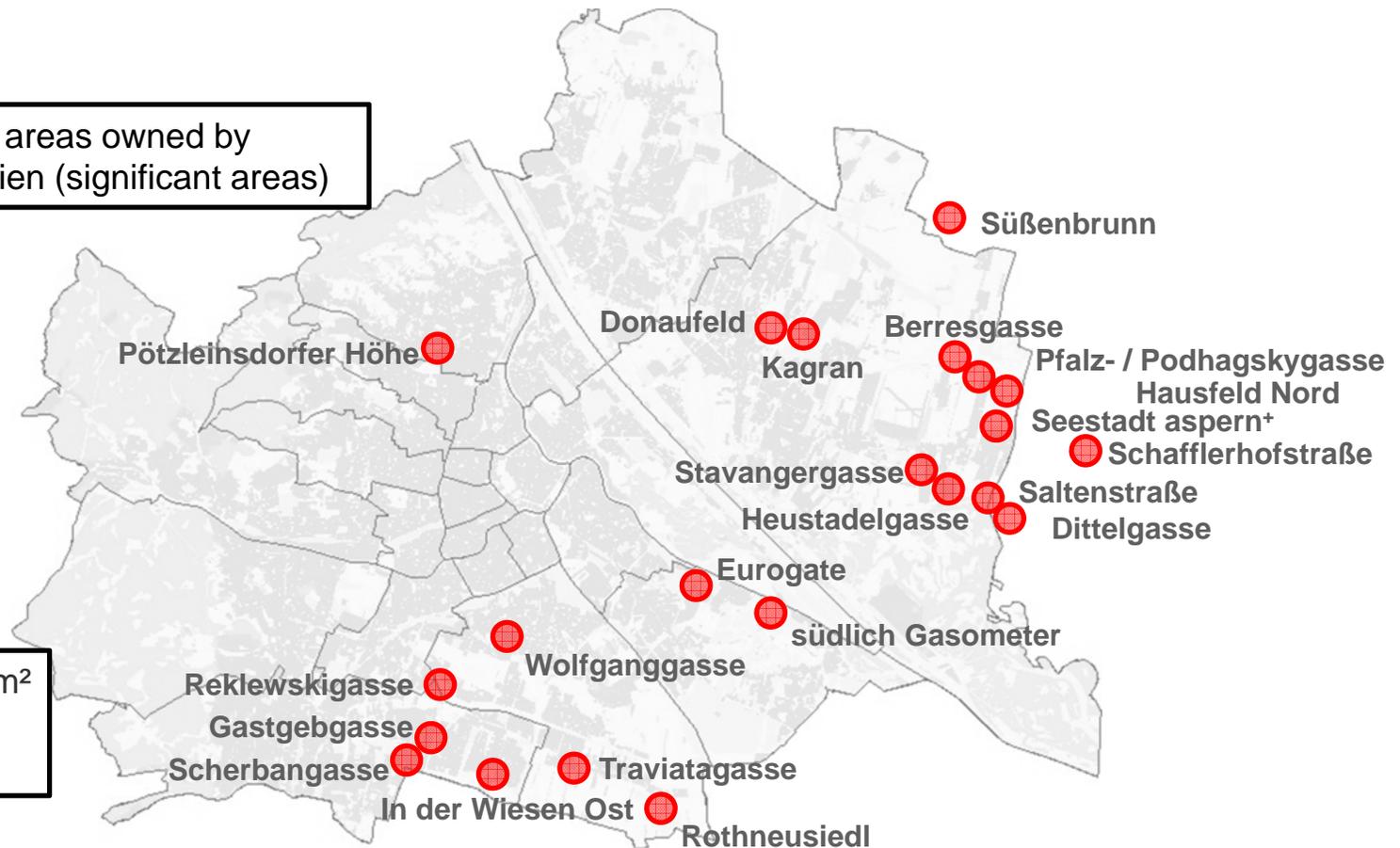
- Simultaneously with the foundation endowment of the fund by the city with capital and **donation** of properties
- Over the years well-directed **acquisition** strategies: continuous **purchase** of properties with development potential
- Forward-thinking **development** of properties into `ready-to-use´ building grounds for subsidized housing construction
- Damping effect on the Viennese property market by being able to sell the land for housing projects without additional mark-up (as a non-profit organisation) and thus **cut basic costs** of the property market.

Active land policy by wohnfonds_wien Fonds für Wohnbau und Stadterneuerung

- Since its foundation, wohnfonds_wien has provided approximately 3.7 million square metres of land for more than 51,400 subsidized new apartments.
- In order to ensure a mid- and long-term basis for the construction of demand-orientated subsidized housing projects, land reserves of the wohnfonds_wien amount to about 2.7 million square metres.

