

Building a Housing System That Lasts

How a century of political choices created a lasting public investment in housing

Lessons from Vienna: Building a Housing System That Lasts

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By Michelle Starratt, Director, Alameda County Housing and Community Development

Today Vienna builds 7,500 homes every year, plans land use and housing decisions decades ahead, and houses 85% of residents in some sort of publicly supported housing. This remarkable system was not built overnight; it took generations, mass political movements, sustained public investment, and a commitment to treating housing as a public responsibility.

That system has also changed substantially over time. While the foundations were established in the early 20th century, the laws and institutions that govern housing in Vienna have continued to evolve substantially, with a particularly significant reformation in the late 1970s and 1980s.

Vienna's success is not simply the product of choices made a century ago. Successive generations built on earlier investments and adapted to changing circumstances. Rather than lament California's lack of foresight decades ago, we should look for lessons about what we can do now.

The Beginning: Red Vienna and the Social Democratic Movement

Vienna's modern housing story begins in 1919, after World War I and the collapse of the Austro-Hungarian Empire. An influx of families created a housing crisis. Thousands lived in overcrowded apartments without running water or adequate sanitation, and over 60,000 people were homeless.

Across Europe, labor movements and social democratic parties were gaining power, organizing to improve living conditions, expand healthcare and education, and reduce inequality.

In 1919, Vienna elected a Social Democratic municipal government, ushering in the period known as Red Vienna which would last until 1934.

The new government viewed housing, education, healthcare, and other essential services as not simply private commodities, but necessary public investment to ensure the well-being of the community.

In 1922, Vienna became its own federal state within Austria, gaining greater authority to introduce progressive taxes, including a dedicated housing construction tax and taxes on luxury consumption.

The City then launched an ambitious municipal housing program, constructing approximately 60,000 to 65,000 apartments between 1923 and 1934.

These apartment buildings were designed to not just house people but improve their everyday lives by including childcare facilities, communal laundries, libraries, healthcare facilities, courtyards, and recreational spaces.

The government was building communities, not just housing units.

Perhaps most importantly, the city retained ownership of all of this housing. Instead of converting to market-rate housing or being sold, the public's investment became permanent public assets.

The Interruption: Political Upheaval and World War II

Red Vienna's original housing program came to an abrupt end in 1934, when Austria's authoritarian government suppressed the Social Democratic movement and eliminated Vienna's political autonomy. The national government soon abolished the original housing construction tax and ended the ambitious municipal construction program.

In 1938, Nazi Germany annexed Austria, further solidifying authoritarian rule and beginning the persecution, dispossession, and murder of Jews and other minorities.

Much of Red Vienna's municipal housing remained publicly owned through the war. With democracy restored in 1945, Vienna resumed construction under Social Democratic leadership and expanded its public housing portfolio.

The postwar period also brought a broader national commitment to housing. Austria developed housing subsidies, financing mechanisms, and institutions that supported both public housing and limited-profit housing providers.

The Modern Housing System: Laws Established in the 1970s and 1980s

Although the underlying principles date back more than a century, several of the most important laws governing today's housing system were adopted or substantially revised approximately 40 to 50 years ago.

Three are particularly significant.

Austria's Limited-Profit Housing Act (1979): established the national framework governing limited-profit housing associations. Although these organizations have much older historical roots, the 1979 legislation consolidated and modernized their regulation.

Unlike conventional private developers, limited-profit housing associations operate under rules that limit distributions to owners, regulate rents based on costs, require reinvestment, and subject the organizations to financial oversight. This model regulates what happens to financial value generated over time, surplus funds and accumulated resources remain tied to the housing mission.

The Austrian Tenancy Act (1981): reorganized and updated rent regulation and tenant protections dating back to World War I. Protections vary by housing type, but predictable rents, enforceable rights, and protections against displacement support stability.

Vienna's Housing Promotion and Rehabilitation Act (1989): established the framework for Vienna's modern housing subsidy and rehabilitation programs. The law provides the basis for financing new subsidized housing, improving existing buildings, and supporting the long-term quality of the city's housing stock.

