



REDUCING  
HOUSING  
INEQUALITIES



## Case Study Working Paper: St. Gallen

An extract from Deliverable 5.1, 'Case study reports on green transition initiatives and their impact on housing inequalities,' of the ReHousIn project

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The ReHousIn project aims to spark innovative policy solutions towards inclusionary and quality housing. To achieve this, it investigates the complex relationship between green transition initiatives and housing inequalities in European urban and rural contexts, and develops innovative policy recommendations for better and context-sensitive integration between environmentally sustainable interventions and socially inclusive housing.

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# 1 Introduction

## 1.1 City profile, challenges around just (housing and ecological) transition

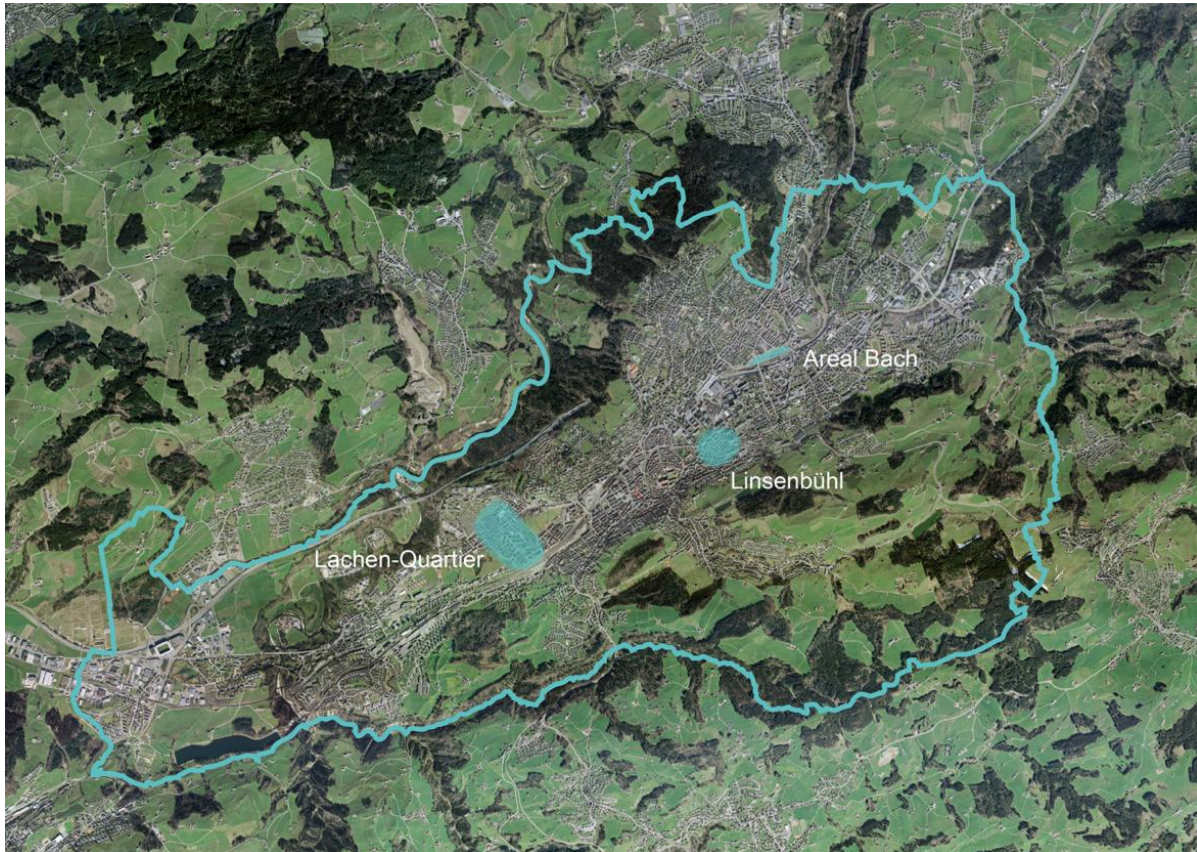


Fig. 1: Aerial photograph of St.Gallen with three current development areas Lachen-Quartier, Linsenbühl and Areal Bach. Source: Federal Office of Topography swisstopo.

### 1.1.1 City profile

#### Demographics and geography

With a population of 83,803 in September 2025 (Stadt St.Gallen & STADA2, 2025), St.Gallen is the eighth-largest city of Switzerland and the economic, political, social, and cultural hub of Eastern Switzerland. It is an urban centre in a region that is otherwise characterised by smaller settlements. Nestled in the valleys of the rivers *Sitter* and *Steinach*, the city's landscape is defined by its valley floors and surrounding slopes. The territory of the city of St.Gallen encompasses 39.4 km<sup>2</sup>, of which around 50% is green space (Stadt St.Gallen & STADA2, 2025; see Figure 1).

In contrast to many other Swiss cities, St.Gallen's population is only growing moderately with an increase of 4.8% over the last decade (Stadt St.Gallen, 2025a). In the same period the city of Zurich grew by 10.8% (Stadt Zürich, n.d.). St.Gallen is home to a diverse population, with

non-Swiss nationals accounting for 34.2% of its inhabitants, the vast majority coming from Germany (5232), followed by Italians (2775), Kosovaris (1940) and Serbians (1342) (Stadt St.Gallen, 2020c) (BFS, 2025c). The average age is 39.3 years, which is comparable to other Swiss cities (BFS, 2024). With a population density of 2,002 inhabitants per km<sup>2</sup> (total area of the city), St.Gallen is moderately dense in the Swiss context (BFS, 2025d), with larger cities generally being denser – up to 13,100 inhabitants/km<sup>2</sup> in Geneva.



*Fig. 2: St.Gallen's old town, view to the hillside (© H.Widmer)*

### **Economy and infrastructure**

With 87,695 persons employed in the city (BFS, 2025a), St.Gallen remains an attractive employment centre, with many workers commuting into the city daily (Stadt St.Gallen, 2020b). However, with an average yearly pro capita income of 55,502 CHF, St. Gallen's figure is well below Zurich's, which stands at 73,023 CHF per resident per year (BFS, 2022). Most jobs (85.5%) are found in the service sector, 13.9% in industry and construction, and 0.2% in agriculture and forestry (Stadt St.Gallen, 2020b).

St.Gallen is home to the University of St.Gallen, one of the leading business universities of Europe (University of St.Gallen, 2025), and to the Abbey of St Gall containing the Abbey library, one of the richest and oldest monastic libraries in the world (UNESCO World Heritage, n.d.).

St.Gallen benefits from good connections to the Swiss transport network, being located on the main motorway (A1) and one of the main train lines (Intercity 1), albeit at the Eastern end.

## Governance structure and political orientation

The city of St.Gallen is the capital of the canton of St. Gallen. The city council, the executive government, consists of 5 members of different political parties. Each of the council members is responsible for one department. One of the members is simultaneously the mayor, but the mayor is elected separately.

Politically, the Social Democratic Party (SP) is the strongest force in the city parliament, holding 27% of the seats in the current term (Stimmbüro St.Gallen, 2024). The conservative right Swiss People's Party (SVP) won 16% of the seats, and the Swiss Liberal Party (FDP) and the Centre Party (DieMitte) 14% each. The Green Party and the Green Liberal Party (glp) are represented with 10% and 11% respectively. Together with the Social Democratic Party, the parliament thus has a majority voting in favour of environmental topics.



Fig. 3: St.Gallen's historic city centre (© J.Duyne)

### 1.1.2 Housing situation

In contrast to the situation in larger cities and other regions of Switzerland, there is no evidence of a housing shortage in St.Gallen: in 2024 the vacancy rate was 2.1%, which is significantly higher than the national average of 1.08% (BFS, 2025b). Rental prices are among the lowest in Swiss cities (224CHF/m<sup>2</sup>/year; Bosshardt & Ganarin, 2019).

In 2021, the city counted a total of 44,800 dwellings of which 8.2% belong to housing cooperatives (Urban, 2023). Homeownership is, as in most Swiss cities, rather rare. Only 17.4% of households own the dwelling they live in (Kanton St.Gallen, Fachstelle für Statistik, 2025). Most households rent their home on the private market.

The number of cooperative housing units has been growing steadily over the last ten years and there are several projects in the pipeline (WBG St.Gallen, 2025). Besides non-profit housing providers, the citizens' community (*Ortsbürgergemeinde*<sup>1</sup>) is one of the largest owners of land in the urban area of St.Gallen. The citizens' community is quite influential for urban development, as it grants building rights to private and institutional investors, and rents out houses, flats and allotment gardens (Ortsbürgergemeinde St.Gallen, 2023). The municipality currently owns about 700 apartments (as of January 2020; Stadt St.Gallen, 2020d). The city's Real Estate Strategy (*Liegenschaftstrategie*) aims to institutionalize an active municipal land policy and to monitor the market situation in order to steer and support the residential development through the public portfolio (Stadt St.Gallen, 2022b). Prospectively, public land is not to be sold anymore, but to be leased along with building rights to non-profit developers.

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<sup>1</sup> The citizen's community is described in more detail in Section **Error! Reference source not found.**



Fig. 4: Historic housing in the city centre (© J.Duyne)

In a recent report, the city council found that St.Gallen had enough affordable housing and relatively low rents compared to other cities of similar size in Switzerland. However, large parts of the buildings in St.Gallen are overaged (Stadt St.Gallen, 2021c). About 66% of housing stock was built before 1970 (Fachstelle für Statistik Stadt St.Gallen, 2023). It is estimated that 30-45% of all buildings will need refurbishment in the next 10 years (Altherr, Policy Lab 2025). Whether such refurbishments are being undertaken or whether the related buildings will be demolished and replaced depends on their owners. In both cases, it would entail rent increases, and – if no measures to keep housing affordable are taken – could lead to the displacement of low-income residents. This process may already have begun to some extent: since 2020, the market rents have increased by 13% in the canton of St. Gallen. This is less in comparison to central Switzerland, but significantly more than in other peripheral cantons (Elsener, 2025).

In 2020, the city of St.Gallen adopted the Municipal Housing Strategy (*Wohnraumstrategie*). The strategy addresses the challenges of residential development, including the overaged building stock, by formulating six fields of action and measures to make the city attractive for families and young professionals and secure housing quality in the future (Stadt St.Gallen, 2020d). One of the studies carried out in preparation of the Municipal Housing Strategy describes the 12 neighbourhoods of St.Gallen as key for securing a socially mixed population growth in the long term (Stadt St.Gallen, 2020a). The Municipal Housing Strategy also stipulates that a public fund, created in 1991 in response to the housing crisis of the 1980s,

when 12 million CHF were dedicated to support low-income tenants with their rent, will be used to promote affordable, high-quality non-profit housing units, including renovations of the existing stock. The fund still amounts to 6 million CHF as it was hardly used in recent years, mainly because of a lack of demand. Funded activities should predominantly benefit people with low incomes (Hämmerli, 2024).

In 2013, the city's parliament counterproposal to the popular initiative for the promotion of non-profit housing (*Zur Förderung des gemeinnützigen Wohnungsbaus*) was accepted. While the counterproposal refrained from establishing a 10 million CHF fund for the promotion of non-profit housing, it contained a regulatory framework comprising various measures to be financed through the standard budgeting processes. Among the measures for the promotion of non-profit housing is the lease of municipal land under building rights to non-profit housing developers at a reduced rate, interest-free or low-interest repayable loans and partial financing of early stages of developing construction projects for non-profit housing providers.

The promotion of affordable housing is also facilitated by the Housing Promotion Agency (*Wohnbauförderung*)<sup>2</sup>. However, it should be noted that the Canton of St. Gallen has no housing policy or strategy of its own. The agency simply manages federal measures for housing promotion (Kanton St.Gallen, n.d.).

