

House & Home

## Lessons from Vienna: a housing success story 100 years in the making

As world cities suffer from crippling rent rises, the Austrian capital's radical housing policy is inspirational

Kirsty Lang / Photographed by Julius Hirtzberger for the FT DECEMBER 30 2022

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The most famous New Year concert in the world is performed in Vienna and beamed to millions across the world under the golden ceilings of the 19th-century Musikverein concert hall. Vienna is synonymous with classical music, having been home to Haydn, Mozart, Beethoven and Schubert. It's also a city synonymous with coffee houses, a place where in the early 20th century artists, writers, philosophers and political radicals gathered — including Klimt, Zweig, Wittgenstein, Freud, Trotsky and, of course, Hitler. Later as *the* frontier city of the cold war, Vienna acquired a new infamy as the City of Spies.

But there is another Vienna, a 21st-century version that most tourists don't see. This contemporary version of Vienna is famous for its high quality of life and for consistently coming top of the Global Liveability Index.

“Vienna is a city where you can choose what century you want to live in,” says the political scientist Ivan Krastev from the IWM institute, who has made his home in the Austrian capital for more than a decade. You can time travel (on foot) from the cobbled streets of the old medieval centre through late 19th-century Art Nouveau and Viennese Modernism and then jump on to the cheap, highly efficient public transport network to visit a building by Zaha Hadid (who got her first commission in Vienna in the 1990s) before admiring a 21st-century eco-housing development — all in the space of a couple of hours.

According to the Economist Intelligence Unit, the liveability score of a city is calculated on several factors: healthcare, culture, environment, education, infrastructure and security. Vienna comes out top in nearly every category.

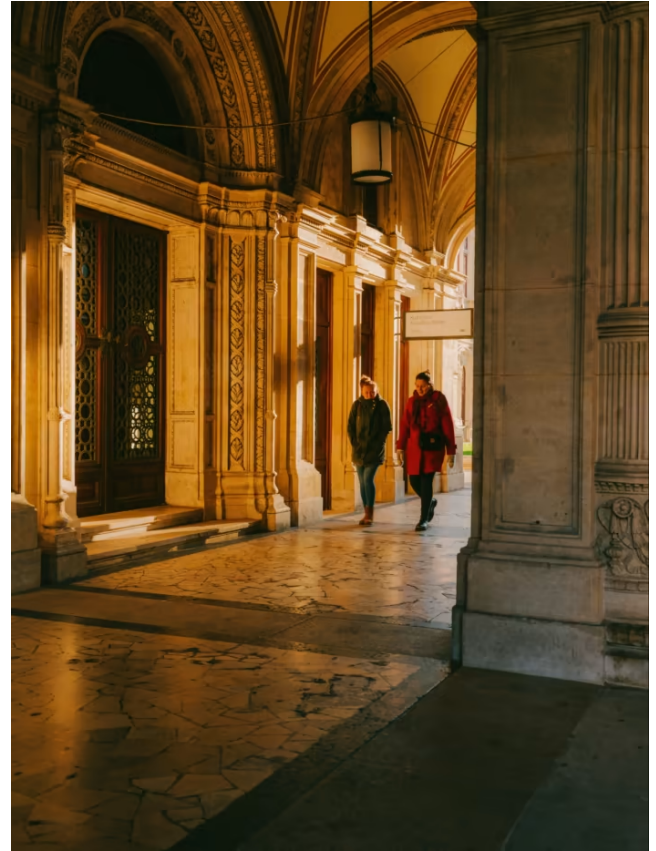
Along with Denmark and France, Austria has the highest top personal income tax rates in Europe, so someone earning more than €90,000 pays 50 per cent tax.

But they get a lot in return. With cities such as London and New York becoming unaffordable to anyone but the wealthy, is there much to be learnt from the Viennese model?

I moved to Vienna from London last summer and marvelled at how my annual public transport pass costs €365, one euro a day. In contrast, an annual travelcard for inner London (zones 1-3) costs more than £1,800 — about £5 per day. I was also struck by how many cultural events I could attend for free, from talks by leading writers and thinkers to open-air cinemas.