Active land policy by wohnfonds_wien Fonds für Wohnbau und Stadterneuerung

Property areas owned by wohnfonds_wien (significant areas)



Austrian system of public utility in theory and practice



Introduction EBG

limited profit housing cooperation, founded in 1910

**about 7.000 apartments in Austria, 50 employees,
turnover about EUR 35 Mio**

**during the last 5 years: average investment in
housing construction EUR 40 Mio, currently more
than 1.000 apartments in the pipeline**

**focus: innovative housing construction, social
approach in building and housing management**

Austrian system of social housing

first housing cooperations founded in the 1890's (some of them still existing) as self-help organizations. Before and after WW I foundation of several cooperations in Austria, housing construction supported by state funds

starting in the 1920' (in Vienna):
housing construction programme by the City of Vienna (65.000 apartments between 1923 and 1934)

WW II: regulation of housing cooperations by german laws

Austrian system of social housing

after WW II: foundation of limited-profit housing companies (stock companies and plc's)

2016: 186 companies (98 cooperations, 78 plc's, 10 stock companies)

Austrian system of social housing

statistics:

- 1 million apartments built by limited profit housing companies (from about 4 millions)
- 900.000 apartments managed
- 590.000 apartments owned and rented out

legal basis

first „Wohnungsgemeinnützigkeitsgesetz - WGG“ (public utility housing law) introduced in 1940 (german law)

Austrian „WGG“ introduced in 1979

key principles

- **(modified) cost covering principle: exemptions from the principle → limited profit-making opportunities**
- **limited distribution of profits (3,5 % of initial capital)**
- **obligation to use profits for building new apartments**
- **‘intergenerational contract’ – revolving system**
- **control by state authorities AND independent monitoring organisation**
- **limited area of activity**
- **sector between market and state**
- **tax exemptions**

facts & figures – housing in Austria

framework conditions:

- stagnating or sinking net-income of employees
- high level of immigration (2015: net-growth by 43.000 people in Vienna)
- rising unemployment
- high demand for low-cost housing

facts & figures – housing in Austria

rental costs in Vienna:

- **privat market: rent-increase + 34 % between 2008 and 2014**
- **public utility market: rent-increase + 16 %**

(inflation: + 12 %)

average rent per m² and month for new contracts:

- **privat market: EUR 10,69**
- **public utility market: EUR 7,09**

housing subsidies

first funds in 1910

after WW II: nationwide system of public subsidies for housing

now: 9 different laws – 1 for each federal state

mainly loans with low interest rates (eg 1 % for max 35 years)

→ returns can be reinvested and reduce the necessary means for new loans

other model: interest or annuity subsidies. Problem: lost money, no returns

financing social housing

problems without public subsidies:

- **property: households have to take loans – conditions worse than for companies, loan duration relatively short → high burden for private households, only available for high-income households**
- **financing of housing projects: max 80 % darlehen, rest equity. → limited building capacity.**
- **subsidies replace equity → higher output with same financial power („leverage effect“)**

competitions for new projects

„Bauträgerwettbewerbe“ by the City of Vienna

teams of housing cooperations and architects compete for land owned by the City of Vienna

jury chooses best project

criteria:

- **economy**
- **ecology**
- **architecture**
- **social sustainability**

competitions for new projects

Point of view of housing cooperations:

- **advantages: fair competition; equal opportunities for big and small companies; established system over 20 years**
- **disadvantages: high frustrated costs in case of not winning (about 30.000,- for one 2-phases competition); high pressure on costs; requirements growing higher and higher (without financial compensation – upper limit for building costs not increased for 9 years) → system should be slightly adjusted**