## 1.2 Densification, energy refurbishments, and nature-based solutions (NBS) in St. Gallen

This section outlines the most important developments and policies regarding densification, energy refurbishments and nature-based solutions (NBS) in St.Gallen in recent years. While many aspects are driven by national policies – which are implemented at cantonal and local level, there are also specific instruments set up by the city itself. Generally, a ‘boost’ of environmental policies can be observed in the last couple of years. This can be attributed to the current progressive and environmentally conscious parliament that was elected in 2020 and by the acceptance on popular vote of an addition to the municipal constitution setting climate goals and the target to become a decarbonised city by 2050. To this aim, a roadmap and a catalogue with 150 measures was developed.

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<sup>2</sup> The Housing Promotion Agency (*Wohnbauförderung*) of the Canton of St. Gallen administers all measures established by the federal government to promote housing. The Canton of St. Gallen also performs this task for the cantons of Appenzell Innerrhoden and Thurgau. It has the mandate to implement national measures for the promotion of affordable housing, such as the WEG Act, which supported housing for low-income individuals and families, and the WFG Act, which promotes the construction of affordable rental housing for low-income individuals and research into housing.

### 1.2.1 Densification

Densification has been a key policy goal in Switzerland since the 2014 revision of the Spatial Planning Act, when inward development became legally binding for cantons and municipalities, as a means to reduce soil consumption and prevent further urban sprawl. As a consequence, cantons had to align their cantonal structure plans (*Richtpläne*), with municipalities playing a central role in steering densification through utilization plans (*Nutzungspläne*) at the local level (Duyne Barenstein et al., 2025b).

St.Gallen’s densification strategy (*Innentwicklungsstrategie*) defines the basic principles for densification for the city: the valley floor, where the city centre is located, is to be densified while the hillsides are to remain low-density and reserved for nature (Stadt St.Gallen, 2021b).

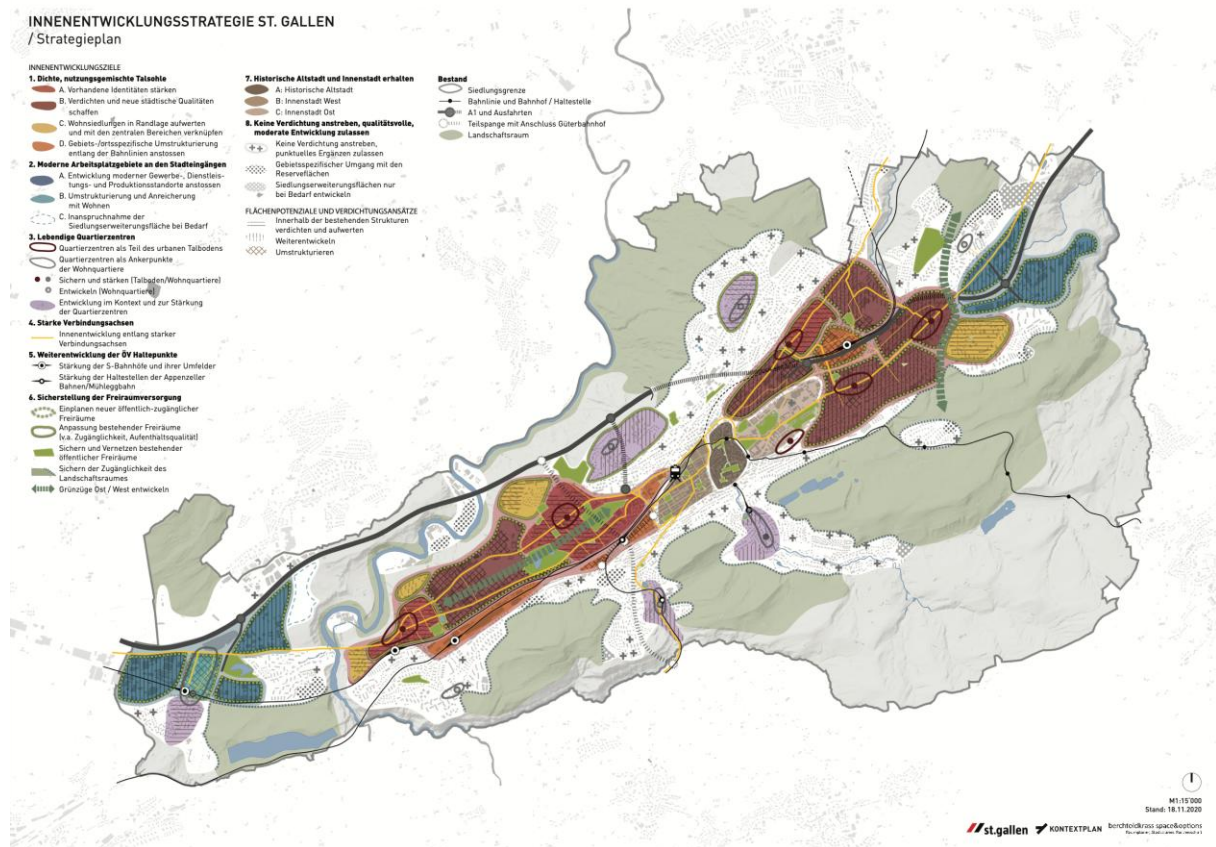


Fig. 5: Densification strategy for St.Gallen. Source: City of St.Gallen, May 2021.

The municipal structure plan (*Kommunaler Richtplan*), amended in 2022, integrates (amongst others) the densification strategy into a plan to develop a high-quality inner development and defines different potentials for the city. The structure plan will feed into the revision of the Building and Zoning Regulation (*Bau- und Zonenordnung, BZO*) by 2027, as mandated by federal and cantonal governments (*Richtplananpassung 2022 Aufnahme Strategien / Richtplantext*, 2022).

There are two land use planning instruments which allow St.Gallen to further steer densification and sustainability in the housing sector: land leases under building rights (*Land im Baurecht*) and contracts under administrative law (*Verwaltungsrechtliche Verträge*). The municipality can provide land leases to non-profit housing providers and other parties and thus steer to some extent – limited to its own land reserves – where developments happen. In setting up the land lease contracts, the municipality has some leverage as it can set the terms and conditions attached to the building right, e.g. fees below market-rate for non-profit developers (see Section 1.1.2). Contracts under administrative law are used in case of upzoning and rezoning. While federal law stipulates that 20% of the added value due to new zoning must be captured by cantons (Duyne Barenstein et al., 2025b), the Canton of St. Gallen does not provide for any value-capture measures in the case of upzoning and rezoning, and does not allow municipalities to set additional rules for capturing added value. Municipalities can therefore only rely on contracts under administrative law (Kantonsrat St.Gallen, 2024). With these contracts, they can capture added value from upzoning and rezoning, and set requirements regarding, e.g., the quality and environmental standards of the development, and the size and mix of housing units.

Another important element influencing densification processes is the Federal Inventory of Heritage Sites of national importance (*Bundesinventar der schützenswerten Ortsbilder der Schweiz von nationaler Bedeutung, ISOS*). This inventory lists townscapes that merit protection. Importantly, it not only contains buildings, but also streets, squares, gardens, and other green spaces (BAK, n.d.). Cantons and municipalities are required to consider the inventory in their plans. The inventory should enable development whilst maintaining important elements of the built environment and thus increase the acceptance of densification but is sometimes also used to oppose densification projects. As mentioned by the representant of a local NGO, the inventory can also curb gentrification tendencies as it limits development.

### 1.2.2 Energy refurbishments

Already back in 2006, the *Energy Concept 2050 (Energiekonzept 2050)* was introduced in St.Gallen as a binding planning tool for authorities. Initially it focused on heating only, but in 2011 it was complemented with the topics of electricity and mobility.

As part of the Energy Concept 2050, the Energy Fund (*Energiefonds*) subsidises energy-efficient measures. However, to receive financial support for structural adaptations or sustainable energy generation concepts, building owners must agree to a free energy consultation. With its municipal fund, the city complements the subsidies of the canton and the national government in the framework of the Buildings Programme (*Gebäudeprogramm*). Subsidies are available for sustainable heating, greening of roofs, rainwater harvesting, solar power systems, thermal insulation, etc. (Stadt St.Gallen, n.d.-a). The municipal energy provider (*St.Galler Stadtwerke, sgsw*) contributes to the green transition of the building stock by distributing district heating throughout the city. By 2050, 45% of all heating demand should be covered by district heating.



Fig. 6: St.Gallen Hinterberg, planned refurbishment in valley floor (© Ralph Ribi)

### 1.2.3 Nature-based solutions (NBS)

St.Gallen fosters the implementation of NBS through several policy instruments:

The cantonal Biodiversity Strategy 2018-2025 (*Biodiversitätsstrategie*, 2017) defines strategies, fields of action, and measures to encourage the development of biodiversity throughout the canton (Kanton St. Gallen, 2017). The municipal Biodiversity Strategy 2022-2032 (*Biodiversitätsstrategie*, 2022) is an important instrument for safeguarding and promoting biodiversity within the city. Free consultancies are offered to owners of private gardens and different NBS for residential areas are promoted online (Stadt St.Gallen, 2022a).

The Environmental Concept (*Umweltkonzept*, 2020) takes a conceptual approach to the topics of climate change adaptation and biodiversity and formulates goals in seven areas of action: urban climate, urban nature, radiation, air, noise, soil and water (Stadt St.Gallen, n.d.-b).

With its Tree Strategy (*Baumstrategie*, 2020) the city aims to increase the number of trees in public areas and to maintain them in private areas. The Street Tree Concept (*Strassenbaumkonzept*, 2024) promotes ecological networking and adaptation to climate change in the streetscape. The planned increase in the tree canopy cover on streets from 9% to 25–30% is also intended to improve the legibility of the urban structure (Stadt St.Gallen, 2024).

The Strategy for Open Spaces (*Freiraumstrategie*, 2021) aims to develop concepts for an easier access to parks and open spaces through spatial planning and an active shaping of their quality, functions, and uses (Stadt St.Gallen, 2021a).

With the Urban Area Concept (*Stadtraumkonzept*, 2023), the city aims to strengthen the interconnectedness of green spaces and to promote the greening of streets, although its main focus is on densification (Stadt St.Gallen, 2023).

Stadtgrün St.Gallen promotes biodiversity measures on public land and offers various consultancy services and moderate financial support to private landowners. There are three funding programmes that support private initiatives: one of them pays 50% of the investments in sponge-city projects (*Schwammstadtfonds*), one is for the ecological compensation of a landfill and includes all ecologically sustainable measures on municipal ground and the last one is for other individual ecologically enhancing projects (Beratung und Förderung, n.d.).

Besides the city administration, the association *Grünes Gallustal* is an important actor in the field of NBS. This grassroots initiative supported by the World Wildlife Fund, was initiated by a group of people in 2019. In 2022, it presented a “green masterplan” to the public, a 1500-page study with an extensive vision on how to implement a thorough green transformation in the city of St.Gallen (Verein Grünes Gallustal, 2022). The city administration and political actors have acknowledged the initiative’s concepts and use them as an informal yet influential green master plan. Several pilot projects are currently underway, and videos are being produced to support its educational goals (Verein Grünes Gallustal, 2022).

