



REDUCING
HOUSING
INEQUALITIES

National Report on the Housing System from a Multi- Level Perspective: Austria

An extract from Deliverable 4.2, '*National Reports on the Housing System from a Multi-Level Perspective*', of the ReHousIn project

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FOREWORD

This report is an extract from Deliverable 4.2, ‘National Reports on the Housing System from a Multi-Level Perspective’, of the ReHousIn project, which analyses housing systems in nine European countries, focusing on tenure-policy frameworks and housing supply dynamics.

The full version of the deliverable is available [here](#).

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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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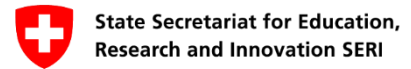


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EXECUTIVE SUMMARY

Austria's housing system is shaped by a historically stable institutional framework but marked by persistent political divergence across governance levels. The main policy instruments—limited-profit housing regulation (WGG), tenancy law (MRG), and housing subsidies—remain intact, yet their use is politically contingent. Rather than structural overhaul, housing policy change in Austria occurs through shifts in how these instruments are interpreted and mobilized by different parties and coalitions. Conservative and right-wing actors tend to promote ownership and market liberalization, while social-democratic governments—particularly in Vienna—emphasize rental affordability, tenant protection, and social housing expansion.

Recent decades have seen gradual re-commodification trends, especially in the private rental sector, with deregulation of new units, attic conversions, and market-based rent setting mechanisms. At the same time, Vienna has actively expanded de-commodified housing through municipal construction, public land banking, and zoning instruments for subsidized development. This has led to a fragmented housing system, where access to affordable rental housing is increasingly determined by local political leadership and land policy capacity.

The interaction between Austria's housing tenures and environmental policy goals reveals tenure-specific tensions. Retrofitting policies tend to favour owner-occupied single-family homes, while rental housing—especially private and condominium stock—faces legal and cost pass-through barriers. Nature-based solutions (NBS) are more feasible in social housing due to rent regulation, but unevenly distributed in space and policy capacity. Densification aligns with social housing in Vienna but is often pursued through market-led redevelopment elsewhere, weakening affordability protections.

In sum, Austria's housing system filters crises and environmental demands through a multi-level, politically pluralistic framework. Its evolution depends less on major legal reforms than on how existing institutions are recalibrated in response to shifting fiscal pressures, ecological imperatives, and political coalitions at national and local levels.

1 THE HOUSING DEBATE

Austria's housing debate reflects the long-standing institutional configuration within a shared legal and policy framework in which divergent conceptions of housing—either as a social good or as a market asset—are debated in the political and administrative sphere. These debates have not emerged recently but have consistently shaped the direction of housing policy, contingent upon prevailing political coalitions at different governance levels. While the overall institutional structure appears mostly stable—anchored by the Limited-Profit Housing Act (WGG), the Tenancy Act (MRG), and a housing subsidy regime—the orientation and use of the main housing instruments are sensitive to the political composition of federal and regional governments.

Political contestation around housing tends to materialise not in the creation or dismantling of institutions, but in how existing policy instruments shaping tenures are mobilised for broader policy goals. For instance, the use of limited-profit housing as a buffer against market volatility is widely accepted across parties, but the extent to which such stock should be used to support affordable ownership options has been a persistent point of the recent debate. The 1993 introduction of a purchase option in the limited-profit housing (LPHA) sector marked a key point, supported by a grand coalition yet interpreted differently: for conservatives and right-leaning parties (ÖVP, FPÖ), it was, and still is, a vehicle for expanding property ownership and individual autonomy; for the SPÖ, particularly in Vienna, it signalled a risk to the long-term affordability and non-speculative function of subsidised rental housing. These opposing interpretations continue to inform debates around eligibility restrictions, fiscal incentives, and the effective long-term management of a subsidised, limited-profit stock. In relation to energetic retrofits and other maintenance investments (e.g. green infrastructure), the ownership options also fueled a debate on whether shared ownership structures legally complicate decision-making on investments.