target groups and social mix

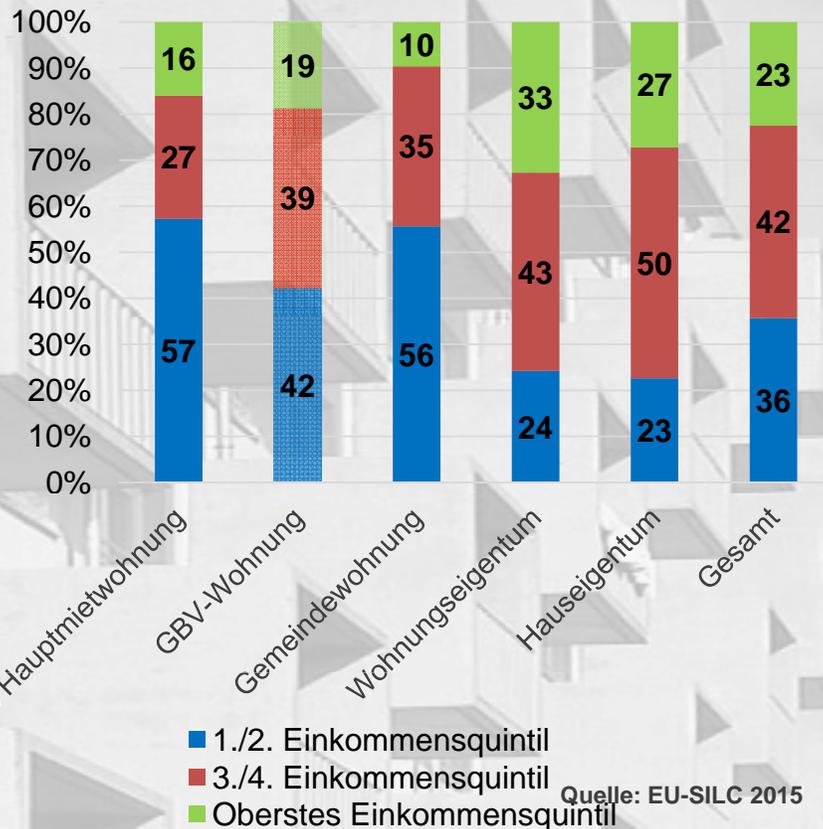
building of new housing projects: very low income groups have never been the target group (necessary subsidies would have been too high) → lower to higher middle class.

after repayment of loans: rent is reduced according to principles of public utility law (currently about 6,-/m²/month, incl. tax, without heating) → very good offer for lower income groups (cheapest apartments on the market). Every year thousands of additional apartments reach this status

- result: middle income groups finance apartments for lower income groups over a long period – revolving system, intergenerational contract. Additional subsidies for lower income groups necessary**
- „social mix“ (lower and higher income groups in one house) guarantee social cohesion)**

Social mix

Rechtsform nach Einkommensgruppen, Anteile in %, 2015



- 40 % of tenants of pu-apartments are part of 1st and 2nd income-quintil respectively (380.000 bzw. 350.000 persons, < 1.630 or 2.670 Euro)
- income-distribution in pu-apartments represents austrian average
- Higher income groups: private property (33% highest quartil)

Credit: GBV

current issues

- **decreasing subsidies due to austerity policy and political decisions**
- **availability of land for social housing has dramatically decreased, no political solutions**

contact

Martin Orner

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Baugenossenschaft reg. Gen.m.b.H.**

**martin.ornier@ebg-wohnen.at
www.ebg-wohnen.at**

Quality standards & affordability

Balancing architectural, ecological and social sustainability standards with costs

BACKGROUND: The housing challenges of Vienna

- Vienna is growing and turns colourful
- Increased mobility and flexibility
- Shrinking real estate market and high land prices
- Increasing rental costs
- Imperative of mixed „urbanity“ instead of merely residential buildings



Quality standards & affordability

Balancing architectural, ecological and social sustainability standards with costs

The Vienna „Four-Pillar-Model“ of quality assurance

Architecture

- Stadtstruktur
- Gebäudestruktur
- Wohnungsstruktur
- Gestaltung

Economy

- Grundstückskosten
- Gesamtbaukosten
- Nutzerkosten und Vertragsbedingungen
- Kostenrelevanz der Bauausstattung

Ecology

- Klima-/ressourcen schonendes Bauen
- Gesundes und umweltbewusstes Wohnen
- Stadträumlich wirksame Qualität im Grün- und
- Differenzierte Nutzungsangebote im

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Social Sustainability

(since 2009)

- Alltagstauglichkeit
- Kostenreduktion durch Planung
- Wohnen in Gemeinschaft
- Wohnen für wechselnde Bedürfnisse

Quality standards & affordability

Balancing architectural, ecological and social sustainability standards with costs