## 2 Methods

This case study report focuses on civic perceptions of green transition interventions and of their interlinkages the housing market in St.Gallen. In this city greening measures are implemented in a fine-grained yet comprehensive manner and cannot be narrowed down to isolated large-scale projects. Accordingly, the report does not focus on a single, clearly delimited intervention. Instead, we examine the overall state of implementation of urban renewal, energy efficiency projects, and greening measures in the city, and their effects on the housing situation. The interviews explored these dynamics by drawing on multiple sites as illustrative examples and points of reference. The perceptions, which tend to focus on the city’s situation in general, include the views of various stakeholders: private investors and developers (for-profit and non-profit, e.g. cooperatives and foundations), public actors (members of the city council or representatives of the city administration), academic experts, and civic actors (i.e. NGOs, activists, media, etc.). As a core research method, we used semi-structured interviews focusing on green transition initiatives, housing, social sustainability in housing in relation to the green transition, and issues of multi-level governance. For the case of St.Gallen, we conducted 14 interviews between June and September 2025. Interviewees include members of the city council (including the mayor), representatives of the city administration, members of political parties, local associations and businesses, and researchers (See Annex 2 for the full list of interviewees). We used our preexisting knowledge from secondary data, preliminary visits to the case study city and from Policy Lab #1 (a workshop with stakeholders from the case study cities and from cantonal and national level in

April 2025) to identify and contact an initial set of interviewees. Further interviewees were recruited via snowball sampling and through online research aimed at identifying relevant organisations.

Interviews lasted about one hour on average, and were conducted either in person, via video call or on telephone. Interviewees were asked to give informed consent. Interviews were audio-taped and later transcribed using the software *Buzz* which runs on OpenAI’s speech recognition model *Whisper*. We manually edited initial transcripts generated by AI to produce the transcripts used for coding. Coding was aided by the software MAXQDA and was performed with the transcripts in their original language (German). Quotes used in this report are translated to English by the authors.

This report also relies on the analysis of grey literature, reports, legal documents, plans, and statistical data. It also draws on previous research in the framework of the ReHousIn project on housing inequalities in Switzerland (Widmer et al., 2024), environmental and energy policies (Duyne Barenstein et al., 2025b), and the Swiss housing system (Duyne Barenstein et al., 2025a).

### 3 Civic Perceptions of Green Initiatives in St.Gallen

#### 3.1 Precedents and implementation

##### 3.1.1 Perceptions of the city

This section focuses on perceptions of St. Gallen as a city and examines how its structural conditions shape the current housing situation and green transition initiatives. In several interviews, the city’s regional position, political orientation, and tax framework were identified as key foundations of contemporary local housing developments. Many stakeholders characterize Eastern Switzerland as a relatively peripheral region with limited economic attractiveness (see appendix 8. Visuals, Figure 3). It remains largely unknown internationally and operates as an economic area distinct from Zurich, the country’s primary economic centre. All informants share the view that the market pressure from Zurich has not yet reached St.Gallen, as the distance between the two cities makes commuting relatively uncommon (P48:4; P49:3; P50:66; P43:92). Nonetheless, frequent comparisons with Zurich reinforce the perception among several interviewees that St.Gallen is lagging behind in both legal and political development (p47:9). An administrative representative noted that Winterthur—a city situated between St.Gallen and Zurich—benefits more directly from Zurich’s housing crisis than St.Gallen, as it absorbs displaced residents and increasingly functions as a commuter city (p50:71). This view was corroborated by an urban researcher, who noted:

“I do not believe that the pressure from Zurich has already reached St. Gallen, because it is a completely different economic region.”

(250826\_P43\_SG\_Transcript, Pos. 41)

Civic actors regard St.Gallen as the region’s urban centre, where social services, employment opportunities, and essential infrastructure are concentrated. It attracts large numbers of commuters from surrounding municipalities, and its urban fabric is significantly shaped by infrastructure for cars, which civic actors now regard as a nuisance (p47,3,74,: p42,p38).

St.Gallen stands out in contrast to the cantonal political orientation: while the conservative right-wing party (SVP) is well represented in the cantonal council, it only has a few seats in the city parliament. Interviewees observe that the political orientation of St.Gallen’s city council has changed in the past 30 years: awareness about green and environmental topics have increased significantly (p47: 3). There is a consensus that green topics currently enjoy strong support, both by the city parliament as well as by the city council (p50:28), and it was noted that over the past five years St.Gallen has introduced a range of new strategies addressing sustainability, biodiversity, and densification (p49:3). Nonetheless, some administration representatives argued that the region’s relatively cool climate, which makes the effects of the climate crisis less immediately perceptible, leads to rather limited public awareness and political pressure for climate adaptation or mitigation measures (p50:102). Within the city’s geography this leads to a clear spatial disparity: the inner-city valley floor experiences more heat days and is home to lower-income groups, while higher-income households tend to reside on the cooler, greener hillsides or in the surrounding municipalities. (p.47:43, P50:93).

### 3.1.2 Perception of green policies in St.Gallen

In St. Gallen, greening measures are implemented incrementally across the city rather than through isolated large-scale projects. Accordingly, this case study does not focus on a single intervention but examines the broader implementation and effects of urban renewal, energy efficiency, and greening measures.

There is a broad consensus that the municipality is aware of the importance of greening and climate adaptation and is investing in several related projects. Especially NBS topics have a very good stand in parliament and council. The ongoing revision of the Building and Zoning Regulation (BZO) is expected to integrate both densification and greening objectives into local planning rules. The municipality identifies significant potential—and need—for greening and high-quality outdoor spaces, particularly in the valley-floor areas of the city. According to a green civic organization, public concerns are largely financial: residents question whether St.Gallen can afford the city’s green transition or whether greening is an unnecessary luxury. At present, public greening projects frequently face strong criticism from the liberal party in parliament. As most urban green space is privately owned, the cooperation with private owners would be integral for a green urban development, however this is described as difficult by a non-profit actor:

“Firstly, the pace of change is too slow. And that is not necessarily due to politics alone, but primarily to the owners of the property.”

(250815\_P39\_SG\_Transcription, Pos.32)

The City of St. Gallen has a range of instruments at its disposal to pursue its densification objectives, which have been listed above in Section 1.2.1. However, key instruments for local implementation—such as the municipal structure plan (*Kommunaler Richtplan*) and the Building and Zoning Regulation (*Bau- und Zonenordnung*, BZO)—have only recently been amended or are still pending revision, making their effects difficult to assess at this stage. In a neighbourhood-specific analysis (*Quartierprofile St. Gallen*), the City of St. Gallen evaluated the densification and housing potential of each area and has started to implement the adaptation of public areas according to their densification plan (*Innenentwicklungsstrategie*). Regarding densification, civic actors note that projects are often delayed or blocked by objections and political procedures, frequently motivated by neighbourhood initiatives to preserve existing green spaces. This is considered problematic for urban development, which increasingly depends on utilising the few remaining undeveloped plots (p. 42:56). These small-scale interventions form part of the municipality’s densification strategy, which prioritises densification along the valley floor. Although newly constructed buildings invariably increase density, the issue of densification as a planning imperative itself surfaced only marginally in most interviews.

The municipal Energy Concept 2050 (*Energiekonzept 2050*) is considered effective and remains on track to achieve its stated objectives (Stadt St.Gallen, 2025b): The accelerated expansion of district heating is progressing according to plan toward the 2040 target. Since 2010, energy-efficient building renovations have reduced heating demand by approximately 20 percent. In addition, over the past three years, an average of 70 percent of heating systems have been converted to renewable energy sources. However, according to the perceptions expressed in the interviews, energy-efficient renovations in St. Gallen also face challenges. Although the non-profit sector, the municipal real estate department, and some private owners refer to having plans for refurbishing their existing stock, there is no sign of a broader refurbishment wave. Non-profit developers observe that private owners avoid investing in their buildings, instead rent them out until they decay whereafter they resell them for profit. By leaving major refurbishments to subsequent owners, they avoid investments, because the market conditions allow only a partly passing on of the costs to tenants (p39:35,40).

Concerning NBS, one of the most significant actors in the local debate on the green transition is the NGO *Grünes Gallustag* (GGT). The organization acts as a key reference point for greening projects at various scales, and its published concept of a citywide green network serves as a guiding framework for urban development. The city council has confirmed to realize the 14 proposed measures by GGT in the next 20 years, starting with different pilot project of which several have already been finished<sup>3</sup> (Grünes Gallus Tal, 2022). Actors of the

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<sup>3</sup> Pilot project realized: Areal Bach, Kinderbaustelle, HEKS Gärten

- Pilot project realized: Migros Lerngarten
- Pilot project planned: Baumring am Spelteriniplatz
- Pilot project realized: Privatgarten im Tal, Privatgarten am Hang

non-profit housing sector are already applying the ‘green formula’ developed by GGT in their projects, and the organization’s digital tools for ecological planning have gained recognition all over Switzerland (p38:4) *Grünes Gallustal* explicitly mentions green space equity (*Grünraumgerechtigkeit*) as one of its goals, pointing out that greening must be realized comprehensively in order to limit internal migration which can lead to gentrification and displacement:

“I can only see one advantage for residents if greening is implemented comprehensively. (...) Because internal migration is not encouraged if a comprehensive approach is taken.”

(250814\_P38\_SG\_Transcription, pos.4)

## 3.2 Participation and governance (procedural)

### 3.2.1 Perceptions of housing politics

The canton of St. Gallen, like most cantons in Switzerland, has no cantonal housing policy beyond the implementation of federal housing-promotion measures, a fact, which is being regretted by an administrative representative (P30). In St.Gallen city, however, administrative, academic, and civic actors describe a growing sense of optimism on the local government’s commitment towards housing issues. A housing researcher confirms a growing political attention to the housing question, reflected in public events, strategies, and efforts to strengthen collaborations with diverse stakeholders (p49:3):

“They are interested in this topic and willing to invest time in getting involved. (...) They have also, as part of the housing strategy and even before that, been active in networking issues. That is, networking with the players in the housing market by holding regular events. (...) And then it’s about everything from governance issues to active land policy and cooperation with cooperatives.”

(250909\_P49\_SG\_Transcription, Pos. 3)

As part of the new housing strategy, a study on the availability of affordable housing in St.Gallen has been made in 2021 (*“Günstiger Wohnraum in der Stadt St.Gallen; Postulatsbericht”*). Administration actors point out that the evaluation found that there is

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- Pilot project proceeding: Baumboulevard am Oberen Graben
  - Pilot project proceeding: Lebendige St. Jakobstrasse/  
Langgasse
  - Stadtgrün St. Gallen realized: Stadtbaum Poststrasse
  - Stadtgrün St. Gallen realized: Naturpark Burgweiher

sufficient affordable housing in the city and that this should not be the main focus of the strategy (p50:52, p37:5). The strategy instead gives clear directions on what types of housing should be built, prioritizing support to projects that create family-oriented housing (p37:5). However, civic and administrative actors emphasize that the municipality does not have the required financial resources to promote the desired innovations, neither on its own housing stock, nor by funding third parties (p49:3, p42:5, p43:46, p41:5). As a result, the city depends on private investors and housing cooperatives to initiate larger-scale developments (p42:73). This presently leads to a growing political interest in granting more leaseholds to the non-profit sector (p37:5) reports a member of the administration.

Several non-profit actors and civic representatives emphasize that the instruments available to promote affordable housing so far have not been sufficiently used (p40:6, p38:24). A civic actor expressed regret over the adoption of a counterproposal to a Social Democratic (SP) initiative that sought to strengthen the municipal council's promotion of non-profit housing, as it resulted in the elimination of a 10-million-franc fund:

“Parliament approved the counterproposal, so we withdrew the initiative. There was no major debate either; the regulation now exists, but it is not being applied at all.”

