



Speech by Dr. Michael Ludwig, Mayor and Governor of Vienna

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(Check against delivery!)

"Housing for the Common Good: The Vienna Model as an inspiration for the EU Affordable Housing Plan"

Dear Ladies and Gentlemen! Dear friends of Vienna House!

I am delighted to welcome you all here today to the Vienna House, the official representation of the City of Vienna in Brussels. The issue of **affordable housing** is one of the **key policy areas** and one of the most important challenges of our time, and it is now high on the European Union's agenda. I am in Brussels today and tomorrow to discuss the current state of affairs in a number of meetings; after all, our Vienna model is repeatedly highlighted as a positive example in reports and statements, which of course makes me proud as mayor. I am also president of the Austrian Association of Cities and Towns and hold regular exchanges with the mayors of many large European municipalities. I recently welcomed my **Parisian counterpart Anne Hidalgo** to Vienna, who has managed to curb short-term tourist rentals. And there is unanimous consensus: rising rents and living costs are a **key issue for the future of European cities, which are home to more than 300 million people.**

I will structure **my remarks today around three points**. First, I would like to explain why **Vienna has been advocating at European level for many years for social, affordable, and sustainable housing**, for a policy that can be described as "**housing for the common good**." Here, I will

discuss the fundamental proposals and recommendations that we have developed over many years of cooperation and exchange with other actors involved in public, welfare-oriented housing policy. I will then **address the current issues** that concern all of us, because fortunately, a lot has happened since the last European Parliament elections, and I will try to **highlight some of the solutions we have developed in Vienna and their potential for European housing policy**. Thirdly, I would like to give you a deeper insight into the work of the City of Vienna in this area – we have just seen the film about the **Vienna model** – and I hope to have an exciting exchange with you afterwards.

1. Vienna's long-standing commitment to affordable housing in Europe

First, I would like to explain the rationale for our **long-standing commitment to social and affordable housing in Europe**. We have always been aware that housing is a clear competence of the Member States, and in Austria – and more recently here in our host country Belgium – even of the regions. The EU can only create framework conditions that make it easier for cities, regions, and countries to provide social, sustainable, and affordable housing. As the City of Vienna, we have therefore repeatedly and actively advocated for **solutions at the EU level** that, first, implement the **fundamental right to housing**, second, comply with the **principle of subsidiarity**, and third, ensure **long-term, sustainable investment** in new construction and renovation.

The approximately **150 visitor groups and numerous journalists who come to Vienna every year** to learn from our model, the many conferences and projects in which our employees participate to learn from each other and develop ideas, are not only a sign of recognition for our solutions. They were and are also a **mandate for us to act as "honest brokers" to promote a model, indeed a system, in other cities, countries, and at the European level, which we have known for over 100 years to work**.

When I initiated **the first resolution by mayors of large cities 13 years ago**, while still serving as City Councilor for Housing in Vienna, together with the then Mayor of Vienna, Michael Häupl, it was driven by precisely this spirit of solidarity that brings me here again today. Since then, we have repeatedly advocated for **housing to be recognized as a universal fundamental right** and for it to be enshrined in the many initiatives at the EU level. We have collaborated on EU projects such as "Smarter Together," which exemplify the holistic approach we take to **embedding housing policy in sustainable, socially balanced, and economically sensible urban development**.

We were therefore **delighted to coordinate the Housing Partnership within the EU Urban Agenda together with Slovakia from 2016 to 2018**. The result was a catalog of recommendations that not only proposed better legal and financial conditions for more social and affordable housing, but also, and above all, something that has been taking place again since 2022: an institutional debate at the member state level. In the meantime, we have had three informal meetings of EU housing ministers—after a break of almost 10 years! I am proud that this partnership is now **considered one of the most successful**, because its **results** have not only been taken up by the **European Parliament, the Committee of the Regions, and the European Economic and Social Committee**, but it has also laid the essential foundations for the solutions being discussed in Brussels today.

Ahead of the **2024 European elections**, I myself once again **joined forces** with Commissioner Nicolas Schmit and our then Vice-President of the EP, Evelyn Regner, together with our partners from regional, city, and municipal associations, social partners, the non-profit housing sector, tenants' associations, and the social economy, many of whom I am pleased to welcome here today, that the **EU institutions must give even greater priority to the issue of social and affordable housing** in the future. The central demand was that the **EU must protect its citizens from crisis-prone and speculative developments in the housing markets and shape its housing policy solutions in the interests of the common good**.