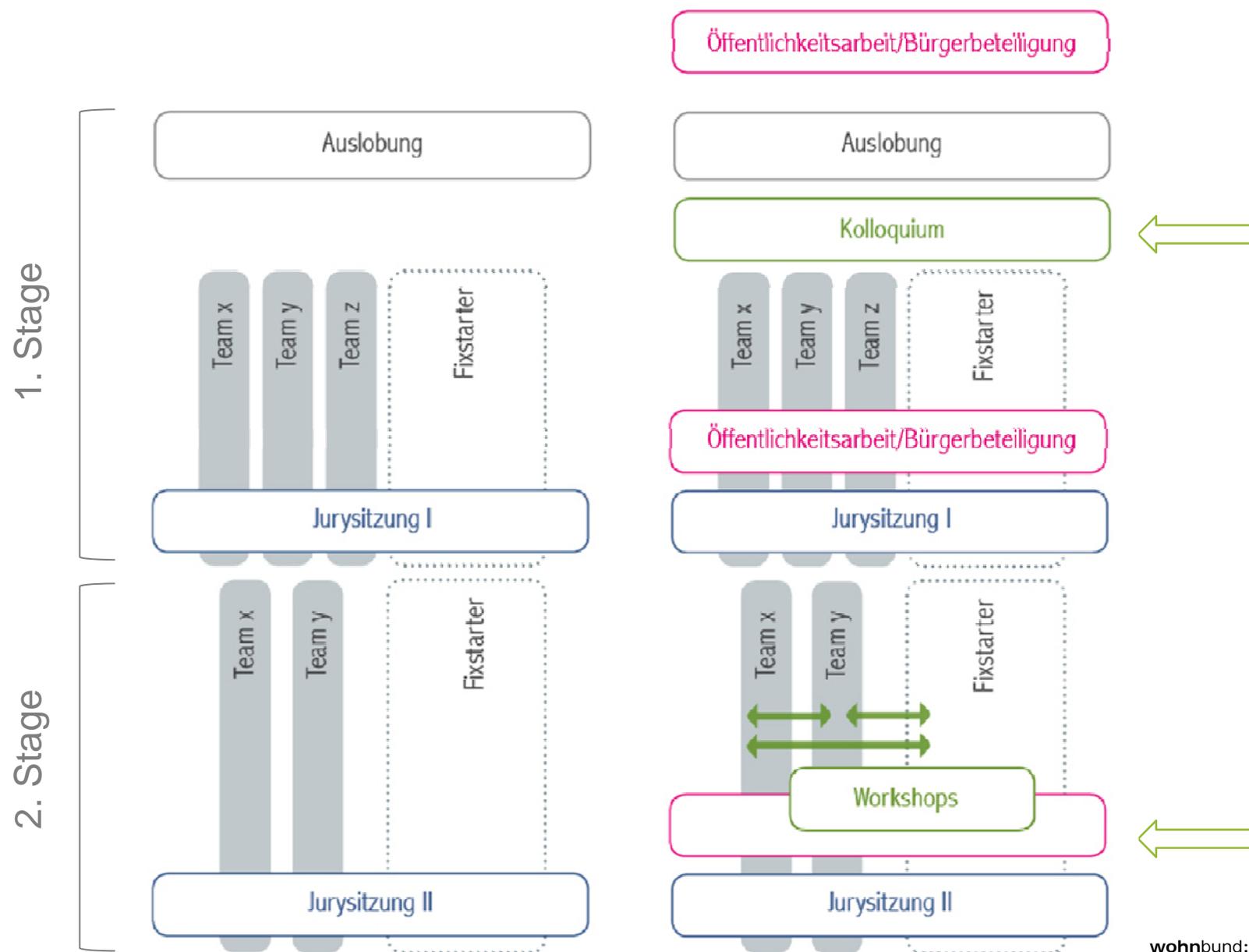
The instrument of „Housing Developers Competitions“

- ➔ Following the criteria of the „**Four-Pillar-Model**“, every subsidised housing project is reviewed either by the „Land Advisory Board“ or by a jury in a „**Housing Developers Competition**“
 - This form of quality assurance was started in **1995** (single or two-stage competitions)
 - Managed by „**wohnfonds_wien**“ supported by an **interdisciplinary jury**
 - Property developers invite **teams** of architects, landscape planners and sociologists etc.; the winners sign a **treaty** ensuring quality and rental price
- ➔ Introduction of „**dialogue-oriented**“ two-stage competitions (since **2013**)
 - Using a **wider setting** and a **coordination** of neighbouring projects
 - Orientation within the urban **quarter** and **district**
 - Involvement of surrounding **neighbourhoods** and stakeholders



traditional two-stage competition

dialogue-oriented two-stage competition



Access to affordable housing

Instruments for specific target groups & bottom-up experiences

Settlement Management & Community Coaching

➔ External „intermediate“ initiatives and private consultancies are hired by building companies to manage the community building in large projects



Access to affordable housing

Instruments for specific target groups & bottom-up experiences

Cooperative procedures: CoHousing, „Baugruppen“

Bottom-up housing **initiatives with special interests** are a **minority sector** within affordable housing, but important as **pioneers** and trendsetter