(250826\_P42\_SG\_Transcription, Pos. 60)

Moreover, the 12-million-franc fund for affordable housing — available since 1991 — is mentioned to be underutilized. Furthermore, multiple representatives of the non-profit sector identify the withdrawal of land from speculation as the most important instrument to tackle the housing question, noting that it contributes to stabilizing rents over time. Therefore, they strongly argue that the public sector should actively purchase land, describing this as a valuable public investment that yields slow but reliable returns for the municipality (p39:42,103). For the administration, however, participation in bidding processes remains procedurally and financially challenging (p37:5, p40:6). In response, the municipality has decided to grant the city council greater financial authority, allowing for faster real estate acquisitions without requiring approval from the municipal parliament (p41:5). Different actors seem to agree that a strengthening of public land politics will favour urban development.

### 3.2.2 Perception of governance processes and public administration

The political orientation of the municipal council of St.Gallen differs significantly from the cantonal one. This divergence is particularly evident in matters of urban green transformation: while municipal representatives align themselves with national sustainability goals, they mention resistance from the canton regarding their local greening initiatives and traffic calming goals (p47:36, p50).

The previously mentioned ecological orientation of the city council proves effective in advancing environmental policies, especially in collaboration with its so-called ‘green parliament’ (p51:102; p47:3; p50:18,20; p42:3). This political configuration does not align with the interests of private, for-profit developers, who feel that the expectations on ecological standards in new projects are too high. Generally, both non-profit and for-profit stakeholders

find the administration of St.Gallen a pleasant and reliable contracting partner (p39:87). Only some for-profit actors perceive the feedback on projects by the different public instances as inconsistent, as they might switch their focus between densification and ecological measures (p51:50,57).

Conversely, the current government is viewed positively by the non-profit housing sector. Yet one member of parliament describes an overwhelming dominance of the green alliance, noting that social initiatives often need to be framed as ecological measures to gain parliamentary approval, as illustrated by the following quote from a member of parliament:

“But the main focus in everything is actually on green, ecological issues rather than social issues. There is simply not enough pressure in this area, simply because of the majorities.”

(250826\_P42\_SG\_Transcript, Pos. 92)

The non-profit sector also observes a high turnover of parliamentary members, which leads to a loss of expertise on housing issues (p39:129). A representative of the non-profit sector suggests that these structural challenges are closely linked to the direct democratic system, which grants considerable influence to short-term political majorities. While the non-profit sector values the municipality’s housing strategy, it considers it insufficiently bold to effectively curb speculation (p39:102). Some actors criticize the municipality for implementing existing instruments intended to promote innovative housing and greening measures too slowly (P42, P39). According to the administration, however, their current focus on specific housing typologies reflects a deliberate strategic choice rather than a failure to address the broader picture, as is illustrated by the following quote from a member of the administration:

“(…) Because what is lacking in the city of St. Gallen is family housing. And so, what has changed there is that we are now more consciously promoting the things that are in short supply in the city.»

(250812\_P37\_SG\_Transcription, Pos. 5)

Private developers as well as members of the municipality mention the regular use of contracts under administrative law to capture value added in case of rezoning or land exchange. The municipality thereby circumvents a shortcoming of the city’s regulatory framework. These taxes are mostly re-invested into the local environment and allow the municipality to develop public spaces (P51:2, p41:5). In case of such neighbourhood developments or park renewals, civic actors report that participatory processes are a regular component in St. Gallen and that an official participation ordinance is in place:

“They really do that, and I think it’s very good, with really large-scale participatory processes in advance. And that leads to a lot of things, and it can also... well, it also gives the population a different experience of development, let’s say of the city.”

(250826\_P42\_SG\_Transcript, pos. 121)

From this perspective, the administration is generally receptive to suggestions and civic involvement (p. 42:5, 121, p. 41:5). In practice, however, participation tends to be limited and dominated by well-educated and socioeconomically privileged groups, as another civic actor reports (p. 47:3):

“Yes, they always set up a participation process when they establish something like this. But there is simply the experience that mostly Swiss citizens and a few foreigners get involved in the participation process. And the vast majority don't really care. Here, in the area where I now live, a communal space is planned. The response rate to the survey was 12 or 13 per cent. That's relatively low. But it doesn't bother the others either.”

(250826\_P47\_SG\_Transcription, Pos. 3)

### 3.3 (In)equity (distributional)

As mentioned in Section 3.1, many interviewees consider St.Gallen to be the region's urban centre, concentrating most social services and workplaces. They consider it inequitable that the city receives no cantonal compensation for the social costs of accommodating the disproportionately high number of socially disadvantaged residents who settle there (p47:39; p41:5). The tax levels in the city are perceived as relatively high (p41:5; p49:3), contributing to an imbalance between the city's slow growth and the prosperity of adjacent municipalities that attract wealthier residents, amongst other reasons, with lower municipal tax rates. An administrative official suggested that neighbouring municipalities lack incentives to develop affordable housing, as St. Gallen attracts lower income residents and therefore carries a large share of social costs alone:

As long as one municipality in particular has to provide for the socially disadvantaged and there is no compensation within the region or within the canton, regulations for social housing are difficult to implement.

(250826\_P41\_SG\_Transcription, Pos. 5)

These perceived “burdens of centrality,” associated with the role of larger municipalities within predominantly rural regions, are a common feature in Switzerland. Differentiated municipal tax rates contribute to imbalances in attractiveness for high-income taxpayers, thereby reinforcing spatial and fiscal disparities.

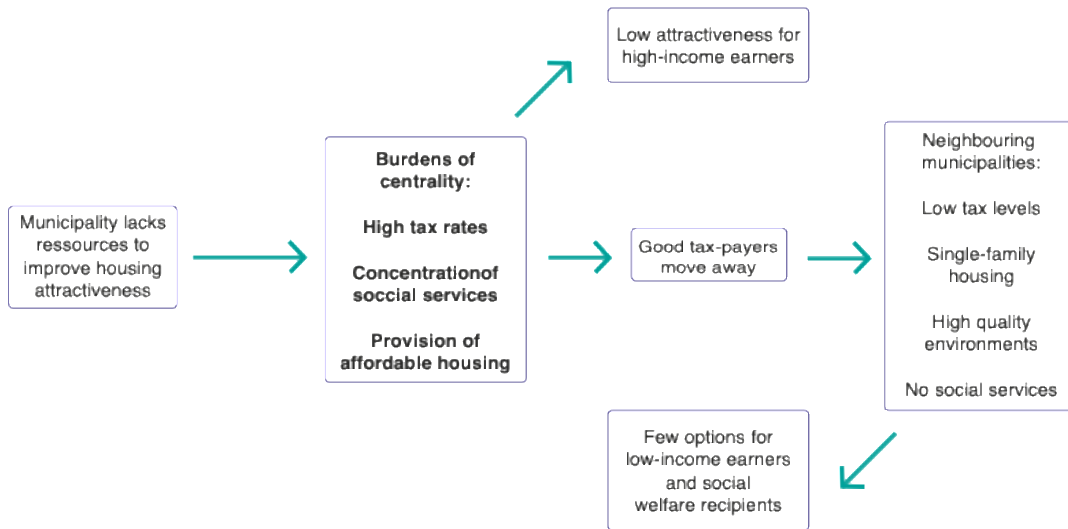


Fig. 7: Perceived vicious cycle of low tax income in St.Gallen compared to the region

### 3.4 Political mobilization

#### 3.4.1 Political mobilization in EEP

In recent years, there has been a remarkable increase in public interest in environmental and energy policies (EEPs) in St.Gallen. Awareness on climate-related topics has spread in civil society, facilitating a public discourse, as observed by academic and civic interviewees. Issues such as urban greening and tree protection have mobilized many residents, and the administration reports feeling increasingly held accountable by the population on related issues (p50:32, p34:5). An academic actor comments:

“I can see that in the city of St. Gallen, both politicians and civil society have been paying a great deal of attention to urban greening and climate adaptation projects over the last three to four years, let’s say. These are also being demanded, they are being called for, and this is being communicated.”

(250826\_P43\_SG\_Transcript, pos. 11)

However, much of this engagement remains highly localized, often driven by small resistance groups opposing developments in their immediate neighbourhoods. These neighbourhood protests, which frequently prioritize the preservation of green spaces over the development of new housing or other public projects, are considered problematic by both civic and administrative actors. They highlight an underlying conflict between the goals of greening and the need for additional housing or infrastructure (p49:3, p42:56, p37:5).

Various stakeholders agree that the NGO GGT is the most prominent advocate for green spaces in St.Gallen. The municipality frequently accepts and finances its proposals for greening projects across the city, a representant of GGT explains the process:

“ We always make suggestions for improvement. And then one or two things come in. There are always about 20 projects underway. And we get involved in all of them because we know there is funding available. And the funds should be used properly. So we no longer have to fight for fundraising, because the funds are already there.”

(250814\_P38\_SG\_Transcription, Pos. 4)

Beyond these initiatives, GGT is also politically active and currently participates in the revision of the Building and Zoning Regulation (*BZO*) (p. 38:4). Other actors—such as nature conservation organisations and several political parties—are also actively involved in this revision process.

### 3.4.2 Political mobilization in housing

In St.Gallen, various interviewees agree that there is no substantial political debate on housing issues, nor any real problematization of profit-driven developments or gentrification (p49:3, p47:40, p51:88, p41:5). According to the administration, most political parties refrain from taking clear positions on housing issues (p41:5). One civic actor noted that, due to the absence of an active political discourse, most changes in the housing sector are driven by practical circumstances — such as generational shifts in ownership or national regulations — rather than by local political initiative (p47:80). Overall, there are not many public conflicts concerning housing, people seem to feel neither threatened nor particularly pleased about the current situation (p41:5). There is no organized movement for housing rights (p47:16, p42:58, 84), but localized engagement can be observed in certain parts of the city, particularly in areas with more highly educated and bourgeois residents, who participate or antagonize in projects that would change their direct neighbourhood, for example replacing a green space with public infrastructure<sup>4</sup> (p47:3).

One notable instance of civic mobilization is the *igRuckhalde*, an association advocating for an early participatory involvement of the civic society on one of the few remaining building sites in St.Gallen. As the development of this particular area is being postponed, the municipality

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<sup>4</sup> A good example for this is the initiative Wiesli (*Wiesli Initiative*), with which in 2020 a civic group protested the densification of their neighbourhood at the cost of green space and meeting zones. While their initiative was ultimately rejected in a popular vote, it created a big discourse about the involvement of residents in city development (Initiativkomitee ‘Wiesli-Initiative’, 2023)

has trusted the group with the participatory development of a non-profit housing project nearby (*Guyerhof*) (P42).

Beyond such small-scale initiatives, stakeholders largely agree that the most influential housing cooperatives—*BAWO* and *WBG*—are the principal political actors, wielding significant influence on housing policy (p41:5, p39:116, p40:6). The non-profit sector remains the primary forum in which concerns about rising rents are voiced; however, even here, the momentum for organized resistance is limited (p39:178, p40:6). From a civic perspective, the stress perceived by individual residents appears insufficient to trigger collective action or public protest:

“But the pressure isn't high enough, so it's not like the housing protests in Zurich, for example. That would be unimaginable in St.Gallen; no one would turn up. People aren't personally affected enough.”

(250826\_P42\_SG\_Transcript, Pos. 58)

### 3.5 Socio-ecological impacts/ benefits (positive)

Overall, responses highlight generally positive social effects of broader housing conditions, yet did not explicitly attribute these outcomes to specific EEPs. Rather the benefits of the local housing market and the general improvement of liveability without major danger of gentrification were mentioned as positive.

#### 3.5.1 Benefits of the local housing situation

Eastern Switzerland is widely recognized for having a high vacancy rate compared to the national average. This stable supply of housing is discouraging for investors and property owners, but --as observed by an administration representative-- it supports municipalities and tenants by contributing to price stability (p50:38, 41):

“Eastern Switzerland is under less pressure in terms of housing in general. We also have a high vacancy rate. We have that, and fortunately it is at a healthy level for tenants at the moment. Property owners would then say that it is too high because it also pushes down prices.”

