

Europe | Paradise cost

Vienna's social housing, lauded by progressives, pushes out the poor

The city's most hard-up rely on the private sector



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Aug 1st 2024 | VIENNA

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WITH THE mercury hitting 35°C this summer, many Viennese have headed for rooftop pools. At Aspern Seestadt, one of Europe’s largest housing projects, they can plunge into an artificial lake or take the kayak out for a paddle. Such are the joys of the projects, Viennese-style. Aquatics for the many, not the few.

About 60% of Vienna’s population of 2m or so live in “social housing”, where rents are kept low by the city. Apartments are often small, but the amenities—kindergartens, laundries and pools—generous. A two-bedroom unit of 80 square metres (861 square feet) with a garden costs as little as €900 (\$975) a month. Vienna is regularly voted the world’s most liveable city: cheap housing means more money for the good life. Just 44% of Viennese spend over a quarter of their income on housing (including energy costs); in London it is 86%, in Paris 67%. Renters can keep their apartments for life at roughly the same rent.

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This housing model is a legacy of “Red Vienna”, a period after the first world war when a socialist city council started building proletarian fortresses such as the gigantic Karl-Marx-Hof. It has recently been attracting enormous interest from abroad. Drove of American city planners grappling with homelessness and soaring rents have come over to learn whether the Viennese model can work in places like San Diego. The *New York Times* has lauded Vienna as a “renters’ utopia”.

That all depends on who is renting. True, young people can ditch their parents in their early 20s. But even many Viennese acknowledge that the model is no longer fit for purpose in a fast-growing, prosperous city. Designed to provide housing for the poorest, Vienna’s social housing now mostly benefits the well-off.

The council owns and runs about 220,000 apartments directly, including old-fashioned *Gemeindebauten* (community flats) such as the Karl-Marx-Hof. Most of the action, however, centres on 58 “limited-profit housing associations” (LPHAs), which account for some 20% of the city’s housing. A national housing tax of 1% divided equally between employers and employees helps these schemes. The council reduces the LPHAs’ costs, for example by letting them buy land at knock-down rates.

About 80% of Vienna’s population qualify for social housing, so high are the income limits: €57,600 after tax for one person and over €100,000 for a couple with two children. The council boasts that this makes it “inclusive”: the entire middle class gets access to subsidised housing. But the barriers to entry are such that it is mostly the middle class that benefits.

For a start, people can enter the housing queue (sometimes two years long or more) only if they are citizens of an EU country and have been registered for two years at the same address in Vienna. Applicants also have to demonstrate a regular income. These criteria knock out many immigrants, new arrivals and those without regular jobs. Non-Austrians make up 34% of Vienna's population and Austria has very low naturalisation rates.

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Moreover, rent is not the only cost for an LPHA apartment. Prospective renters must make a down payment of up to €500 per square metre to meet building costs. So-called "smart apartments" charge much less, but are often tiny, just 40 square metres. The council argues that such fees "protect the system from being overrun"; critics say they simply keep immigrants and the poor out of middle-class enclaves. Only 9% of renters in the LPHA sector have low incomes. Since residents can stick around for life, the council has struggled to prevent tenants with houses elsewhere from renting out their municipal flats.

Ironically, the poorest quarter of Vienna's residents often have to rent in the private sector. There, rents are needlessly high, argues Hans Ulreich, a property developer. Private builders must follow the same dense bureaucratic procedures as the municipal housing sector. Mr Ulreich thinks regulations could be significantly reduced without losing safety or quality. Vienna's population is growing by 20,000 per year, and social housing alone cannot meet the demand. The Viennese model was ground-breaking in the 1920s, but it is no panacea—and is due for an update. ■

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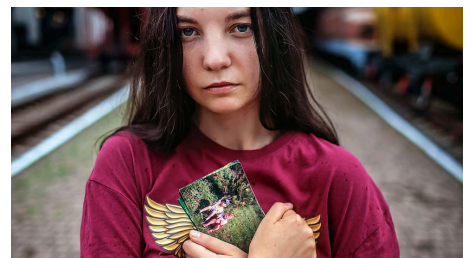


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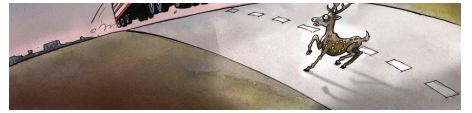
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