I am convinced that **European solutions are only possible with the strong involvement of cities and municipalities** and the large community for social, public, cooperative, affordable housing in Europe. This will apply not only to current initiatives and ongoing calls for evidence, consultations, and implementation dialogues, but even more so to the upcoming EU budget, the new EU financial architecture, and investment conditions for the public sector.

If there is interest, we **are ready to continue contributing our expertise, for example in sustainable financing instruments** such as the frequently mentioned "revolving funds," to **facilitate and expand the EU's instruments, especially those of the EIB, for investments in social, municipal, and non-profit housing projects.**

I am **pleased to see that a lot has happened in the meantime**: many of the proposals we made and the analyses that have since been carried out have been taken up, and, as we are all aware, the issue is now on the agenda of all EU institutions.

2. The role of the EU in facilitating good housing policy in Europe's regions and cities

I now come to the **second part of my remarks**. The question is: what options does the EU have for tackling the housing crisis? How can public and private investment in affordable housing in Europe be better promoted? And above all: how can the Vienna model serve as inspiration and a role model in this regard? For the first time, the EU has a Commissioner for Housing, Dan Jørgensen, who will soon be presenting a proposal for a **European plan for affordable housing**. As you all know, and as representatives here today can confirm, a dedicated "**Housing Task Force**" has been set up within the Commission to prepare this plan, which is due to be presented in December, and to establish a "Pan-European Investment Platform" for the promotion of affordable housing construction with the European Investment Bank.

The **European Parliament**, for its part, has set up a **special committee on the housing crisis** in the European Union, which can count on the support of Andreas Schieder, Member of the

European Parliament for Vienna, a proven expert from Austria. The committee visited Vienna in the summer, and I have been told that most of the participants in this trip were very impressed. Unfortunately, little of the 'Viennese spirit' seems to have found its way into the rapporteur's first draft, which is regrettable.

Finally, the **European Council** took up the issue and held its first high-level discussions on it here in Brussels a few days ago. The next **informal meeting of EU housing ministers will take place in May 2026**, and I would like to take this opportunity to call for the **involvement of European associations of cities and regions, as well as key stakeholders such as social partners, the non-profit housing sector and tenants' associations**, in order to ensure a comprehensive debate.

We are working on all these activities, and you are working with us and contributing your ideas. The momentum on this issue has never been greater. This is a **significant step forward! For the first time, the housing crisis is being recognized as a European problem and tackled jointly**. Now it is important to breathe life into this common European housing policy. And at this point, I would like to bring Vienna's successful model of social and affordable housing into the debate.

The **range of topics that the EU is now setting for us is broad**, ranging from **state aid law and investment opportunities for public and private providers to problems in the construction industry**. It covers **new construction and renovation, securing land for social and affordable housing, vacant properties and the conversion of buildings into affordable housing**, and, last but not least, regulations on **short-term rentals** and measures against **speculation on housing**.

While construction activity for social and affordable housing has declined massively throughout Europe since the global financial crisis of 2008, Vienna has always ensured that construction activity remains high. At this point, I would like to recall the former Vienna City Councillor for Housing and later Federal Chancellor Werner Faymann, who, between 1994 and

2007, promoted the construction of apartments through housing subsidies, in line with the motto 'Create affordable housing'. Tens of thousands of apartments were built in Wienerberg City and Gasometer City, for example. This was a **milestone in the recent history of housing construction in Vienna**. And, incidentally, a great example of how **buildings that originally served other purposes can be used for affordable housing**, a topic that is also being discussed intensively here in Brussels. Construction activity therefore remains high in Vienna even in difficult times: **around 14,500 subsidized housing units are currently in the planning or construction phase**. With the 2024+ housing construction offensive launched last year, **an additional 6,100 housing units are being put on track**.