Similar debates appear in the governance of the private rental sector, especially with regard to deregulation. While the segmented application of the MRG, with regulation of rents applying in full extent to buildings built before 1953, creates a legal structure within which both regulated and free-market units coexist. Political parties have interpreted this architecture in sharply different ways. Centre-right and right-wing coalitions have tended to view legal liberalisation—such as expanding location-based rent surcharges, the allowance of attic conversion on rent-regulated buildings to be free-market or loosening rules on temporary leases—as necessary to encourage investment and housing supply. Social democratic actors, by contrast, have emphasised the need for tenant protection, legal transparency, and affordability, particularly in urban markets where rent burdens are increasing.

In the debate, private housing market developers highlight the need for attic conversions to finance the renovation and, at times, energetic retrofits and decarbonisation of the pre-WWII housing stock in urban areas. In general, claims are made by a large portion of housing experts for years that a substantial reform of the Tenancy Law is due, where low-quality buildings should be rent-regulated and retrofitted buildings should be lifted from rent-regulation. This, in the view of private rental market actors and experts, shall foster the necessary investments needed to renovate and decarbonise the private rental stock. However, this debate is politically highly contested; attempts at substantial tenancy law reforms, and not smaller amendments

as done in the past 30 years, have thus largely stalled, not due to technical disagreement, but because of incompatible normative positions on the role of regulation in private rental markets.

The owner-occupied sector is perhaps the least institutionally distinct but equally subject to political interpretation. Although homeownership is widespread and generally supported across the political spectrum, its promotion has varied considerably. Conservative-led coalitions have tended to advance measures that reduce fiscal barriers to entry—such as tax relief and credit support—while social democratic governments have been more cautious, particularly given the limited redistributive effects of ownership subsidies. The SPÖ–ÖVP–NEOS coalition agreement (2025–2029) reflects this tension: it envisions supporting young households entering the ownership market, but only within a broader return to earmarked housing subsidies and without compromising the supply of subsidised rental housing. And yet, outside of the urban centres, single-family homes are the housing norm, which most of the people demand and political parties support, also through retrofit and zoning.

What emerges is not an Austrian housing regime defined by consensus or gradual convergence, but one characterised by an ‘internal’ institutionalised pluralism. Federal structures, fiscal decentralization, and the differentiated responsibilities of municipalities, federal states, and the national government – as this report will show – enable diverging political strategies to coexist within a shared framework. Vienna’s municipal model, with its emphasis on public land banking, subsidised rental construction, and climate-integrated housing, sits in contrast to more market-oriented approaches in other federal states, where ownership and liberalised private rental sectors are more strongly promoted.

In this context, the future direction of Austrian housing policy is unlikely to be determined by structural overhaul, but rather by the strategic recalibration of existing instruments in response to political, fiscal, and ecological pressures. The durability of the system lies in its legal and institutional continuity; its evolution, however, rests on smaller amendments that are shaped by shifts in political leadership, coalition dynamics, and the framing of housing within broader policy domains—whether social protection, economic development, or environmental transition.

2 HOW THE HOUSING SYSTEM HAS CHANGED

2.1 Degree of commodification

- I. *What is the direction of travel of the national / local housing system: are these becoming more de-commodified (universalist) or re-commodified (residualist) over time?*

The Austrian housing system has historically maintained a balance between decommodification and market forces, with a peak of municipal housing production in the post WWII period (Matznetter, 2002). Cities in Austria have been strongholds of decommodified housing provision, with Vienna especially known for its social housing production, famously known as Red Vienna (Kadi & Suitner, 2019). However, beginning with the 1980s and especially since the 1990s, there has been a gradual shift towards a stronger recommodification at the national level.