➔ The non-profit association „**Initiative for collaborative building and living**“ is *the* **plattform/marketplace** for „**Baugruppen**“ (founded 2009)

www.gemeinsam-bauen-wohnen.org

➔ The *new* registered non-profit cooperative „**Die WoGen – Wohnprojekte-Genossenschaft e. Gen.**“ supports its members in starting, building and financing collective/cooperative housing

www.diewogen.at



die wo gen Wohnprojekte-
Genossenschaft
e. Gen.

wohnbund:consult

Managing the existing housing stock

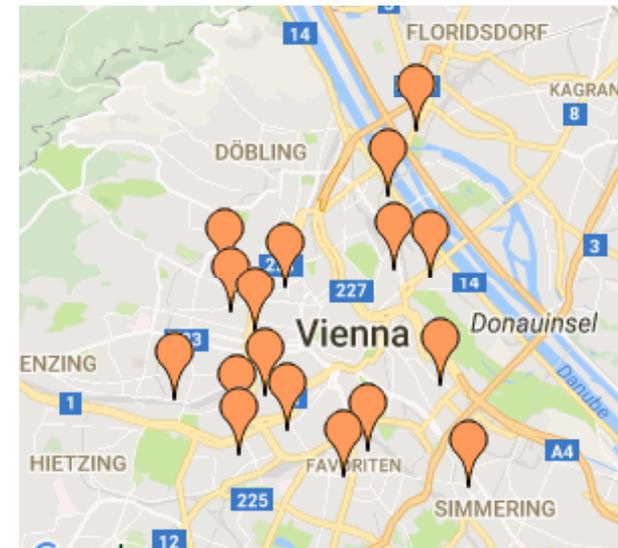
Instruments of neighbourhood management

Area renewal offices: „Gebietsbetreuung Stadterneuerung“

Area renewal offices (GB*) – a service by the city of Vienna – run by architects or housing developers and commissioned by the city **coordinate and promote rehabilitation programmes** since **1974**, predominantly in the private housing stock.

➔ Main tasks of GB*:

- Consultancy in housing & tenancy law
- Questions of infrastructure, mobility & safety
- Information and consultancy on urban renewal
- Activities for ‚strong‘ neighbourhoods
- Project work in public spaces



www.gbstern.at



wohnbund:consult

Managing the existing housing stock

Instruments of neighbourhood management

Area renewal offices: „Gebietsbetreuung Stadterneuerung“



Goals, performance and portfolio of GB*:

- Working principles are ‘soft’, i.e. social- and resident-oriented urban renewal strategies
- **9 teams for 17 area renewal offices** are currently active in districts in need of renewal
- These offices have a **neutral position** between all actors involved
- The specialised „**Mobile Gebietsbetreuung**“ works across districts offering information, consulting and services for housing and rehabilitation
- Some of the renewal offices got **extra tasks** in districts with great numbers of new building areas



Managing the existing housing stock

Instruments of neighbourhood management

„Wohnpartner“ – Residential support for communal flats

“Wohnpartner” is a service by the city of Vienna (Wohnservice Wien GmbH) to carry out „residential support for communal flats“. Since **2010** Wohnpartner provides service facilities for municipal housing tenants to increase residential satisfaction and mediates in cases of conflict

➔ About „Wohnpartner“:

- Personal: 150 employees (mainly social worker) in 17 locations
- Various Languages: English · Bosanski Hrvatski Srpski · Türkçe
- Mobile services (in the warm seasons)
- Core tasks: empowerment of active neighbourhoods, tenant centres, conflict management, urban gardening



Managing innovation within social housing

Instruments of research, evaluation and quality assessment

Vienna housing research program: Wohnbauforschung

“Wohnbauforschung Wien” is a service of the Department for Housing, Housing Construction and Urban Renewal (supported by “Europaforum”)

Mission statement: “Today, due to the increasing social diversity, housing policy is facing new challenges and answers are yet to be found.”

➔ New framework for housing research – main tasks:

- Affordable housing: cost reduction through planning, pilot projects etc.
- Technical and ecological qualities and standards for new housing construction: energy, flexibility etc.
- Technical and ecological qualities and standards in the refurbishment: energy consumption, open spaces etc.
- Living in community: participation, community, assisted living, social diversity

Think global, build social!

(AZW, Wien)



Thank you!