A view from the terrace of the Albertina Museum overlooking the Burggarten park to the Hofburg, part of the former imperial palace of the Habsburg dynasty



Vienna's rich layers of architecture include the cobbled streets of the old medieval centre through late 19th-century Art Nouveau and Viennese Modernism

“Culture is in the DNA of Vienna, but we invest a lot of money trying to make it accessible. Nobody is excluded on the grounds of wealth,” says Veronica Kaup-Hasler, the city’s minister for culture and science, who had a career in theatre before entering politics. She proudly explains how welfare recipients are entitled to apply for opera tickets. During the pandemic she inaugurated a free outdoor music festival that now takes place for six weeks every summer in city squares, council estates and old people’s homes. When I mention how many good independent cinemas there are in Vienna compared with London, she says the city subsidises those too.

But the thing that really surprised me when I moved here was how reasonable the rents are compared with London, New York and most other European capitals. The reason for this is Vienna City Council’s radical social housing policy. It is the largest property owner in Europe. Some 60 per cent of the population live in high-quality subsidised housing, including middle-class families and young professionals. Unlike London, nurses, teachers and public servants can afford to live in the centre.

Competition for rental homes in London is now at an all-time high. According to Rightmove, the average monthly rental price in London is now £2,343, a rise of 16 per cent in the past year. The average rent in Manhattan is now over \$5,200 a month, up 19 per cent.

In Vienna, the wide availability of subsidised housing has moderated rents in the private sector — the average monthly price for a 60 sq m flat in the city is €767, according to the Mietspiegel rental index for 2022, with social rents significantly lower. Added to that, tenants have high levels of protection against rent rises and evictions. Having a comfortable and affordable roof over your head is critical to a sense of security and happiness — and, some economists have argued, productivity. Across London, average rent accounts for nearly 40 per cent of a renter's gross salary.

To understand Vienna's housing policy, you need to go back to the end of the first world war and the birth of Austria. The Habsburg empire had collapsed, and Vienna went overnight from being a wealthy imperial city to an overcrowded capital of a small country. With huge numbers of displaced people, a quarter of its population was homeless. Some built makeshift shacks in the woods, where they froze in the bitter winter cold.

“Vienna was a dying city,” explains historian Wolfgang Maderthaner. “Dying financially but also people were dying of disease including TB, which was so common they called it the Viennese disease.”

Then, exactly 100 years ago, in 1923, Vienna City Council, run by the Social Democrat party, took the innovative decision to build 25,000 units of subsidised public housing for the poor, financed by new taxes on land, rents and luxury goods.

“They taxed champagne, brothels, fine dining, horseracing, cars,” says Maderthaner, after explaining that the establishment of a new federal constitution under the First Republic made Vienna into an autonomous province. This was critical. Vienna was able to raise its own taxes and, in doing so, the capital became a socialist bastion in a conservative, Catholic country. Apart from seven years under Nazi rule, it remains so.







From the 1920s, the city insisted on flats being well insulated and ventilated and tenants having access to gyms and swimming pools, including the fabulous Amalienbad, Art Deco public baths

One of the early housing estates to be built was Karl-Marx-Hof, which is still in remarkable condition. The city spends a lot of money [maintaining its public buildings](#), and it shows. The Red Vienna Museum leads tours of the estate twice a week.

“The idea was to build housing that was affordable, hygienic and beautiful. They believed that the right to beauty should not just belong to the rich,” says historian and curator Julia Schranz, our guide. To that end, the city hired the greatest architects of the day and installed plenty of public art. The left referred to it as a Versailles for the Workers, while the right complained the proletariat would feel uncomfortable in such grandeur.

I can’t think of another city where public housing is a visitor attraction. But in Vienna tourists flock to the [Hundertwasserhaus](#), a wacky, multicoloured social housing complex covered in mosaics and plants. Almost every new development is subject to an architectural competition, which means there’s a variety of aesthetics instead of the grey, Brutalist concrete blocks that blight so many European cities.