First, the deregulation of parts of the private rental sector has allowed for higher market rents, particularly in attic extensions and newly constructed units. The National Tenancy Law (*MRG, Mietrechtsgesetz*), introduced in 1981, is the main piece of legislation governing the private rental sector. It applies fully to rental units in multi-apartment buildings constructed before 1953 and partially to all privately rented units. In practice, this means that rental units from the pre-WWII period are rent-controlled, while the Tenancy Law stipulates security regulations for tenants that apply to the entire private rental sector.

However, since the 1994 amendment to the National Tenancy Law, the law has been based on a reference value rent (*Richtwert*), which is set by the Reference Value Law (*Richtwertgesetz*). This reference value rent varies by region (federal states) and is typically updated every two years in line with inflation. Commodification tendencies, however, have been introduced by allowing for location premiums (*Lagezuschlag*) that can be added to the reference value rent, introducing a market-oriented pricing mechanism based on neighbourhood quality. Hence, even within the regulated private rental sector, the *Richtwert* system enables prices to be formed in line with market developments through consumer price index adjustments and location premiums (Litschauer & Friesenecker, 2022; Kadi, 2015). The reform also made temporary leases, usually between 3 and 5 years in length, possible (Litschauer & Friesenecker, 2022). Furthermore, in 2006, a right-wing coalition excluded the rent-regulation of attic conversions on rent-regulated, pre-WWII buildings from the tenancy law. Overall, these commodification tendencies contribute to rising housing costs in the private rental sector and a severe affordability crisis in periods of high inflation (Litschauer & Friesenecker, 2022; Kumnig & Litschauer, 2025; Kadi 2024).

In the interwar period, Austria laid the cornerstones of a social housing sector consisting of two different segments: 1) municipal housing built, maintained and managed (e.g. eligibility and accessibility) by the Austrian municipalities; and 2) the origins of limited-profit housing by housing cooperatives, housing provided by factory owners and arms-length organisations (Kadi & Suitner, 2019; Kössl, 2022). After WWII the municipal and the limited-profit housing

sector were strongly institutionalised, with the latter sector built and maintained by registered and strictly controlled Limited Profit Housing Associations (LPHAs) (Matznetter, 2002; Reinprecht, 2014; Friesenecker & Kazepov, 2021). LPHAs are regulated at the national level through the Limited-Profit Housing Act (*WGG, Wohnungsgemeinnützigkeitsgesetz*), while operating LPHAs are approved regionally through federal state governments. Based on the regulation, LPHAs need to provide a so-called cost-based rent where they can only charge as much rent as the housing estate costs (Kössl, 2022). Initially, this also includes payback costs for loans, e.g. for land acquisition and construction costs, utility costs and a maintenance and renovation fee (Friesenecker and Litschauer, 2022). In exchange for tax benefits, LPHAs are only allowed to make 3.5% profits (Kössl, 2022). Given the cost-rent principle, limited-profit housing options are considered a long-term affordable housing option for the middle classes, also given substantial one-time capital contributions upon entry (see Litschauer and Friesenecker, 2022, for details).

While this tenure has become a cornerstone of housing geared towards de-commodification, the 1993 introduction of rent-to-buy options in LPHA housing has introduced some sell-off of rental units, albeit with limited effects so far (Baron et al., 2021). Nevertheless, the 1993 introduction of the rent-to-buy model and the 2004 sell-off of nationally owned-LPHA units were pushed by conservative coalitions, reducing Austria's social housing stock with the idea to expand home-ownership (ibid.).

Despite these commodification attempts, a key tool in the expansion of the de-commodified housing segments, both municipal and limited-profit housing, has been the state-provision of housing subsidies for construction. While having been a national matter until 1989, housing subsidies have been decentralised to the sole responsibility of the nine Austrian federal states (Friesenecker & Kazepov, 2021). Housing subsidies stemming from a payroll tax (with each employer and employee paying half a per cent of their wages) were still collected and redistributed by the national state. In 2008, with another reform, the earmarking of housing subsidies for federal states was lifted, and since 2018, housing subsidies have been turned into a federal state revenue (Kössl 2024; Amann et al., 2023; Friesenecker & Litschauer, 2022).