Dr. Raimund Gutmann, www.wohnbund.at

wohnbund:consult

SMART Housing

complete, compact, costefficient

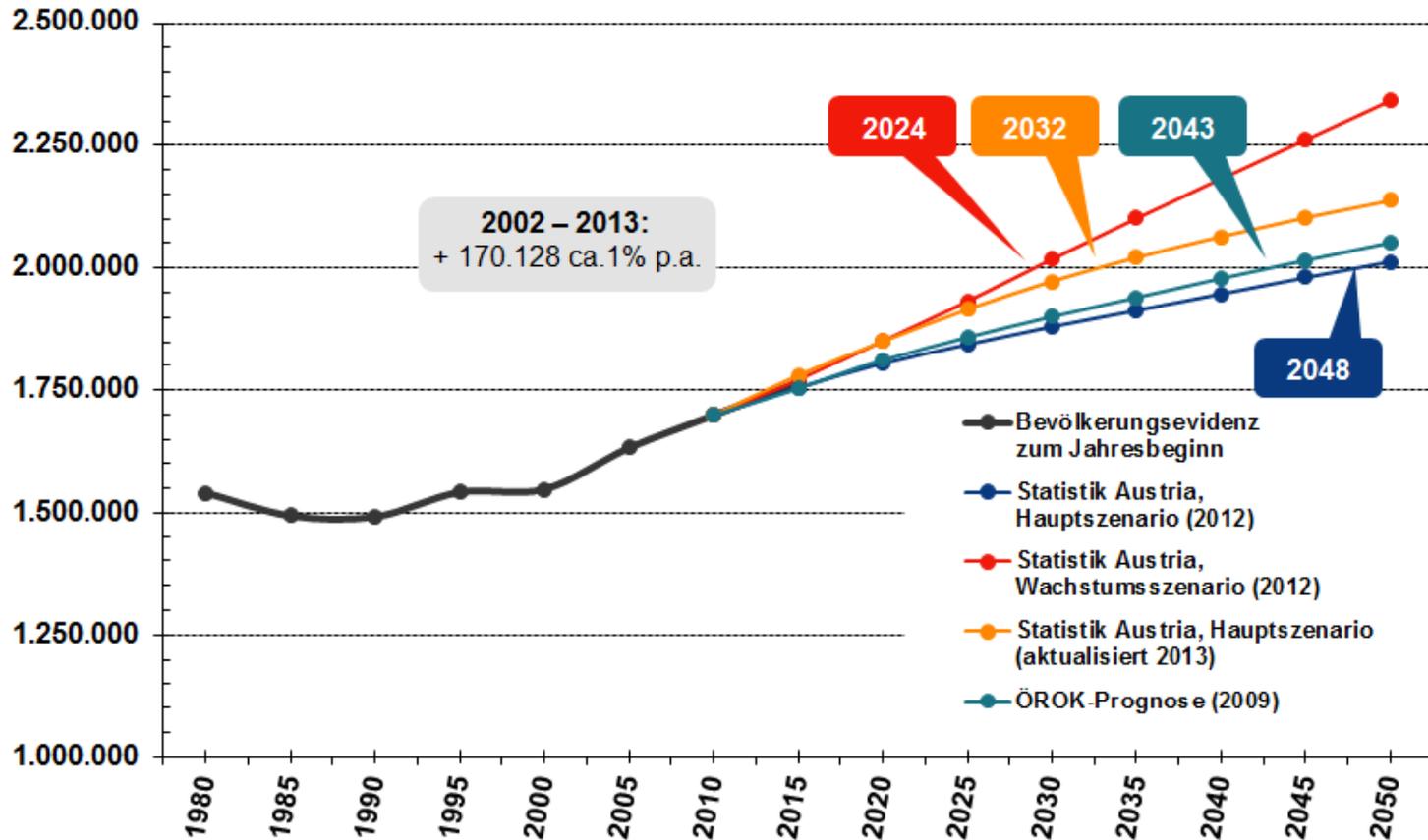


(c) Geiswinkler & Geiswinkler Architekten / Schreiner-Kastler



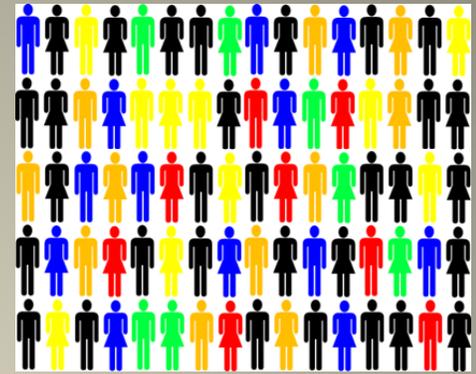
Susanne Bauer, City of Vienna, Housing Research Division
CapaCity Workshop, Prague

Growing City: Population Forecast



Quelle: Statistik Austria/ÖROK

The background: **Changing Society!** **Socio-demographic Key-Trends and Housing Change**