Together, these laws helped institutionalize the principles established during Red Vienna. Housing affordability was supported by the city constructing and owning apartments as well as a broader system of regulated housing providers, public financing, tenant protections, and long-term investment.

Financing Housing as an Ongoing Public Responsibility

A key part of Red Vienna's success providing housing was the recognition that a substantial public housing program required a permanent source of revenue. While the original version of this housing construction tax was abolished in 1934, the principle of sustained public investment remained.

Today, Vienna collects a 1.5% payroll-based housing promotion contribution, with payment split equally between employers and employees. This creates approximately \$700 million a

year, every year, to house a population of 2.2 million people in a geographic area that is roughly about 25% of the size of Alameda County.

While this payroll tax is a large part of the City's housing support funding, housing in Vienna is further supported by other public revenues, loan repayments, and rental income. These funds support the construction of approximately 7,500 new units each and every year.

The larger lesson is consistent investment. Reliable resources enable Vienna to plan long term, retain professional expertise, and invest through political and economic fluctuations.

Instead of treating housing like an emergency that needs a one time fix, Vienna invests in housing continuously as a part of its essential infrastructure.

This ongoing investment ensures Vienna can construct housing even in the face of rising construction costs, private market pressures, a growing population, and the growing challenges of climate change and sustainability.

While Vienna has not eliminated every housing problem, its ongoing commitment to housing as a core part of its social services has enabled the City to make substantial and consistent progress.

What Can California and the Bay Area Learn from This History?

California's affordable housing system has also evolved over decades. We have created sophisticated financing tools, a network of nonprofit developers, tenant protections, and substantial public investment programs.

Yet our system relies on individual projects, competitive funding cycles, and time-limited revenues. Each project requires a labor-intensive assemblage of financing, restrictions, land, and builders. When funding expires, even completed projects can face uncertainty, forcing another scramble for support.

Vienna's history suggests a different approach.

Its success is not attributable to one law, one tax, or even one political movement. It comes from building a system in which each generation can benefit from and expand upon the investments of the generations that came before it.

There are meaningful differences between Vienna and Alameda County, particularly in our governmental structures, taxation systems, and the division of authority among local, state, and federal governments. We cannot simply import Vienna's housing system into California, ***but we can learn from the choices that created it.***

- We can establish more predictable sources of housing revenue.

- We can preserve public land and publicly financed housing as long-term community assets.
- We can strengthen the institutions responsible for housing production and stewardship.
- We can coordinate housing investments with transportation, infrastructure, and community development.

Perhaps most importantly, we can begin evaluating our housing policies not simply by the number of units they produce today, but by the housing system they will leave for future generations.

Building for the Next Hundred Years

When we talk about Red Vienna, it is easy to focus on the remarkable accomplishments of the 1920s. But I think the more important story is what happened afterward.

The original political movement was interrupted, its dedicated housing tax was abolished, and a world war devastated the city. Yet, the public housing assets and the underlying commitment to housing survived.

After the war, Vienna rebuilt and expanded its housing system. In the decades that followed, Austria and Vienna established new laws, financing mechanisms, and institutions that strengthened that system. They remained committed to housing people, to creating a housing system, and to investing in the future.

To replicate Vienna's successes, we do not need to create a perfect housing system all at once. Instead, we can make housing a core part of our government's responsibility, as Vienna did, and recommit to those values with each new generation.

The greatest lesson from Vienna may be that successful housing policy is not simply about what we build. It is about what we preserve, the institutions we establish, and the public commitments we are willing to sustain over generations.

That is the challenge—and the opportunity—for those of us working to address California's housing crisis today.

This is part of "Lessons from Vienna", a series of reflections from my participation in the Global Policy Leadership Academy's Vienna Social Housing Field Study and what Vienna's experience might teach us as we think about the future of housing in Alameda County. For more information: <https://gpla.co/vienna-social-housing-field-study/>