While with the abolition of earmarked housing subsidies in 2008, some federal states used the revenues for non-housing purposes, Vienna remained a stronghold of de-commodification. Together with an ongoing maintenance of its extensive municipal housing stock (about 220,000 units), housing subsidies were combined with zoning requirements for subsidised developments (usually done by LPHAs) and the long-standing acquisition of land supporting the construction of de-commodified forms of housing (Friesenecker & Litschauer, 2022). Yet even here, pressures from private investors and rising land costs pose challenges to maintaining affordability in this sector since the financial crisis of 2008 (Baron et al., 2021; Friesenecker & Litschauer, 2022; Kumnig & Litschauer, 2025; Kadi, 2015).

As a consequence of these policy changes, at the national level, Austria is characterised by a mixed-tenure structure, dominated by stable homeownership rates with about 50% since 1991 (Statistik Austria, 1991; 2021). The private rental sector (PRS) has, compared to other segments, expanded significantly and increased from 18.2% to 23.8% of all dwelling units since 1991 (Statistik Austria, 1991; 2021). Unlike in fully residualist systems, Austria still

heavily subsidises rental housing built by LPHAs. Hence, the limited-profit housing sector grew from 10.8% to 14.8% since 1991, while publicly owned housing slightly decreased from 9.7% to 6.8% at the national level. Taking the limit-profit and municipal housing together, Austria's social housing sector was kept stable and accounted for 21.3% in 2021 (Statistik Austria, 1991; 2021). However, the tenure structure in big cities is usually very different from that of more rural municipalities, where homeownership rates of single-family homes are dominant. Vienna, as an example, stands out according to Statistik Austria (2021): In 2021, only 17.1% of the dwelling stock was owned, whereas the rental sector accounted for nearly 80% split equally between private (39%) and social rental (40%). Furthermore, out of about 7-8% of Austria's total municipal housing stock, approximately 5% is located in Vienna, while the remaining 2% is spread across the other federal states (see also Angel & Mundt, 2024). As with the Austrian trend, the private rental sector expanded, compared to other segments, most significantly, but the social housing sector did expand significantly as well, dominated by the limited-profit sector.

In summary, Austria has not undergone extreme re-commodification, but the market-mechanism and macro-trends, especially since the financial crisis of 2008, favoured an above-average expansion of the private rental sector. Hence, together with the weakening of the rent-regulated segment, it is the newly built private rental segment that is not rent-regulated that drives re-commodification trends in Austria, especially in urban areas (see Kadi, 2024 on Vienna, for instance). Nonetheless, Austria continues its ongoing trajectory toward de-commodification. Especially Vienna's, but also other federal states', proactive housing policies and still existing tenant protections of the old private rental stock continue to counterbalance the above-mentioned shift, keeping elements of the universalist housing provision intact. While this is increasingly carried out by limited-profit housing associations, they needed to operate in difficult times throughout the last decade, where pressures from private investors and rising land costs posed considerable affordability challenges given the sector's cost-rent principle (Kumnig & Litschauer, 2025).

While 'brick and mortar' subsidies remain an important policy instrument, Austria's subsidy scheme also provides revenues for means-tested housing benefits (*Wohnbeihilfe*), which, following the decentralisation, are provided by federal states to support low- and very low-income households in covering rental costs (Amann et al., 2023). Additionally, for the lowest-income groups, Austria's minimum income social assistance programs, administered by the federal states as well, can also cover housing-related expenses, and basic benefit schemes further ensure that basic housing needs are met (see Mundt, 2017; and Wolfring & Peverini, 2024 on Vienna, for instance).

II. Are there structural divergences (tensions) between the direction of travel (universalist - residualist) of the national housing system, and the local housing system?