(250910\_P50\_SG\_Transcription, pos. 38)

In St.Gallen, rents are considered moderate even in the city centre (p43:37), and there is an adequate supply of both affordable (p41:5) and subsidized housing for vulnerable groups (p50:49). There is a broad consensus among all stakeholders, that although new buildings tend to be more expensive and renewal processes are rarely carried out in socially sustainable ways, the existing older housing stock continues to provide sufficient affordable options (p51:68, p47:4, p48:4., p43:22 p41:5, p37:5, p38:4).

### 3.5.2 Positive social impacts of EEP

Most interviewees agree that, at present, gentrification driven by green transformation is not considered a major risk in St.Gallen—particularly if greening is implemented gradually across the entire city rather than concentrated in a few selected areas (p38:4). A private developer states:

“Gentrification is not an issue in St. Gallen. It is not an issue because there is simply enough affordable housing in the city of St. Gallen.”

(250901\_P48\_SG\_Transcription, Pos. 4)

While gentrification does not appear to be a major concern, *social mixing* is an explicit goal of the municipality and is regarded by civic actors as a positive outcome in several development areas in St.Gallen (p50:91, p38). Areas with a ‘bad’ reputation are being targeted for greening and valorisation with the aim of attracting different social groups, as indicated by a public actor:

“And what is very noticeable, of course, is that the wealthier people live more in the hills. They have a nicer view and the location is also more expensive. And in the valley, the entire length of the valley, there are neighbourhoods everywhere that are perhaps less attractive now. (...) It is actually the responsibility of the city to ensure that good quality housing is also available in the valley areas. And that is where we would like to enable more inner-city densification, but also ensure that there is beautiful, good open space. They said that they want to build new flats in the whole neighbourhood. These are entire block, so a great many, where property has been sold in order to achieve a better mix.

(250910\_P50\_SG\_Transcription, pos. 90-91)

Interviewees frequently identify three development areas that are currently undergoing notable socioeconomic change (see appendix 8. Visuals, Figure 5), a process that is predominantly framed as beneficial:

- Linsenbühl: Greening of a former red-light district in the inner city and partial refurbishment of the old stock of low-quality housing. Residents reportedly requested greening and valorisation of the streets. Although housing prices are increasing, civic assessments suggest that the social mix and overall liveability of the neighbourhood are improving (p42:37).
- Lachen-Quartier: The development of a new luxury apartment tower and the enhancement of a nearby park have, according to various stakeholders, catalysed an improvement of the social mixing, with more Swiss residents moving into an area previously inhabited primarily by lower-income foreign nationals (p50:90, p38). Members of a green NGO suggest that gentrification is unlikely in this area, given that noise pollution from the nearby street limits the potential valorisation of low-quality buildings directly exposed to traffic (p38:4).
- Areal Bach, St.Fiden: Plans for a new park have triggered a broader redevelopment of the area. Currently different interim uses are reviving the area culturally entailing a new

sense of neighbourhood. Civic voices claim that gentrification will not occur due to protection regulations of the townscape and the small size of the existing apartments (p38:4).

### 3.6 Socio- ecological impacts/harms (negative)

As discussed in Section 3.1, ecological measures are generally perceived positively in St. Gallen. Accordingly, survey discussions largely shifted away from environmental considerations and instead concentrated on the adverse social implications of energy efficiency policies (EEPs) and on broader issues related to the local housing situation. For this reason, the following section does not address ecological impacts.

#### 3.6.1 Dangers of the local housing situation

Section 3.5 showed, that due to a relatively high vacancy rate, currently there is no affordable housing shortage in St.Gallen. However, private for-profit investors and some civic actors question the relevance of the vacancy rate as an indicator, noting that much of the older housing stock is small, outdated, and in poor condition, which may be a reason why it remains vacant, as typical tenants prefer newer buildings (p47:6; p48:4). Thus, the vacancy rate is considered misleading: affordable housing exists, but it is often unattractive and of low quality (p49:3). Even voices from the administration question the qualitative adequacy of the housing supply in St.Gallen, especially for people with higher incomes (P51, P48). There is a recognized shortage of newly built, high-quality housing, particularly of typologies suitable for families, elderly people, and intergenerational living (p41:5). Interviewees frequently identified two groups as having particularly restricted housing prospects: young families looking for attractive apartments and residents interested in alternative housing models (p47:45, p48:4, p39:3).

“The city of St. Gallen, at least, says that it suffers from being insufficiently attractive. (...) Families in particular are moving away from St.Gallen because they want to move into cheaper, larger properties and houses. (...) And the urban space available is apparently not attractive enough for families or larger households.”

(250826 P43 SG Transcript, Pos. 22)

Although most interviewees currently do not view displacement as a major problem, there are nonetheless cases in which tenants face contract terminations with no possibility of returning to their apartments after they upon completion of refurbishments as they cannot afford higher rents. According to the tenants’ association, the groups most affected are those already structurally marginalised—migrants, social assistance recipients, single parents, and the elderly. Still, displacement is generally not perceived as a major threat, as most tenants are able to find alternative accommodation in or near their neighbourhood (p34:5), albeit often at the cost of lower housing quality. Some non-profit actors assume that these groups merely lack a voice to problematize their housing situations (p39:175) and accept a low standard, as long as the rents stay low (p34:5):

“(...) At some point, when I have a large housing estate that needs a major overhaul, that's just the way it is, isn't it? And then you get pushed out and have to see if you can find something suitable in the city. And you don't always find something equally good for the same price. (...) It's not a huge issue that you read about in the newspaper or anything. But that doesn't mean it doesn't cause a lot of suffering. In some cases, it also affects social classes that have no voice.”

(250815\_P39\_SG\_Transcription, pos. 174-176)

### 3.6.2 Negative social impacts of EEP

Costs for energy refurbishments in Switzerland can be passed to the tenants, leading to rent increases. Moreover, the tenants' association is confronted with cases where the subsidies for refurbishments are wrongfully not being deducted from rent increases, which can be difficult for tenants to detect themselves (p34:5). Instances of displacement occur where deteriorated older buildings are demolished or extensively refurbished — processes that disproportionately affect marginalised groups and older residents. The administration acknowledges that opportunities for low-standard, low-cost housing are steadily declining (p. 47:42, p. 50:47). As a result, older people who previously lived in such buildings at low rents may face substantial rent increase or displacement. A non-profit actor points to the political dilemma this entails. In fact, when rents exceed what residents can afford with their minimum pension, the municipality has to provide higher additional state benefits (*Ergänzungsleistungen*). Ultimately, elevated rents—and thus the profits of private landlords—are indirectly financed by the public sector (P39). Nevertheless, various civic voices interpret the upgrading of certain areas or buildings—and the accompanying rise in housing prices—as a form of ‘good gentrification,’ arguing that replacing buildings of very poor quality is necessary (p38:4).

Furthermore, a civic organization observed that lower-income groups are often hesitant to advocate for green spaces, fearing that such measures could trigger rent increases or contract terminations (p38:4):

“And then they said, yes, of course we would enjoy having green spaces, but we're afraid that the rents will go up, that the landlord will come and say, now you're better off and so on. So you can see that they can't get involved, they have no voice.”

(250814\_P38\_SG\_Transcription, pos. 4)

Low-income groups seem to concentrate in areas where no measures have been taken. This aligns with other statements regarding the social impacts of insufficient environmental and energy measures. Researchers note that the areas subject to the highest heat stress and lowest environmental quality, i.e. those on the left and right side of the railway tracks, are those where most affordable housing is located (p43:37). Similarly, the streets with the highest levels of noise pollution are predominantly occupied by the poorest residents (p34:7). These areas

are oftentimes excluded from green urban development, according to a representative of the tenant's association:

"I read somewhere recently that rents are the new city walls. Those who cannot afford rent have to stay outside the city walls. And they can no longer really participate in city life."

(250821\_P34\_SG\_AM\_Transcription, Pos. 7)

According to the tenants' association and other civic voices, investors generally avoid these areas, deliberately leaving many buildings in a state of neglect ("*Gammelhäuser*") to minimize maintenance costs (p42:90; p38:4). The non-profit sector interprets this as a common profit-maximization strategy: landlords avoid investing in their properties and instead resell them later at higher land values (p39:35, p40:6). But also the municipality owns several aging residential buildings in need of refurbishment but cannot afford extensive renovations due to financial constraints, as pointed out both by administrative and academic sources (p50:103, p49:3).

The non-profit sector, in contrast, views their energy refurbishments as socially sustainable: they improve long-term housing quality and, through climate measures, reduce costs for tenants. While such refurbishments unavoidably lead to rent increases, non-profit actors seek to mitigate negative social impacts by offering tenants the right to return, providing alternative housing options, and by minimizing gross rents as much as possible through energy savings (p39:17, 39, 149).

### 3.7 Tensions and power dynamics between stakeholders/actors

To examine the power dynamics among these actors, this section first introduces the key stakeholders shaping St. Gallen's housing landscape. Perceptions of tensions and contradictions within the local housing sector vary according to stakeholders' respective roles and positions. Nevertheless, due to the relatively low pressure on the housing market, no major conflicts are observed among them.

#### 3.7.1 Housing actors in St.Gallen

St.Gallen's housing landscape is characterized by a diverse set of stakeholders whose organisational structure and profit orientations determine their perspectives on the green transition and housing affordability. While their assessments of the city's current situation often align, their views on the appropriate level of public intervention diverge: Most for-profit developers call for a reduction in regulation, whereas non-profit organisations and the civic society urge the municipality to pursue a more proactive land and housing policy. In the following section the three most important actors are portrayed.

##### *Private for-profit investors*

In St.Gallen, like everywhere in Switzerland, small-scale property owners are increasingly being replaced by corporate housing developers (p49). Moreover, large private developers

perceive significant potential in the densification of less central regions such as Eastern Switzerland: unlike in high-pressure metropolitan markets—characterized by very high land prices, stringent regulatory requirements, and frequent delays due to public objections—weaker markets entail lower investment costs and reduced risks (p48:4).

According to civic actors only private for-profit developers can afford to develop large urban areas in St.Gallen (P42:73). Therefore, they play a significant role in the city's development. Some profit-oriented players actively draw private owners' attention to the potential for densification and development of their properties. This approach is viewed critically by non-profit and civic stakeholders, who are acutely aware of the profitability of real estate funds and note that for-profit actors often acquire far higher profits than the tenancy law technically permits (p34:5). They fear that densification is increasingly becoming a vehicle for maximising returns on land rather than a means of achieving higher use-density (p39:67, p38:4).

While private for-profit developers are seen as important partners for the municipality to implement the housing strategy, civic actors report that they build foremost small units which are considered more profitable, instead of the larger units for families which are needed (p42:58). They furthermore perceive for-profit investors as hesitant to invest into ecological measures, if not required by law (p38:4) (p49:3). The municipality therefore regularly uses contracts under administrative law to regulate housing typologies and to demand climate adaptations.