“Vienna City Council puts a lot of effort into avoiding ghettos and building mixed communities,” says the architect and writer Maik Novotny, who has chronicled the differences between public housing policy in London and Vienna. There isn’t the huge divide that there is in Britain between homeowners and people who live on estates. “Social housing is not stigmatised in Vienna. People are proud of it,” he says.

Ever since Margaret Thatcher introduced the Right to Buy policy in 1980, which allowed tenants to buy their own council homes, Britain’s supply of affordable housing has been in decline. Today, about 20 per cent of London’s population lives in some form of subsidised housing, according to official data, compared with 60 per cent in Vienna.

As far back as the 1920s, healthy living has been a pillar of Vienna’s housing policy. It would be hard to imagine a child in Vienna dying of exposure to black mould like two-year-old Awaab Ishak did in Rochdale last month. The city insisted on flats being well insulated and ventilated and tenants having access to gyms and swimming pools, including the fabulous Amalienbad, an Art Deco public baths.

One of the newest social housing developments in Vienna even has swimming pools on the roofs for residents. Under legislation passed since the millennium, 50 per cent of all new developments must be green spaces.



Vienna's coffee-house culture thrives at the Café Museum: designed by Adolf Loos in 1899, it was a hub for artists



'City of spies', city of ties

The mayor, Michael Ludwig, likes to draw a direct line between his administration and that of his radical forefathers in the 1920s. But this overlooks Vienna's long dark period from the mid 1930s, when the Nazis took over, until the end of the cold war. Many of its best creatives and intellectuals were Jewish. The loss of so many architects, scientists and musicians had a major impact.

Added to that, in 1945, Vienna became a frontier city between east and west, just 50km from the Iron Curtain, cut off from its age-old trading routes in central Europe and the Balkans. It became the city of Graham Greene's *The Third Man*, a place for espionage and intrigue but that didn't bring wealth. The tax base shrank and so did the population. The old stayed; the young left.

The novelist Daniel Kehlmann, who grew up here before moving to Berlin, told me today's Vienna is unrecognisable from his childhood, when it was grey, monocultural, depressing, with no nightlife. Two historical turning points brought changes: the fall of the Berlin Wall and Austria joining the EU in 1995.

Reconnected to the countries of its former empire, Vienna prospered, immigrants arrived from the east and the Balkans, and the city started building houses again. It is now one of the largest, fastest-growing cities in the EU, with a young and diverse population.



Given Vienna's high levels of immigration, tension between Austrians and migrants over housing is relatively low — despite the odd remonstrance by the far right at election time. Contrast that with the constant drip of British tabloid press stories about immigrants jumping the queue for council flats. The former deputy mayor, Maria Vassilakou, herself an immigrant from Greece, believes there are historical reasons for this lack of tension: “For hundreds of years Vienna was the centre of a multi-ethnic empire.”

But as the population grows, private sector rents have risen significantly over the past decade. With land prices going up, there are concerns that the city won't be able to construct enough social housing to satisfy future demand.

“Many parts of the historic city which used to house migrants are now gentrifying. Private developers are renovating these old buildings and selling them to owner-occupiers,” says Vassilakou. But she believes that if Vienna city hall continues to have “an active land policy”, requiring developments of more than 150 units to have two-thirds subsidised housing, it can maintain social equity.