Structural divergences between Austria's national housing policies (which increasingly promoted re-commodification) and housing policies in bigger cities are largely driven politically. Vienna's local policies, for instance, remain strongly de-commodified and universalist, given

the dominance of the Social-Democratic Party (SPÖ). Conservative and right-wing parties (ÖVP, FPÖ) favour market-driven housing solutions, while the Social Democratic Party (SPÖ) emphasises tenant protection and social housing. At the national level, housing policy has increasingly shifted toward homeownership promotion and liberalising private rental regulation, especially under ÖVP-FPÖ governments (2000-2006, 2017-2019). These governments have expanded homeownership incentives by privatising LPHA housing. For example, the 1993 reform of the Limited-Profit Housing Act introduced a "rent-to-buy" model, allowing the sale of previously subsidised housing to sitting tenants (GBV, 2016). While initially a limited measure, right-wing and conservative parties (ÖVP, FPÖ) have repeatedly attempted to expand this purchasing option, signalling a shift towards homeownership promotion at the expense of rental affordability. Similarly, the partial privatisation of LPHA stock in 2004, when federally owned non-profit housing was sold to banks and private investors, marked a turning point in re-commodification, reducing the available supply of social housing (Mundt & Amann, 2010). Additionally, the 2017-2019 ÖVP-FPÖ government framed homeownership as the ideal model fostering a self-determined and secure life, while the government program also sought to further liberalise tenancy laws by attempting to abolish rent caps in the historic housing stock (Bundeskanzleramt, 2017).

In contrast, Vienna, governed by the SPÖ for over a century, strongly resists re-commodification. The city continues to expand social housing, while supporting tenant rights in the private rental sector through consulting and lobbying for the enforcement of strong tenant protections at the national level. The 2018 introduction of the zoning category "Subsidized Housing" (*Geförderter Wohnbau*) and the 2019 revival of municipal housing construction under a city-owned limited housing association demonstrate Vienna's pushback against national trends. Furthermore, the current SPÖ-NEOS city government (2020-present) has frozen municipal rents for 2024 and 2025 at the level of 2023 as a response to high inflation following energy price increases.

These diverging political ideologies create tension between federal and local housing strategies, resulting in a fragmented housing system where access to affordable rental housing varies significantly by political leadership.

III. What synergies and/ or conflicts exist between the vertical and horizontal governance levels?

Austria's federal state design and its multi-level housing governance approach create both synergies and conflicts, as already outlined above. A key synergy lies in the division of responsibilities: the federal government establishes legal frameworks, such as tenancy law (MRG) and limited-profit housing regulations (WGG), while federal states, provinces and municipalities implement housing policies by distributing housing subsidies since the decentralisation in 1989. This potentially allows for national consistency with local flexibility. Additionally, the housing subsidy system (*Wohnbauförderung*) supports both supply- and demand-side measures, enabling public-limited-profit partnerships in construction and housing benefits to support the social groups in most need.

As mentioned above, Austria's housing governance is marked by significant political tensions between national and local levels, depending on the coalitions in place. A key tension, at least historically, remained particularly between ÖVP-led federal governments and SPÖ-led federal states, mostly Vienna, resulting in diametrically opposed approaches to housing policy. Nationally, conservative and right-wing governments (ÖVP-FPÖ) have promoted homeownership, (rental) market liberalisation, and private sector involvement. Vienna, under continuous SPÖ rule since 1919, except for the Austrofascist period and the Nazi rule (1934-1945), prioritises the expansion of social housing by providing cheap land to, and subsidising limited-profit housing associations, while continuing the maintenance of its substantial municipal housing stock. However, given that a large stock of Vienna's housing dates back to the pre-WWII private rental segment, housing affordability also depends crucially on the de-commodifying nature of the national tenant protection and rent controls (Debrunner et al., 2024).