#### *Citizens' community (Ortsbürgergemeinde)*

The local citizens' community (*Ortsbürgergemeinde*) of St.Gallen is an organisation that owns and administers commons such as land, forests, and real estate on behalf of its members. Historically, it played a significant civic role in the city, operating public services including schools, hospitals, housing, and homes for the elderly, and issuing long-term leaseholds with building rights to non-profit housing developers (*Gemeinde – Ortsbuergergemeinde*, n.d.). The citizen's community never fulfilled political functions and does not take explicit political positions. Because it has traditionally been financed through returns on its own capital rather than tax revenues, it is structurally dependent on maintaining profitability. At present, surplus income from its real estate portfolio is used to cross-subsidise other areas of its activity. Despite its unpolitical nature, the goals of the citizen's community align with a conservative-institutional logic, with an emphasis on profit-oriented asset management (p51:6,7,32). Two perspectives on the current behaviour of citizens in the market, the first by a civic actor, the second by a representative of the non-profit sector:

“The citizens' community are also very important players. (...) Well, they grant building rights and are also active as investors themselves. They are already somewhat caught up in this profit-oriented mindset.”

(250814\_P38\_SG\_Transcription, pos. 4)

“And the citizens’ community wants to earn money with its building rights. It has also put some building rights up for tender, where you can then bid for the building lease rent in a bidding process. The speculative elements are back in building law.”

(250815\_P39\_SG\_Transcription, pos. 156)

In St.Gallen, the citizens’ community remains an important actor with substantial influence on the housing market (p38:4). Many of the historic leaseholds which they gave to non-profit housing developers below market value, which guarantee affordable rents (p51:32), will expire within the next 10–20 years. The non-profit housing sector is advocating for an extension of these contracts to preserve affordability. However, citizens’ community’s reliance on real estate profits restricts its willingness to grant new building rights to non-profit organisations at favourable terms under the current market conditions (p39). As a result, non-profit developers are effectively excluded from current land-allocation competitions for its sites (p42:50,111; p39:159). However, the public administration as well as private for-profit developers, describe them as great development partners balancing sustainability goals and social factors like varying housing typologies.

### *Housing Cooperatives*

According to a representative of the cooperatives in St.Gallen, most building and housing cooperatives are around 100 years old and originate from workers’ organisations. They emerged as practical responses to historical housing shortages rather than as ideologically driven reform projects. For these necessity-driven cooperatives, the relatively low housing pressure in St.Gallen is not conducive to growth or renewal (p48:4). Today, representatives both from the non-profit sector and the civic community describe these cooperatives as stagnating and slow to innovate (p39:52; p42:24). Smaller cooperatives are regarded as unprofessional and marginal actors (p39:151), which effectively leaves the task of renewing the housing stock to profit-oriented developers. The representative of a cooperative comments:

“Because the local cooperative scene is also relatively sluggish. These small, nicely run voluntary cooperatives are simply not professional enough for growth, sales and market presence. We need to move away from part-time, voluntary cooperative stuff. They need to have a board that makes decisions, but operationally they need to have professionals.”

(250815\_P39\_SG\_Transcription, pos. 151)

Despite these limitations, non-profit housing still accounts for 8.2% of the city’s housing stock (Urban, 2023) (250812\_P37\_SG\_Transcription, Pos. 5), and the municipal administration reports an increasing political pressure to expand this share (p37). Interestingly, in St.Gallen, the few currently active cooperatives are not appreciated for their role in the provision of affordable housing, but rather as catalysts for innovation in housing typologies—a view shared by several stakeholders. The administration acknowledges the need for municipal

collaboration with cooperatives to implement its housing strategy, particularly regarding family-oriented and alternative housing forms (p50:59). The remaining public land is planned to be developed primarily by cooperatives. According to both civic and non-profit actors, the two main cooperatives in St.Gallen (*BAWO* and *WBG*) are urging the municipality to actively acquire land on their behalf.

The non-profit housing sector also understands itself as fulfilling another key role: For example, the cooperative *WBG* and the foundation *Hausen and Wohnen* acquire and refurbish old, often abandoned building stock—an activity considered insufficiently profitable by the private sector. In this capacity, the non-profit sector positions itself as an ideological pioneer and role model in the green transition, promoting refurbishment as a viable and sustainable alternative to demolition and new construction. At the same time, these institutions serve as a refuge for residents of these substandard dwellings (p. 39; p. 40), offering them affordable options and preventing their displacement.

### 3.7.2 Perception of contradictions and tensions by different actors

#### *Public actors*

As argued by most respondents, the city administration faces multiple challenges: According to members of the administration, a quick ecological transition is not affordable to a city like St.Gallen. This is evidenced by the substantial refurbishment backlog even in the public building stock (p50:31, 103, 106). Furthermore, there is an internal conflict within the administration and between municipal and cantonal politics on whether to prioritize green or grey infrastructure. Civic voices observe a competition between ecological measures and the maintenance of mobility infrastructure and parking plots (p47:31,36) (p42:32), as well as between densified housing projects and green areas.

Second, green objectives are officially prioritized over social concerns. Local government law positions climate, ecological, and biodiversity goals above the development of housing and public space—a hierarchy acknowledged by developers, civil society, and the administration (p48:4, p42:92, p41:5). Private developers experience this tension when the municipality's high ecological standards lead to more sustainable project solutions, but also to higher construction costs, as additional ecological investments inevitably entail higher rents. The same dynamic contributes to neglecting participatory processes: greater social inclusion requires additional resources, whereas developments without participatory processes preserve budgets that can be allocated to ecological measures, as argued by a private investor (p48:4).

Third, the municipality faces a social dilemma caused by its regional role: it aims to provide sufficient affordable housing while simultaneously avoiding a further influx of low-income residents from neighbouring municipalities (p41:5).

«And we also have significantly lower rents than Zurich. And it's not always that easy for investors, because construction prices in St. Gallen are just as high as in Zurich. That means there isn't much room for manoeuvre. If the public sector starts to exert a strong influence on prices, then it will become difficult.»

(250826\_P41\_SG\_Transcription, Pos. 5)

### *For-profit actors*

Private investors struggle to meet the municipality's numerous and sometimes conflicting requirements on increased density, enhanced biodiversity, and additional social measures (p51:52,64,92; p48:4). Each additional requirement entails higher construction costs, but, as mentioned, the socioeconomic context of St.Gallen does not allow to have a return from these investment in the form of higher rents or selling prices. For landowners offering their property through leasehold arrangements, the dilemma is even stronger: higher municipal expectations increase building costs, which in turn reduce the price developers are willing to pay for the leasehold. Consequently, the landowners' returns decrease (p48:4, p51).

### *Non-profit actors*

The non-profit housing sector is confronted with its own set of conflicting objectives. While these organisations seek to maintain their properties in good condition, economic constraints require that refurbishment costs be passed on—at least in part—to tenants to ensure the financial viability of such projects. This makes it difficult to determine the appropriate extent of renovation without placing excessive financial strain on residents. Ecological upgrades of old stock are particularly challenging, as their high costs stand in contrast to the low rents resulting from long-standing tenancy contracts. In participatory housing organisations, this often leads low-income tenants to oppose refurbishment measures altogether (p34:5, p40:6). The head of a housing foundation states:

“So, in some cases, we also asked them whether they wanted green electricity and were willing to pay a little more for it. In most cases, the experience has been that people want to pay as little as possible, so they prefer not to take any measures.”

(250821\_P40\_SG\_Transcription, Pos. 6)

For social landlords, this opposition may lead to partial or gradual refurbishment—an approach that makes it difficult to secure subsidies, as noted by a cooperative representative (p39, p51:41, p40:6). Moreover, the non-profit sector argues that the high refurbishment costs lack a temporal dimension: moderate rent increases to finance ecological measures today may result in long-term savings, for example through lower energy consumption (p39:12) and preservation of the stock. As their focus is not on immediate returns, non-profit developers are aware of these advantages. However, communicating these long-term benefits to tenants is challenging. A representative of the non-profit sector suggests that refurbishments need to be considered now, to prevent a shock:

«At some point, the renovation rate in the city of St. Gallen will increase significantly because we have a very large stock of old buildings. (...) And then I fear that it will happen relatively quickly until affordable housing disappears. That worries me a little. It would have been better if the renovation rate had been higher over the last 10 years, so that it doesn't happen suddenly.»

(250815\_P39\_SG\_Transcription, Pos. 44)

### 3.8 Innovative governance mechanisms

Public and civic actors agree that green topics have a very good stand in the city parliament and council (p50:28), and that several new strategies have been introduced in recent years. Densification, open areas, green spaces, diversification, biodiversity and needs-oriented housing are in the focus of the municipality (p49:3). An academic actor states:

“There is an awareness and sensitivity to issues such as diversification, needs orientation, green issues and, of course, biodiversity. They have done a great deal in recent years with open space strategies, densification and inner development strategies. In other words, a great many concepts and strategies, urban development concepts of various kinds. Now they are going to revise their local zone planning, where open space also plays an important role.”

(250909\_P49\_SG\_Transcription, Pos. 3)

However, the lack of resources, discussed earlier in Section 3.2, emerges as a recurring theme. Both civic actors and academic commentators emphasize that St. Gallen faces structural challenges related to its administrative scale. The municipality is considered too large to enable informal, rapid decision-making and experimentation, yet too small to sustain fully professionalized administrative and organizational structures. Constraints in staffing and financial resources consequently limit the municipality's capacity to address housing issues in a systematic and effective manner (p47:50, p49:3, p43:46). As a result, opportunities to invest in the implementation of the housing strategy and the various green goals remain limited.

A comparable tension is identified by a private for-profit investor with regard to market dynamics. While high-pressure housing markets can support higher levels of investment, weaker markets require a careful balancing of investment costs and achievable rents. In this context, the scope for private investment in innovation in St. Gallen is likewise constrained (p48:4).

### 3.9 Tourism and market pressures

While St. Gallen attracts a degree of local tourism due to its well-preserved medieval town and renowned monastery, secondary homes were not identified in the interviews as a factor exerting pressure on the local housing market. This section therefore focuses on perceptions

of local housing market dynamics, as well as other influences on the local housing context identified by the interviewees.

### 3.9.1 Housing market in St.Gallen

There is consensus among the all actors that housing prices are still affordable in Eastern Switzerland. However, the tenant's association observes that rents and prices have started to increase rapidly in the past few years. This trend, observed also at national scale, is perceived to be a consequence of the imperative of densification foremost, that causes an increase in land prices and a surge in renewal everywhere in Switzerland (p34:5).

A broad range of stakeholders point to a structural dilemma in St.Gallen's new construction: while local rent levels are comparatively low, construction costs do not differ from those in other regions. This discrepancy creates strong pressure to minimise renewal expenses while still complying with high building standards, as residents are generally unwilling to accept higher rents (p39:100; p41:5). A member of a private real estate firm explains that high pressure markets always allow for higher investments, while in weaker markets such as St.Gallen investments and potential rents must be balanced (p48:4). This dilemma also affects refurbishments: the relatively weak market and limited prospects for future rent increases reduce incentives to invest in existing buildings in St.Gallen, leaving many houses in poor condition. Actors from the administration and the for-profit sector agree, that under these market conditions, introducing stricter regulations for affordable housing or additional ecological requirements would slow down new developments and make St. Gallen even less attractive for profit-oriented investors (p41:5; p51:64, 92). Conversely, the use of contracts under administrative law —allowing higher densities in exchange for municipal co-decision on quality standards and housing typologies—is widely supported.

Members of the administration interpret the high vacancy rate as evidence that the housing market in St. Gallen is healthy: Competition for tenants, they argue, helps ensure higher quality and keeps rents within an affordable range (p. 50:41, p. 37:5). This view is confirmed by several profit-oriented players who argued that high-quality flats are easy to sell despite the high overall vacancy rate—especially those intended for owner occupation (p. 48, p. 51).