- **Trend Nr. 1: Individualization** (Ego, singles, female shift, silver society)
- **Trend Nr. 2: The New „Multigrrophy“** (traditional biography disappears)
- **Trend Nr. 3: New Dwelling Forms** (patchwork, flat share, CoHousing)
- **Trend Nr. 4: „Milieus“ and New Lifestyles** (diversity, multi-Cultural)
- **Trend Nr. 5: New „Work-Cultures“** (CoWorking, start-ups, home worker)

Average living area in Vienna

	Average living area in m ²							
	Per flat				Per inhabitant			
	1981	1991	2001	2011	1981	1991	2001	2011
Wien	64	68	71	72	31	33	38	38

Source: Statistik Wien

SMART

complete, compact, cost efficient

- New housing program
- Social changes – individual housing needs:
- young families, couples, single parents, elderly people and singles
- Characterised by a high degree of everyday practicality

General allocation criterias for registration „Wohnticket“:

- Wohnservice wien provides the „Wohnticket“ which is necessary for subsidised housing
- Two years primary residence for EU citizens (or equal)
- Minimum age 17
- Maximum (net) income € 3,172/month

Justified housing needs for e.g. SMART-HOUSING– social criterias such as:

- Overcrowding
- Reservation for youngsters
- Person with special needs

SMART

SMART – complete, compact, cost-efficient

optimal use of floor space, different equipment options, spacious communal rooms and large storage rooms outside the flats



Typology of SMART-Housing

- Typ A (1 room): max. 40 m²
 - Typ B (2 rooms): max. 55 m²
 - Typ C (3 rooms): max. 70 m²
 - Typ D (4 rooms): max. 80 m²
 - Typ E (5 rooms): max. 100 m²
-
- **Distribution of SMART-apartments**
 - Type A + Type B: at least 50%
 - Type C + Type D + Type E: maximum 50%

Social mixing

SMART Housing,
compact, affordable, flexible

1/3 of all new construction is SMART

About 3.300 SMART flats are being built



Summary: What means SMART-Housing?

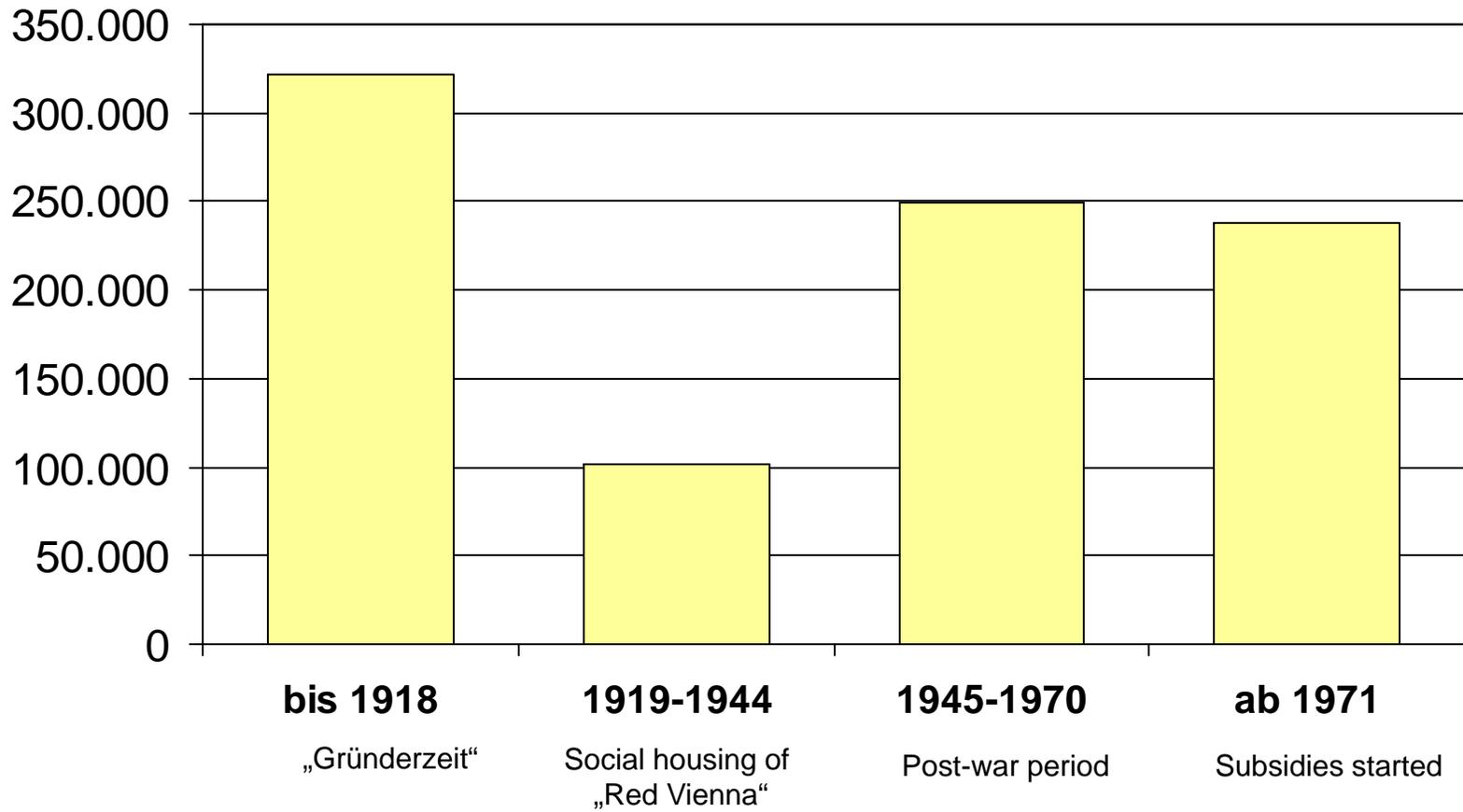
- ...Apartments that combine a compact ground floor plan with innovative, socially sustainable architecture,
- Which is characterized by economic and comfortable facilities (for example, a shower instead of a bathtub),
- Which offer different packages – e.g. floorcovering, tiles, Instead of expensive individual requests,