Furthermore, since the 1989 and 2008 decentralisation, housing subsidies have been managed by the federal states rather than the national government. The abolition of earmarked federal housing subsidies in 2008 granted financial autonomy to federal states, but many states redirected funds away from housing, limiting investment in social housing in some federal states, undermining the potential de-commodifying orientation of housing subsidies. Another source of conflict is privatisation, particularly regarding Limited-Profit Housing Associations. ÖVP-FPÖ governments have supported expanding rent-to-buy options and selling subsidised LPHA housing at the national level. These options weaken the long-term affordability protections given by the national Limited Profit Housing Act, while also complicating retrofitting and management of limited-profit housing estates.

The overall trajectory remains politically fragmented, with housing affordability and accessibility increasingly dependent on the coordination of national-regional political leadership.

2.2 Impact of exogenous macro-trends, policies and crises: What have been the events that really made a change in each tenure?

- I. To what extent are processes of de-commodification and re-commodification in each housing system driven by, or respond to, the identified exogeneous macro-trends and crises?*

EU influences have, since 1995, when Austria joined the EU, played a dual role in shaping de-commodification and re-commodification at the national as well as the regional, federal state level. While Austria's limited-profit housing model has been upheld under EU competition law, concerns about state aid and budgetary constraints (e.g., Maastricht criteria) led Vienna, amongst other reasons, to halt municipal housing construction in 2004 (Friesenecker & Kazepov, 2021). However, municipal housing was never sold off en masse and was reintroduced in 2019 under a limited-profit housing scheme (Baron et al., 2021; Amann et al., 2023). Additionally, the 2018 zoning reform introduced the zoning category "Subsidised

Housing” (Geförderter Wohnbau), which requires that two-thirds of newly zoned residential land be reserved for subsidised housing, counteracting speculative market pressures (Kumnig & Litschauer, 2025).

The accession to the EU, followed by population growth, is associated with a substantial expansion in the private rental market, especially in the 2000s. Furthermore, the 2008 financial crisis and post-crisis low-interest rates indirectly fuelled re-commodification by making mortgage borrowing more attractive, increasing owner-occupation, but also fuelled the expansion of Austria’s historical preference for rental tenure, especially in urban areas.

More recently, as a response to the financial risks associated with increasing inflation, construction costs, energy prices, and variable interest rates following the COVID-19 pandemic and the effects of the Russian invasion of Ukraine, the Austrian Financial Market Authority introduced mortgage lending restrictions (KIM-VO) in 2022, aiming to prevent unsustainable borrowing and mitigate financial risk. Additionally, the *Wohnschirm* initiative (2022-2026) and *Wohnungssicherung Plus* (2023-2024) represent more recent interventions by the national government, aimed at preventing evictions and supporting vulnerable renters, reflecting an ongoing commitment to protecting rental security in the face of rising housing costs following the COVID-19 pandemic and the energy crisis.

2.3 Capacity to filter crises: how does each housing system respond to macro-events and crises?

I. What is the capacity of the local and national housing system to provide affordable housing?

Austria’s national and local housing systems have a relatively strong capacity to provide affordable housing, particularly due to the long-standing role of limited-profit housing associations (LPHAs), housing subsidies, and the limited privatisation of municipal/social housing. Limited-profit housing associations – regulated at the federal level – remain key providers of affordable rental units, benefiting from preferential tax treatment and reinvestment requirements that prevent excessive profit extraction. Housing subsidies – stemming from a payroll tax (0.5% from the employer, 0.5% from the employed) – are another key enabler. With the 2018 reform, federal states are even allowed to set the height of the payroll tax, but this hasn’t been used.

Key obstacles for an expansion of social and affordable housing are clearly rising land prices and increasing market competition through financialization and private real estate developers in new constructions, as private real estate developers have become profoundly more active since 2015 (Kumnig & Litschauer, 2025). These developments have led to a dramatic rise in land prices: between 2010 and 2019, land prices in Vienna increased by an average of 124% (Baron et al., 2021). As a result, the cost of new construction has risen substantially, posing major challenges for the production of affordable and social housing.

