

10 Housing in Vienna

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10.1 Introduction: History and Topography

Without some consideration of the historical development of the 20th century it is almost impossible to understand the Viennese metropolitan housing sector. (A short historical outline in English can be found on the web pages of the municipality of Vienna; see <http://www.wien.gv.at/english/history>). Both World Wars led to significant interruptions in the housing situation and are therefore important time points for structuring the development.

The end of World War I brought about the end of the Hapsburg Empire. The monarchy was broken up in a number of small national states. One among them, the Republic of Austria, inherited the capital of the empire, Vienna. This was not only a natural refugium for the German speaking population all over the monarchy but seemed also attractive for a great number of other parts of the population like intellectuals or artists being lured by the chances of a centre. Thus Vienna faced an influx of people which had to be coped with. On the other hand some members of the bureaucracy were induced to join the newly established states. Although the stock of houses was not damaged as during World War II the effects of the war threw the housing market into disequilibrium (cf. Türr 1933). Rent increases reduced the supply of affordable apartments and created excess demand for the cheaper segment of the market dominating the housing situation. Policy in Vienna reacted with two measures both of historical dimension: rent control and so-called ‘Sozialer Wohnbau’ (public housing) which was a programme to offer people housing directly by the municipal authority (For a European comparison see Zimmermann 1997). Both policy instruments are still in use today.

Since the building activities were an activity of the socialist dominated municipality they were stopped after 1933 and during the Nazi-regime which interrupted the socialist dominance in Vienna. Economic depression especially the high unemployment was countered by other construction projects.

In the final weeks of World War II the housing stock in Vienna was heavily damaged, 20 per cent of the housing stock partly or completely destroyed. Nearly 87,000 flats were in ruins and uninhabitable. Together with a wave of refugees from the Eastern countries again huge excess demand characterised the housing situation. It was not surprising that the policy instruments having been in use some forty years earlier again seemed to provide a promising cure for the looming problems. Like Berlin Vienna was divided by the allied occupation forces in four zones. This was not enhancing a fast and regionally equal reconstruction of the housing stock. One new policy instrument, however, was created. This was a system of subsidies which have dominated the decades after the war like the continuation of rent control. This approach to housing established a dominating influence of administrative and hence political forces on the housing sectors. Public means were channelled into organisations and enterprises themselves closely affiliated with political parties. Continuous excess demand forced people to try the offer of these organisations because otherwise the rationing would prohibit them from finding an apartment. The political parties, the in Vienna dominating socialist party and the conservative party were able to get a firm grip on their electorate.

For quite some time now there are cautious attempts to get rid of the inherited market distortions. The excessive use of deficit spending constrains further budget deficits and thus the room for providing public housing and high subsidies shrinks. In addition to these constraints doubts started to loom about the adequacy of housing policies in reaching the proclaimed goals whether they themselves make sense or not.¹

With a little simplification Vienna in its present appearance can be viewed as a system of three concentric circles cut by a chord, the Danube, in two parts roughly in the relation 2:1. The smaller part consists of former suburbs north of the Danube. The first district being the centre, the districts two to nine the medium circle, and the districts 10 to 23 comprising the outer circle. The area of 415 km² is inhabited by a population of 1.6 million people. The enlargement took place in several steps but the manifestation of the development of the last 150 years still shapes the present Viennese metropolitan housing sector.

In the middle of the 19th century Vienna was still surrounded by a city wall as it used to be in a medieval town. By incorporating suburbs both area and population of Vienna started to grow (see Table 10.1 and Fig. 10.1).² The largest population of slightly more than 2 million people was counted 1910. Because of the incorporation of the suburbs population density decreased. This effect was dramatic between 1938 and 1951 whereas since 1961 both area and population densities are almost constant (Fig. 10.2).

¹ See Bingley and Walker (2001), Best (1996) and Currie and Yelowitz (2000) for some interesting theoretical discussions.

² Source of all data is 'Statistik Austria' except when otherwise stated. A list of Viennese districts and a map of the town is given in the Appendix.