- through limited construction costs, particularly favorable housing costs are achieved,
- all subsidised buildings include a certain percentage of “SMART” apartments (about one third) to achieve a small-scale social mix,
- 50% of “SMART” flats are distributed via the Wohnservice Wien.

Soft Urban Renewal

Housing stock – age of buildings



Soft Urban Renewal

Different buildings with different requirements – different types of renovation:

- **THEWOSAN**: thermal-energetic housing refurbishment
- **Basic refurbishment**: comprehensive modernization of inhabited houses
- **Total refurbishment**: thorough renovation of uninhabited houses
- **Individual improvement measures**: e.g. elevators, measures to enable accessibility, fitting of sound insulation windows, improvement of housing comfort
- **Block renewal**: sustainable development in underprivileged residential areas by elimination of urban deficiencies while providing infrastructure etc. in accordance with needs of neighbourhood residents

Soft Urban Renewal

Funding system in Vienna – principles:

- Soft/gentle urban renewing
- Priority of social criteria
- Avoidance of segregation
- Ensuring affordable, modern living space

Benefits for Vienna´s residents, the cityscape, the environment and for the social sustainability

Soft Urban Renewal

Soft urban renewal is

- Based on the **preservation** of old building stock and thus also on the preservation of the cityscape
- Based on the **participation** of residents
- Creating **new living space** in existing housing stock
- Taking into consideration **accessibility**, daily use **suitability**, **residents' needs**, **city ecology**, e.g. by reduction of buildings' energy demand or dealing with care with urban animal life
- Improving of **neighbourhoods** and of **infrastructure**, preserving **workplaces** close to home

Programme for the Thermal Renovation of Housing Estates

- Since the year 2000 special focus of state subsidies
- Renovation of apartment blocks built between 1950 and 1970 incorporating thermal energy
- This type of renovation, called `THEWOSAN`, aims to reduce energy consumption, additionally also air pollutants and CO2 emissions
- Wherever possible, thermal-energy renovation is incorporated into nearly all types of renovation, including the renovation of objects built in the 19th century.

Programme for the Thermal Renovation of Housing Estates

Subsidies for measures reducing energy consumption and CO₂ emissions

Measures are e.g.:

- (Thermal) Insulation of building components as exterior walls, basement and top floor ceilings, isolation of balconies
- Restoration of windows and external doors
- Installation of ventilation systems
- Conversion of heating and hot water systems to energy efficient and environmental friendly systems
- Construction of green roofs

Programme for the Thermal Renovation of Housing Estates

- Building licence must date back at least 20 years
- Building must (predominantly) serve residential purpose after renovation
- Amount of subsidy depends on heat energy savings and relation between energy demand in the renovated building and energy demand of a standardised low energy house
- Further criteria are ecologic quality of measures and efficiency of plants and energy sources

Programme for the Thermal Renovation of Housing Estates

Subsidies can be

- non-refundable grants
- public (of the Province of Vienna) 1% interest loans for up to 35 years
- annuity grants

Currently the Province of Vienna grants non-refundable subsidies up to 30% of the total construction costs, which are eligible for subsidy.

Combination with other renovation types is possible.