Despite these challenges, there are key enablers at the local level that help sustain affordable housing production. Vienna, for instance, aims to maintain affordable housing production through zoning regulations and land policies that prioritise subsidised development. The city’s

developer competitions and public land banking (through *wohnfonds_wien*) aim to ensure an expansion of affordable housing in times of population growth as well as rising land and construction costs (see Friesenecker & Litschauer, 2022; Altreiter & Litschauer 2022). Vienna's practice of developer competitions ensures quality and cost efficiency in subsidised housing projects, while the *wohnfonds_wien* secures and allocates land specifically for affordable housing development. These instruments help to ensure a continuous pipeline of social and affordable housing despite adverse market conditions.

However, in addition, the city's housing system is currently experiencing increasing pressure due to significant market shifts. A particularly notable development is the growing role of institutional investors in the existing housing stock. In Vienna, institutional actors accounted for only 12% of purchases within the 'old' private housing stock before 1982, but their share rose sharply to 90% between 2007 and 2019 (Musil et al., 2024). This reflects a fundamental transformation of the housing market, driven by the financialization of real estate and the growing influence of commercial developers (Kadi, 2024; Kumnig & Litschauer, 2025).

II. How have the identified crises and macro-trends affected the capacity of these housing systems to provide affordable housing?

The 2008 Global Financial Crisis and the subsequent period of low interest rates initially supported housing construction by making financing cheaper. However, this also led to increased real estate investment, raising land prices and shifting housing development towards more market-driven models, particularly in the private rental sector (PRS). This financialization made it more difficult for municipalities and non-profit housing providers to acquire land at affordable prices for subsidised housing.

EU budgetary constraints also played a role in reducing Austria's capacity to expand social housing together with national reforms. The 2008 reform abolition of the Housing Subsidy Purpose Grant Act (*Wohnbauförderungszweckzuschussgesetz*) allowed federal states to redirect federal housing funds for other uses than housing, weakening public investment in new construction. While maintaining a strong focus on subsidising housing construction, Vienna responded by introducing "Geförderter Wohnbau (Subsidised Housing)" as a zoning category (2018), requiring two-thirds of new residential developments to be subsidised housing.

The inflation and energy crisis (2021–2024) further increased construction costs and rent burdens. To mitigate these effects, the Austrian government launched *Wohnschirm* (2022–2026), a national eviction prevention program assisting low-income tenants at risk of losing their homes. Additionally, Vienna froze municipal rent increases for 2024 and 2025 at the level of 2023 and introduced further energy retrofitting subsidies to reduce housing costs.

III. What challenges have the state and non-profit sector faced, in the light of recent crises?

Austria's state and non-profit housing sectors have faced significant challenges in the wake of the 2008 Global Financial Crisis (GFC) and the COVID-19 pandemic. While Austria's housing system remained relatively stable during the GFC, the crisis led to a prolonged period of low interest rates, which spurred private investment in real estate and contributed to rising land and property prices. This made it increasingly difficult for limited-profit housing associations (LPHAs) to acquire land for affordable housing, as they faced intensified competition from commercial developers and institutional investors.

During the COVID-19 crisis, the Austrian government introduced emergency measures to prevent evictions and support struggling tenants. While rent deferrals and eviction moratoriums provided short-term relief, concerns over rent arrears and housing insecurity persisted, particularly in the private rental sector. In response, the Wohnschirm program was launched in 2022 to assist tenants at risk of eviction, covering rent and energy debts when other support was insufficient. However, this initiative is temporary (running until 2026) and does not address structural affordability issues in the long term. Additionally, the Wohnungssicherung Plus program in Vienna was introduced in 2023 to provide further rental assistance, yet its funding remains limited.