Two key reasons for the decline in public investment in social and affordable housing can be traced back to European regulations, which could unlock potential in this area: **state aid law** and the question of **how long-term public investment is reflected in the European Semester**. For many years, we have been pointing out that the regulations on services of general economic interest in relation to housing have **three fundamental design flaws**: firstly, they **contradict the principle of subsidiarity**, according to which the Member States, and not the European Commission, have the authority to define social and affordable housing. Secondly, they have led to – I can only describe it as – attacks by institutional investors on housing governance systems in various Member States, thereby creating **legal uncertainty**. And thirdly, the result has been that **potential investments have not been made**. I hope that the upcoming revision of state aid law will bring clarity here, especially in terms of leaving the power of definition to those who know the subject best – the Member States and their regions and municipalities. I will therefore **seek talks with the responsible Vice-President of the European Commission, Teresa Ribera**, on this matter. On the question of **how public investment should now be viewed in the European Semester**, I would also like to make one thing clear: we believe that at a time when defense spending is now possible outside the strict deficit criteria, which I support, it is also necessary to send a **clear signal to the citizens of Europe that spending on internal**

security, social cohesion and housing should be counted as investment rather than debt. Otherwise, we will be playing into the hands of populists and anti-Europeans.

Land for residential construction is another issue at EU level. In Vienna, we have long been taking a forward-looking approach to ensuring that the necessary land is available for social and affordable housing. Since 2019, there has been a **zoning category for 'subsidized housing'**. Wherever land is converted into residential areas, two-thirds is now earmarked for subsidized housing, thus preventing speculation. The **basic costs in subsidized housing are expressly limited by housing subsidy law to €188 per square meter of above-ground gross floor space**. This basic cost limit is frozen for the duration of the subsidy (40 years) and the flats cannot be rented out or sold at a profit. The **City of Vienna is listed in the land register for the flats** built on the land and must give its consent in the event of a sale. If the flat is sold, it must be done in such a way that the buyer cannot make a speculative profit.

Speaking of speculation and market distortion: short-term tourist rentals are taking affordable housing off the market in many cities; the EU has already responded to this issue. In Vienna, the regulations governing **short-term rentals** have been consistently developed further, and short-term rentals are **only possible under certain conditions**. Access to data from the enforcement of the local tax will facilitate the implementation of the regulation in the future. Anyone advertising on platforms such as Airbnb in Vienna may only do so for a maximum of 90 days per year. Beyond this period, in addition to the consent of all apartment owners, an exemption permit is required, which is only granted under certain conditions.

According to the latest OECD data, women, older citizens and young people are suffering most from the housing crisis across Europe. In Vienna, we have chosen to ensure that every second subsidized flat is now built as a so-called **SMART flat**. These are particularly affordable to rent and are tailored to **young families, couples, single parents and singles**. The financing costs are capped at €60 per square meter and the gross rents are capped at €7.50 per square

meter. We have also created our **own municipal housing project for single parents** and, as part of our housing allocation programme, provide rapid assistance to single mothers, as well as **women and children who have been victims of domestic violence**. Between 2020 and 2024, 4,000 flats were allocated to single parents. We are also proud to have been implementing the principles of everyday, gender-equitable planning for many years in the design of public spaces, entire residential complexes and even flat layouts, such as in the 'Frauenwerkstatt 1+2' projects or in Lakeside Aspern, an urban development area in north-east Vienna where all streets and squares are named after women.

Although around 30 per cent of people in Europe live in rented accommodation, **tenants often have very little legal protection**. This is also different in Vienna: we have clear tenant protection regulations, **most tenancy agreements** – naturally in the municipal and cooperative sectors and in large parts of the private rental market – **are open-ended**, and, last but not least, rents are regulated by law. There is therefore no single market price, as is often assumed in the debate on affordability, but rather different markets and prices.

What sets Vienna and Austria, as well as some other EU countries, apart from many others is the limited- and non-profit sector of housing associations and cooperatives. Often, there is only either home ownership or renting, and social housing leads to stigmatization and shame. This is something that cannot happen in Vienna, where a quarter of the population lives in municipal housing and almost as many in the non-profit sector.