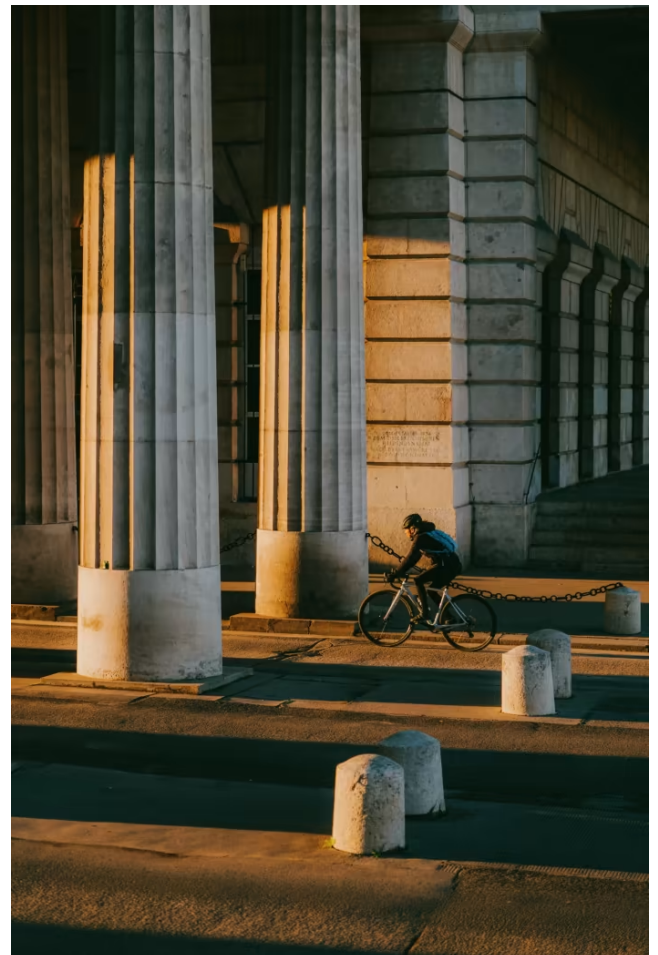
Karl-Marx-Hof, one of Vienna's early housing estates, still in remarkable condition

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There are several types of social housing in Vienna. *Gemeindebau* are council flats owned by the city and allocated through a points-based system. Co-operatives are non-profit housing associations in which residents buy shares. Subsidised apartments are built by public-private development corporations with money invested by the city. Most of these are built on brownfield sites.

There are currently three major developments, two on the grounds of former railway stations in the centre and the third, Seestadt Aspern, is built on a disused airfield on the outskirts. I'm taken on a tour by Ingrid Spörk, who works for Seestadt Aspern Development Company, a public-private partnership set up to build what is effectively a pedestrianised new town constructed around a man-made lake.

Construction of Seestadt (city by the lake) began several years ago and is still going on. An underground line was built first and more than 8,000 people have already moved in. Most of the residents are young families attracted by the low rents and multiple facilities for children. Spörk proudly tells me that an estimated 1,000 babies have been born here so far. Walking and cycling are encouraged through bike lanes and pedestrian boulevards. There is no gas in the development. Energy comes from a mix of renewables and geothermal sources.





Someone earning more than €90,000 in Vienna pays 50 per cent tax but they get a lot in return in terms of culture, infrastructure and housing

If this all sounds like urban perfection, international workers don't always find it so. A recent worldwide survey of 12,000 expats found Vienna to be the most "unfriendly" city in the world. New arrivals expecting the instant superficial ease of Americans or the warm gregariousness of Italians and Greeks should bear in mind that Viennese society is reserved and quite serious. Its currency has long been ideas.

To get another perspective, I take a guided walk through the city with a fellow Londoner who is married to an Austrian and made Vienna his home 12 years ago. Eugene Quinn is an urbanist, lecturer and DJ who organises walking tours with titles such as Smart Vienna and Ugly Vienna. He believes there is much to admire about modern Vienna but he's not starry-eyed.

"Vienna isn't cool or edgy like London. Have a loud party late at night and your neighbours will call the police," he says, "but liveability is not about cool. It's about enjoying an easy life for you and your family. Most people live in flats, they don't have gardens. They place much more importance on public space."

Is it unfriendly? I ask. He pauses. "Viennese are not good at small talk but they're good at big talk" — preferably over a slice of cake in a beautiful Jugendstil coffee house.

*Kirsty Lang is a journalist and broadcaster*



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