The post-COVID economic environment, characterised by inflation, rising construction costs, and supply chain disruptions, has further strained the capacity of LPHAs and the state to maintain affordable housing production. While federal and provincial governments continue to provide subsidies (Wohnbauförderung), budgetary constraints and political shifts have made long-term planning difficult.

3 CONCERNS REGARDING THE GREEN-HOUSING NEXUS

Retrofitting policies in Austria are marked by pronounced tenure-based inequalities. While financial incentives are extensive and the main instrument, they disproportionately benefit owner-occupied single-family homes, where uptake is technically simpler and decisions are individually controlled. In contrast, rental housing—especially in private, multi-apartment buildings—faces structural and institutional barriers. In the private rental sector, the landlord–tenant dilemma remains unresolved: landlords control investment decisions, but tenants bear the costs, especially in deregulated segments where rent increases post-retrofit are legally possible. Moreover, multi-owner buildings—which are becoming increasingly typical for urban areas—are constrained by Austria's Condominium Act (*WEG, Wohnungseigentumsgesetz*), which requires majority agreement for collective renovation decisions. These barriers are compounded by fragmented governance and limited coordination across subsidy schemes, particularly between federal goals and state-level implementation. As such, retrofitting reinforces tenure-based inequalities and remains structurally biased against the rental sector.

These dynamics tend to discourage both landlords and tenants from engaging in renovations. Tenants often resist due to fears of rent increases and construction disturbances. Additionally, fragmented subsidy systems and bureaucratic hurdles, particularly in coordinating federal and state-level programs, further delay or block implementation. While municipal and limited-profit

housing providers can access multiple support schemes, their capacity to deliver large-scale renovations is constrained by EU procurement rules and skilled labour shortages. As a result, retrofit funding and delivery remain structurally biased in favour of better-resourced, owner-occupied dwellings, with the risk of exacerbating spatial and social inequalities.

Nature-based solutions (NbS), while strategically emphasised in the latest national climate change adaptation strategies, are predominantly implemented at the municipal level and heavily influenced by tenure patterns. In Vienna, where municipal and limited-profit rental housing is concentrated, long-term tenancies and rent regulation reduce the risk of displacement from greening initiatives such as street greening, façade vegetation, green roofs (Friesenecker et al., 2024). However, greening measures are often introduced in pilot formats and remain highly uneven across municipalities, particularly in smaller or less-resourced jurisdictions. Additional limitations for the implementation are heritage protections and legal frameworks that often obstruct greening in historic areas, while rising operating costs could burden tenants, especially in socially vulnerable areas. The concern is that, without binding mandates or redistribution mechanisms, NbS may not only be spatially selective but could also reinforce tenure-based inequalities in environmental quality. Moreover, in deregulated rental markets, the enhancement of local amenities through NbS could indirectly contribute to rent increases and displacement, even if current data suggests limited effects so far (Friesenecker et al., 2024).

Densification policies illustrate the divergence between environmental goals and affordability across tenure lines. While national strategies emphasise compact growth and reduced land consumption, implementation is decentralised and shaped by local land-use regimes and market dynamics. In Vienna, densification is strategically aligned with subsidised housing through instruments such as zoning categories and land allocation for limited-profit housing associations. This allows for environmentally and socially sustainable densification. However, in many other cities and regions, densification is primarily pursued through private-sector-led redevelopment, particularly via attic conversions and brownfield infill. These interventions often target high-end owner-occupied or deregulated rental units, segments largely exempt from the Tenancy Law (MRG) due to reforms in the 1990s and 2000s. This mode of densification risks excluding low-income tenants, undermining affordability objectives. Additional concerns include the tension between densification and green space preservation, as well as regulatory constraints such as height limits or heritage status that complicate integrated planning. The broader implication is that, while densification holds potential to reconcile climate mitigation and housing needs, its social outcomes are largely determined by tenure structure and the regulatory instruments employed at the local level.

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