3. The Vienna model of social and affordable housing

In the **third and final part of my presentation**, I would like to give you a deeper insight into the Vienna model. What makes the Vienna model so special is the fact that social housing has a **tradition dating back more than 100 years**, as we saw in the film. During the **Red Vienna period** in particular, from 1923 until the abolition of democracy in 1934, the city built a total of **61,175 flats in 348 residential complexes and 5,227 flats in 42 housing estates** as part of two

major housing programmes, **spread across the entire city. You can even find a municipal housing estate behind St. Stephen's Cathedral!**

At that time, the 'housing tax' laid the **foundation for a financing system** that still exists today in the form of the so-called **housing subsidy contribution, which is paid in equal parts by employees and employers** and enables the continuous financing of subsidized housing. Particularly important – and this should **serve as a model for financing instruments at EU level** – is the earmarking of funds and, above all, the obligation to reinvest profits in the system. Once tax money has been used, it remains in the housing sector and, not least, provides relief for the public budget. With **220,000 municipal flats and a further 200,000 subsidized units**, Vienna now has a **unique structure** that guarantees social diversity, security and a high quality of life. This model makes us the **largest municipal housing company** in Europe and an international **role model for socially, ecologically and economically sustainable urban development.**

Of course, Vienna has faced and continues to face **challenges**, as we have seen during the pandemic, the energy crisis and rising inflation. However, our system allows us to take swift and effective measures, such as rent controls or targeted support for people in difficult situations. What's more, our city is growing dynamically: since the end of last year, **Vienna has once again had two million inhabitants**. This makes our city the fifth largest in the EU after Berlin, Madrid, Rome and Paris, and the second largest in the German-speaking world.

To ensure that housing remains affordable in light of these developments, we are implementing a whole **range of measures that have both long-term and short-term effects**. This has **enabled us to create additional affordable housing in Vienna even in times of high interest rates**, i.e. **we have invested countercyclically**. We have a housing budget of around €500 million per year and, with the instrument of interest-free state loans, **a stable system for promoting limited- and non-profit, cooperative housing developers.**

This is because **the limited-profit and cooperative sector plays a decisive role in the success of the Vienna model**: while in the private/commercial sector any rent controls expire at the end of the subsidy period (if these were applied), **non-profit housing ensures that flats remain affordable for the entire duration of the lease**. In addition, the latest data shows that the **non-profit sector is decarbonizing faster than the private housing market** due to its business model, which requires all profits to be reinvested, whereas in the private sector, profits are not reinvested in the building fabric or in greater energy efficiency. With a market share of 40 per cent in the rental housing sector and 17 per cent in the housing stock, according to a 2023 study, **non-profit housing associations have a significant price-dampening influence on the entire Vienna housing market**. In addition, we are implementing **accompanying measures to ensure the quality of existing housing**. The **Renovation and Decarbonization Ordinance** generated an investment volume of €230 million in its first year alone.

We have been **building new municipal housing again since 2017**. Sixteen new municipal buildings have already been occupied. Construction has already begun on the 25th municipal building. Another 1,500 new municipal flats are to be built over the next five years. These meet the same high standards as subsidized housing. The rents are affordable, and **tenants do not have to pay a deposit or estate agent's fee, nor do they have to provide any funds of their own**. They can also stay in the flats indefinitely.

To **ensure that sufficient affordable and sustainable living space is available in the future**, we have set new priorities in the 2023 amendment to the **building regulations** in terms of **sustainable energy supply, unsealing, mobility and short-term rentals**. Our goal is for Vienna to become climate-neutral by 2040. For example, **geothermal probes** are to be made possible without requiring building permits. We are extending the **solar obligation** by eliminating exemptions. We are **redefining landscaping so that two-thirds of the area remains completely unsealed and features ground-based greening and planting**.

Dear ladies and gentlemen, all these measures together **ensure that housing in Vienna will remain affordable in the future.**

I am delighted to see that the **concept of limited-profit housing based on the Austrian model** is becoming increasingly prevalent in European and international debates on solving the housing crisis under the title 'Housing for the Common Good'. I am aware that many believe that the **Viennese model cannot be just copy-pasted**, as it has been in existence for over 100 years and that rapid measures are now needed to tackle the current crisis. However, it is not 'rocket science'; it just **takes the will to shape the markets, not just fix them**, as Mariana Mazzucato once so aptly put it. With the **right governance, the Vienna model can be implemented, at least its principles, and certainly many of its instruments, I am convinced of that.**

Lastly, it is regularly recommended by the Organisation for Economic Co-operation and Development (OECD) as a **model for other cities and countries**. I am therefore **delighted that our expertise has met with such keen interest on your part. In future, European housing policy must serve the common good to a greater extent – this is good for people, for the economy and for the planet.**

With this in mind, I would like to thank you for your interest and look forward to our exchange.