### 3.9.2 Competing local topics

Beyond housing policy and environmental and energy planning (EEPs), St.Gallen faces several interconnected challenges identified by various stakeholders. As mentioned in Section 3.3, there is broad consensus that St.Gallen is financially burdened by the costs of centrality: while the city must provide affordable housing and a wide range of public services, its tax revenues remain comparatively low. A major concern is the outmigration of high-income taxpayers to neighbouring municipalities, as noted by both administrative and civic actors. In this context, private developers emphasise the need for more high-standard housing options to retain or attract more affluent residents, arguing that such developments are essential to strengthening the city's tax base (p48:4):

“Because we actually have more of a financial problem that cities like Zurich and Basel don't have, but that a city like St. Gallen does have: that good taxpayers have actually tended to move away to neighbouring communities (...). And good taxpayers need to be brought back to the city with appropriate housing.”

(250901\_P48\_SG\_Transcription, Pos. 4)

The municipality echoes this view, highlighting that new, high-quality buildings would generate higher tax revenues than the older housing stock (p41:5; p38). Some private developers also perceive the city's tax framework itself as a barrier for investments, suggesting that more competitive conditions could attract additional developers (p51:91).

As the region's main employment centre, St.Gallen attracts a significant number of commuters. A civic representative notes that traffic-calming measures and reductions in parking spaces have become highly contentious political issues, generating tensions between conservative and green/social constituencies (p. 47:3, 34, 74). The neighbourhoods most affected by heavy traffic are often those with a high share of low-cost housing, home to many vulnerable residents. A green NGO emphasises that traffic impacts should be addressed primarily in these areas (p. 38). The public administration concurs, noting that improving these neighbourhoods would support greater residential social mixing, one of the city's declared objectives. However, there seems to be a conflict between mobility infrastructure and the implementation of NBS: some landlords argue that replacing parking lots with NBS would entail a devaluation of their real estate.

### 3.10 Expectations for future development

The following section examines the recurring expectations articulated by the interviewees regarding the future development of housing-related issues in St. Gallen. Themes such as population growth, refurbishment rates, housing prices, and policy developments emerged repeatedly, reflecting both concerns and aspirations for the future of the local housing situation.

St.Gallen is preparing for a future scenario with 100,000 residents, even though the current population growth remains relatively low, and most relocations occur within the city. Nonetheless, the adaptation of urban infrastructure is already underway, with the municipality prioritising the renewal of public spaces and school facilities (p47:53). Some members of the administration question this focus, arguing that prioritising residential construction and strengthening the housing supply—alongside a robust job market—would be a more effective way to stimulate population growth (p41).

With its new housing strategy, the municipality of St.Gallen is prioritizing the development of specific housing typologies, targeting its funds to projects that provide family housing, according to a municipal representative (P37). At various points, the municipality has signalled an interest to incorporate social regulatory instruments into administrative contracts or zoning provisions. For the time being, however, both administrative and for-profit actors agree that such measures would be premature, fearing they might dampen residential construction activity (P41, p. 51). This cautious 'wait-and-see' approach also applies to stricter ecological

regulatory issues. However, many stakeholders anticipate that debates on housing policy will intensify anyhow with the forthcoming revision of the Building and Zoning Regulation (BZO) and the implementation of future climate-adaptation requirements. A for-profit developer guesses:

“I assume that with the revision of the Building and Zoning Regulation one of the next demands will be that a certain percentage of affordable housing be required in case of re-zoning. And we get some extra utilisation to make up for that, or something like that. We don't have any guidelines at the moment, but we are mainly talking about the mix of housing and the size of flats and a few other qualities. But in future, I think the discussion will move in this direction.”

(250910\_P51\_SG\_Transcription, pos. 99)

Academics emphasise that St.Gallen's green transition is still in an early stage and that processes of gentrification are yet to start (p. 43). Multiple civic actors agree that St.Gallen lags behind in terms of urban renewal, and the rapidly rising rents are early indicators of an impending housing crisis. Eventually, the refurbishment rate is expected to surge, and a large wave of renewal could entail the depletion of affordable housing. This concern is echoed by the non-profit sector, which observes that while affordable dwellings remain relatively abundant in St.Gallen, their numbers are starting to decline (P39). They fear that insufficient long-term planning for affordable housing is taking place today.

“These spaces are slowly disappearing too, not as quickly as in other cities, but they are slowly disappearing in St.Gallen as well. And then there is normal displacement.”

(250815\_P39\_SG\_Transcription, Pos. 44)

By contrast, academic and administrative actors consider the region's economic situation insufficiently attractive for rapid growth, making changes in the housing market in the near future unlikely (p41:4, P43). Remaining areas on the hillsides and the valley floor still offer considerable opportunities for densification, suggesting that displacement will not become a significant issue. Furthermore, the NGO GGT maintains that gentrification in St. Gallen will not occur solely because of NBS; additional factors, such as traffic calming or densification, will always play a role (p38).

“Gentrification will never happen on this street just because there is a park upgrade, an ecological one.”

(250814\_P38\_SG\_Transcription, Pos. 4)

## 4 Critical Analysis: St. Gallen

### 4.1 Green transition initiatives and housing inequalities

St. Gallen remains at an early stage of its green transition. The recent proliferation of local policy initiatives—outlined in Chapter 1, including the Densification Strategy, the Energy Concept 2050, and various greening strategies—has only begun to shape the city's development trajectory. The adaptation of the urban fabric to the ambitious objectives of the progressive and environmentally oriented parliament elected in 2020 has not yet produced substantial effects on the local housing market. Accordingly, most respondents indicated that recent green transition initiatives have not, thus far, exacerbated housing inequalities in St. Gallen. This assessment may, however, be attributed to the largely intangible character of these measures to date. Owing partly to time constraints, but also to fiscal and administrative factors—such as their pending integration into local planning instruments like the Building and Zoning Ordinance (BZO), which is currently under revision—these initiatives have not yet been implemented at scale, remaining instead limited to selective interventions and incremental renewal processes.

While rising housing prices and isolated cases of displacement have been mentioned, the majority of interviewees emphasized that the existing housing stock still offers many affordable options. Overall, housing inequalities primarily affect marginalized groups, particularly elderly and low-income residents. Moreover, the frequently mentioned refurbishment backlog in St. Gallen suggests that current inequalities are less a result of green transition measures and more a reflection of long-standing disparities in the quality of affordable housing. This is typical for a peripheral context which lacks the market incentive to refurbish its stock. Rather than driving new forms of exclusion, the green transition initiatives seem to foreground an already existing inequality concerning the condition of dwellings available to those with limited financial resources. These groups either face displacement or reside in very low-standard housing (*Gammelhäuser*), often located in areas with high traffic exposure. It should be noted, however, that Swiss building standards are very high, and even older, unrefurbished housing generally provides a decent quality of life.

A frequently cited goal conflict is the tendency for ecological measures to be implemented at the expense of affordability, including in the non-profit sector. In St. Gallen, ecological objectives largely dominate regulatory frameworks and building permit procedures, while social objectives are often missing. In the low-pressured housing markets of peripheral cities, the tension between green and social sustainability is particularly pronounced, as—unlike in high-demand contexts such as Zurich—rent levels must remain competitive. According to several stakeholders, this imbalance is also attributable to the political orientation of the current city council, which is widely perceived as more green than social.

Interestingly, an administrative official interprets the relative absence of overheating in the local housing market as an advantage for the implementation of EEPs. From this perspective, developers are incentivised to invest in high-quality, sustainable construction to ensure that newly built units can be successfully rented out—unlike in more pressured markets, where virtually any apartment can be rented out, regardless of its quality. In the eastern Swiss

housing market, environmental measures could become an important added value for the entire housing stock, while the problems associated with the environmental transition are likely to have a moderate impact on affordability.

The three EEPs examined in this report influence St.Gallen's housing market to varying degrees:

Densification, being a national policy priority, is widely recognized as contributing to increasing land prices, incentivizing the gradual upgrading of the housing stock, which eventually could attract higher-income residents. However, the issue of densification emerged only marginally in most interviews carried out in St.Gallen. This implicates that densification is primarily perceived as a secondary effect of broader urban renewal processes rather than as a distinct planning imperative. However, it may also be attributed to slow growth dynamics and the land reserves in designated building zones. Accordingly, densification currently does not necessarily threaten the existing housing stock. As opposed to Zurich, where densification entails the demolition of lower-density but affordable housing, in St.Gallen, it tends to take place in green- and brownfields. Interestingly, even the associated effects of renewal on housing prices are largely appreciated by all stakeholders, including the civil society, the administrative and the private actors, as they are expected to entail much-needed higher municipal tax revenues.

Regarding NBS, civic actors share the view that they pose no gentrification risks for St.Gallen, provided they are implemented across the entire city. On the contrary, the greening of public spaces and the enhancement of biodiversity in parks are considered a necessary compensations for the loss of green spaces due to densification. Such interventions are considered to contribute to an upgrading of low-quality open spaces in the valley floor and to improve the quality of life of the residents of these lower-income and socially mixed neighbourhoods. However, directly affected residents may have a different perspective, as their primary concerns may be gentrification and rising rents. Private for-profit investors likewise appear to acknowledge the price-driving effects of NBS in construction and express concerns regarding their applicability within St. Gallen's low-pressure housing market.

Lastly, when discussing energy refurbishment, it is important to reiterate that in St.Gallen the rents of existing tenancies are comparatively low. According to private for-profit developers, energy refurbishments can therefore become a financial risk, as the local housing market does not allow the rent increases required to cover the costs. Non-profit developers, in turn, are reluctant to undertake major refurbishments because such measures would force them to raise the rents beyond what many of their tenants could afford. As a result, energy refurbishments—beyond minimal interventions such as the replacement of heating systems or public interventions like district heating—are implemented only cautiously, even though they are actively promoted and subsidized by the authorities. This contributes to the refurbishment backlog that dominates St.Gallen's building stock. As a result, even where housing remains affordable, inequalities persist due to the low-quality conditions faced by low-income households.

While opinions differ widely regarding whether and how soon St.Gallen will be facing housing affordability challenges, it is reasonable to expect, that future regulations—particularly those

related to densification and net-zero targets—or a growth in population will trigger a wave of refurbishments and renewals in the coming years. Partly due to the revision of the national Spatial Planning Act, also St.Gallen is experiencing rising land prices, which combined with increasing construction costs, translate into rising rents and a gradual increase in displacement. Compared with other regions of Switzerland, however, these price increases have limited effects, as St.Gallen’s less pressured housing market can still cater to diverse needs. The continued availability of affordable housing fosters a general perception of stability in housing matters. Based on these considerations, the municipality is currently prioritizing the promotion of innovative housing typologies, rather than expanding the stock of affordable housing (Stadt St.Gallen, 2021c). The absence of acute hardship also inhibits the growth of the non-profit housing sector, leaving the city dependent on for-profit developers for the realization of large-scale projects. There are also concerns because one of the most influential actors in the housing market, the citizen’s community (*Ortsbürgergemeinde*), is increasingly adopting a more profit-oriented approach. As a result, the soon expiring longstanding ground leases held by non-profit housing organizations will be adapted to the current market price, which may result in a significant loss of affordable housing. The non-profit housing sector in St.Gallen currently occupies only a marginal share of the local housing market. Actors from the non-profit sector and civil society emphasized the need for a more proactive municipal land and housing policy, which they argue is essential to prevent a decline in the supply of affordable housing. Without such intervention, the shrinking share of affordable and non-profit housing could weaken the market’s filtering capacity, leaving it vulnerable to future crises.

## 4.2 Housing issues in conversation with local context and market

### 4.2.1 Local market conditions and political context

As the urban centre of a largely peripheral rural region, St.Gallen occupies a position at the fringes of the housing pressures currently confronting large Swiss cities. Its moderate size and stagnating demographic growth exemplify the characteristics of a low-pressure housing market. St. Gallen, as is typical of many urban centres, exhibits a comparatively progressive political orientation. This stands in contrast to the surrounding canton, which is more conservative and may, at times, constrain or delay urban development processes. This urban–cantonal divergence differs markedly from the situation in smaller, more rural municipalities such as Amriswil, where local political orientations tend to be predominantly conservative and closely aligned with that of the canton.

As opposed to metropolitan centres like Geneva or Zurich, housing issues in St.Gallen are not politicised yet. This is because, according to all interviewed stakeholders, in St.Gallen supply is sufficient and prices are affordable for a large majority of the population. With 15.3 CHF/m<sup>2</sup> (Fachstelle für Statistik, Kanton St.Gallen, 2023) rent on average, they are relatively low compared to other Swiss cities like Zurich with 21.8 CHF/m<sup>2</sup> (Stadt Zürich, 2024). The potential influx of displaced households from high-pressure areas is even seen as an opportunity to expand the population and attract higher-tax-paying residents. As a result, displacement is frequently reported as a marginal issue, since tenants whose contracts are terminated generally find alternative housing within the city or even the same neighbourhood.

Nevertheless, it is important to stress that involuntary relocation can entail significant social and psychological costs for affected households, even if moving occurs within a short distance.

St. Gallen lags behind larger cities not only in terms of population growth, but also with respect to ecological transition of the housing stock, urban renewal, and housing innovation. This may be attributed both to its medium size, which limits the availability of resources for these initiatives. These dynamics must be understood within the Swiss political system: a federalist structure grounded in the principle of subsidiarity, producing substantial variations in cantonal legislation and assigning to municipalities significant responsibility for local implementation. In a predominantly rural and thus largely conservative canton like St. Gallen, the political divide between the comparatively progressive city and the cantonal authorities is especially pronounced, which further constrains the implementation of local policy objectives. In addition, the frequent turnover of elected administrative bodies inherent to direct democracy leads to a loss of institutional knowledge and limits the expertise required to effectively balance competing interests in housing policy. Moreover, cantons and municipalities differ in their tax rates, reflecting their respective economic conditions and political orientations. The comparatively high tax rate reduces St.Gallen's attractiveness to higher-income taxpayers, resulting in lower tax revenues, which in turn constrain the municipality's capacity to pursue its urban development goals.

There are examples of how the municipalities circumvent cantonal regulations like the missing value added taxes (*Mehrwertabgaben*) in cases of re-zoning through contracts under administrative law. The so earned money is reinvested in greening public spaces. This mechanism underlines how a municipality, characterised by a strong political support to environmental projects, finds its ways beyond legislation.

#### 4.2.2 Socio-spatial characteristics

St.Gallen is characterized by a pronounced socio-spatial differentiation between the valley floor and the surrounding hillsides (see appendix 8.Visuals, Figures 5,6). The lower-lying areas, predominantly inhabited by lower-income and socioeconomically mixed people, provide limited access to green space and have a higher exposure to heat stress and traffic noise. In contrast, the green hillside neighbourhoods are largely occupied by higher-income and higher educated residents. Public urban renewal projects are primarily implemented on the remaining brownfields in the valley floor and are widely welcomed as a valorisation of low-quality neighbourhoods. However, as traffic calming measures become more widespread the affordable housing stock is likely to diminish, since improved environmental conditions will increase the neighbourhood's attractiveness and property values. This dynamic is already observable in more advantaged areas, where noise mitigation through speed limits, noise thresholds, and building regulations has contributed to rising housing costs. Numbers confirm that also in the Canton of St.Gallen, rent levels are increasing and have risen by 13% since 2020 (Enz, 2025). As a result, new housing for socially disadvantaged groups will continue to be disproportionately located along roads with high levels of noise and air pollution. This shows how competing local topics like traffic in combination with EEPs shape housing inequalities.

By contrast, hillside areas face a different constraint: public interventions towards densification and greening frequently encounter organized neighbourhood opposition, while fragmented small-scale ownership patterns further limit the feasibility of larger public developments.

### 4.2.3 Housing issues

As was mentioned, the city's low tax revenues entail a refurbishment backlog in municipal properties. Likewise, the private rental housing stock is also deteriorating, as the local housing market precludes rent increases sufficient to offset renovation costs. However, delaying refurbishments can also be strategic: buildings are left unrenovated until they are sold, with rising land values ensuring profitability regardless of their condition. Such strategically under-refurbished buildings constitute a form of housing inequality as the omission of (energy) retrofits perpetuates the low quality of a large share of affordable rental housing.

According to municipal studies and interviewees, there is a notable lack of qualitative, innovative, and family-oriented housing typologies. This deficiency prompts many families to move to neighbouring municipalities, thereby exacerbating St.Gallen's fiscal challenges. While the absence of an immediate market pressure causes delays in both refurbishment and innovation, the shortage of housing suitable for middle-class families cannot be defined as a housing crisis. Nevertheless, St.Gallen seeks to enhance its socioeconomic profile through public infrastructure investments and an expanded housing supply, with the aim of attracting higher-income residents. In this context, gentrification is often considered as beneficial to the city, rather than a threat. This view is widely shared by all civil society actors and local organisations. To steer housing provision from the public side, the municipality has recently adopted a housing policy and strategy. In practice, however, its resources and room for manoeuvre remain very limited, which constrains the implementation of its ambitious goals. In particular, the municipality's limited ownership of public housing restricts its direct influence on the sector, which is largely limited to developments on public land under leasehold arrangements and to projects governed by administrative law.

Our interviews revealed that what is expected from the non-profit housing sector in St.Gallen is to contribute to architectural, social and environmental innovation. While at the moment, they focus on providing non-commodifiable, non-profit housing with rents that remain significantly below market rents, housing cooperatives are also perceived as important strategic partners to develop alternative housing options and reduce the shortage of attractive family housing. With a 8.2% market share (Urban, 2023), they play a role above the national average, and count as a politically influential actor in the current city council. Housing cooperatives also play a role in green transition dynamics. Especially the larger cooperatives (e.g. WBG SG) are committed to greener building practices. However, to expand their supply and ensure the long-term provision of high-quality affordable housing, the non-profit sector depends on the municipality to buy more land, which can then be leased with building rights to cooperatives.

### 4.3 Conclusion

Overall, St.Gallen's low-pressure housing market mitigates immediate affordability crises but at the same time produces more subtle and long-term forms of housing inequality. Despite the municipality's recognition of the importance of a local housing policy, the renewal of the housing supply remains largely in the hands of private, for-profit developers. Fiscal constraints, limit the municipality's steering capacity, and a low-pressure housing market contributes to a refurbishment backlog that disproportionately affects low-income households through persistently low housing quality. This occurs despite the recognition of housing quality as a key factor in attracting higher-tax-paying households.

With regard to environmental and energy policies (EEPs), it can be observed that a wide range of measures are already in place, supported by a broad societal awareness that facilitates further steps toward a green transition. However, low rent levels limit the feasibility of a comprehensive implementation, as investments remain low to keep rents competitive. While green transition measures, traffic calming and urban renewal are often welcomed as value-enhancing interventions, much of the existing affordable housing stock does not benefit of much-needed upgrades. Incentives and subsidies for energy refurbishment and nature-based solutions (NBS) exist, but so far appear to have little to no effect on housing inequalities.

While interviews consistently reported that there is no shortage of affordable housing in St.Gallen, it must be noted that the existing housing stock continues to serve as a source of affordable housing but is gradually decreasing. Simultaneously, the slow expansion of the non-profit sector increases the risk of a future affordable housing crisis. In this context, the absence of acute market pressure does not eliminate vulnerability but rather postpones it, creating risks of eventual revaluation, displacement, and the erosion of affordability in the coming years.

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## 6 Appendix 1: Glossary

Abbreviation	Full name
BAWO	Bau- und Wohngenossenschaft St.Gallen
BZO	Bau- und Zonenordnung
EEP	Environmental and energy policy
FDP	FDP. Die Liberalen; The Liberals (economic-liberal party)
GGT	Grünes Gallustal
Glp	Grünliberale Partei; Green-liberal Party
NGO	Non-profit organisation
NBS	Nature-based solution
ISOS	Bundesinventar der schützenswerten Ortsbilder der Schweiz von nationaler Bedeutung
SP	Sozialdemokratische Partei; Social Democratic Party
SVP	Schweizerische Volkspartei; Swiss People's Party (national-conservative party)
WBG St.Gallen	Wohnbaugenossenschaften St.Gallen

Terms and Concepts	Full name
Additional state benefits	<i>Ergänzungsleistungen</i> ; supplementary payments from the municipality to pensioners whose retirement provisions are insufficient
Building and Zoning Regulation	<i>Bau- und Zonenordnung</i> ; municipal building regulation and zoning
Cantonal Structure Plans	<i>Richtpläne</i> ; cantonal planning tool, specifying zoning
Contracts under Administrative Law	<i>Verwaltungsrechtliche Verträge</i> ; private-public contract, arranging special building rights in exchange for obligations or monetary levies

Housing Promotion Agency	<i>Wohnbauförderung</i> ; federal housing promotion, distributed by the cantons
Housing Strategy St.Gallen	<i>Wohnstrategie</i> ; municipal housing strategy St.Gallen
Hausen and Wohnen	Private foundation for affordable housing in St.Gallen, only for marginalized people
Social Mixing	<i>Soziale Durchmischung</i> ; socio-spatial mixing
Spatial Planning Act	<i>Raumplanungsgesetz</i> ; federal law introduced in 1979; in 2014, densification was introduced as a mandatory principle for cantons and municipalities
Utilization Plans	<i>Nutzungspläne</i> ; utilizationplanning for the zones, by the municipality
Value added taxes	<i>Mehrwertabgaben</i> ; in the event of rezoning, landowners must pay a value-added tax to the municipality. As this law is not enshrined in all cantons, there are municipalities that collect these payments by means of private-public contracts

## 7 Appendix 2 – Key interview data and transcripts

# <sup>5</sup>	Position of Interviewee	Sector	Organisation	Date of interview	Media
P30	Representative of cantonal administration, responsible for housing promotion	Administrational actor	Housing Promotion Agency	12.06.25	telephone
P34	Representative of tenants' union	Civic actor	Tenant's Association Eastern Switzerland	31.07.25	online
P37	Representative of city administration,	Administrational actor	Real estate department	11.08.25	in person
P38	Representative of local association advocating for greening	Civic actor	NGO <i>Grünes Gallustal</i>	11.08.25	in person
P39	Representative of housing cooperative	Non-profit actor	Housing cooperative <i>WBG St.Gallen</i>	11.08.25	in person
P40	Representative of a non-profit housing provider	Non-profit actor	Housing foundation <i>hausen und wohnen</i>	14.08.25	online
P41	Representative of city administration	Administrational actor	Planning department	14.08.25	online
P42	Representative of political party, member of	Civic actor	Member of parliament and of civic	18.08.25	online

<sup>5</sup> Gaps appear in the interviewee numbering because interviewees were numbered continuously across the three case studies Amriswil, St.Gallen and Zurich.

	parliament, representative of a local interest group for the development of a neighbourhood		association <i>igRuckhalde</i>		
P43	Academic, urban designer	Academic actor	Researcher at <i>OST</i> university of applied sciences	18.08.25	online
P47	Former journalist	Civic actor		26.08.25	online
P48	Representative of real estate developer	Private actor	Real estate developer <i>Halter AG</i>	28.08.25	online
P49	Academic, sociologist	Academic actor	Researcher at <i>OST</i> university of applied sciences	03.09.25	in person
P50	Mayor	Public actor	City council	10.09.25	in person
P51	Representative of citizens' community	Private (semi) actor	Citizens' community	09.09.25	online

