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RESEARCH ARTICLE

Grounding urban governance on housing affordability: a conceptual framework for policy analysis. Insights from Vienna.

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ABSTRACT: Growing and attractive cities, such as Vienna, globally face housing crises. Urban land rent (inflated by the huge housing demand in attractive areas and the consequent housing shortage) is transferred to housing prices and results in increasingly unaffordable and inaccessible cities. Housing affordability is a critical factor for enjoying the use value of housing and the broader set of values associated with cities. To assure urban agglomerations' inclusiveness and spatial justice, urban governance should be "grounded" on affordability by redistributing land rent and keeping housing prices hooked on income levels. However, the relation between urban land rent and housing affordability is rarely connected in Housing studies. Furthermore, it is often neglected by urban governors, generally competing to increase housing prices and attract investments. This article contributes to fill this policy/research gap and offers new conceptual avenues for the analysis of urban housing affordability governance. A theoretical basis and a coherent analytical framework for policy analysis are empirically applied in a case study of the city of Vienna, focusing on affordable rental housing. Based on peculiarities—of history, political stability, and a solid welfare system—the Viennese case offers relevant insights for disentangling the complex network of policies and institutions that ground urban growth on affordability.

KEYWORDS:

Housing affordability; Policy analysis; Urban land rent; Urban governance; Vienna

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1. Introduction

In the pressing context of a global urban housing affordability crisis (Wetzstein, 2017), this article proposes a conceptual framework for a multidimensional policy analysis of urban housing affordability. Borrowing concepts from the foundational economy (especially that of grounded city) and spatial justice, this article aims at: creating new theoretical ground for “urban” housing affordability and connecting it with urban land rent, filling a historical gap in Housing studies; developing a coherent framework, offering new conceptual avenues for the analysis of urban housing affordability governance; disentangling the complex network of policies and institutions that ground urban growth on affordability in the city of Vienna. Though affordability is crucial in all tenures, the empirical part of this contribution—coherently with the specificity of the Viennese case—focuses exclusively on affordability of the rental sector.

The dichotomy between the market and use value of housing—reflecting its double nature of exchangeable and commodified good and asset *versus* that of social infrastructure—has become increasingly apparent in today’s dynamic global cities. Most cities worldwide have observed a substantial growth in real estate values after the 1980s, but some global and growing cities saw a veritable explosion in housing prices. In attractive cities, expectations of future return and virtually unlimited demand have made land and housing attractive assets for short- and long-term financial investment, driving up land and housing prices to unaffordable levels (Aalbers, 2016). Housing price growth predominantly depends on the appreciation of the underlying land assets, which ranges from 40% to over 77% of the total depending on countries as showed by a recent study conducted in 14 advanced countries (Knoll, Schularick, and Steger, 2017). Thus, it must be linked to the inherently urban and locational character of housing.

This means that the “value” of the city—what in Urban Economics is referred to as *urban land rent*, or the monetary counterpart of the advantages of urban locations (Camagni, 2016)—, is transferred to housing prices. Then, however, property owners, developers, and usually financial actors “extract” this value from inhabitants’ incomes in what could be called a strategy of “value grabbing” through housing prices (Andreucci, García-Lamarca, Wedekind, and Swyngedouw, 2017). This is reflected in increasing affordability problems that are sharpened by intensified income inequalities, as acknowledged by many scholars (see among others: Bramley 1994; Yates 2008; Albouy, Ehrlich, and Liu, 2016; Rohe 2017; Wetzstein 2017). These trends have contributed to creating the conditions for the emerging “global urban housing affordability crisis”, as described in Wetzstein’s frequently cited article (2017), meaning that low- and middle-income groups are increasingly unable to afford decent housing in cities and are facing the risk of expulsion.

The theme of housing affordability has indeed gained new relevance in the academic debate, especially from such urban perspective. Some scholars have gone beyond some traditional issues (e.g., affordability and poverty; rent-to-income *vs* residual-income approaches) to analytically explore and problematize in a “fresh” way the increasingly urban dimensions and implications of housing affordability and adopting an explicit focus on “urban housing affordability” (hereafter, UHA). According to Haffner and Hulse (2021, 65): «if housing affordability was seen primarily in the twentieth century as a social policy issue centering on the relationships between housing, non-housing expenditures and income poverty, the aftermath of the GFC (2009 onwards) has seen revival of discussions about housing affordability as a consequence of house price and rent increases and urban restructuring». Though not being clearly defined by these authors, UHA emerges as a reconceptualization of housing affordability that explores the primarily urban and spatial character of housing affordability, its dependence on major capitalist urban dynamics and its devolution to the local level. Shifting attention to UHA also means acknowledging that, in the neoliberal era: housing issues have been de-politicized and increasingly devolved down from the state to the market (Aalbers, 2016) and, to local (urban) governance (Kazepov, 2010); coherently with a new entrepreneurial role of public management, the urban dimension of

the affordability crisis has not been a primary target of urban governors, which have focused more on inflating housing prices and competing in capital attraction (Harvey, 1989). Due to these trends, cities have experienced unprecedented trajectories of increasing inequalities and polarization (Kazepov, 2005) and challenging issues of spatial justice (Soja, 2010) that are deeply connected to UHA.

Moreover, due to State retrenchment, cities are increasingly at the centers of new local welfare arrangements (Kazepov, 2010). Coherently, increasing attention is going to local—instead of national—housing regimes (Hoekstra, 2020). In this sense, the degree of freedom of urban governors in tackling UHA and their concrete local policy instruments should be investigated. In her book *The Just City* (2010), Susan Fainstein argues that within a capitalist political economy and national and supranational constraints (e.g. funding, welfare systems), urban governors still have some power—and therefore responsibility—for assuring justice, which she understands in terms of equity, democracy and diversity in processes and outcomes of city making decisions. In furtherance of equity, Fainstein includes the theme of affordability arguing that «[a]ll new housing development should provide units for households with incomes below the median [...] with the goal of providing a decent home and suitable living environment for everyone» and “housing units developed to be affordable should perpetually remain in the affordable housing pool or be subject to one-for-one replacement» (Fainstein, 2010, 172). I agree with Fainstein that urban governors have some power but, I argue, to shape concrete and just public action: 1) there should be a clear and accepted definition of what is “affordable housing” that is connected to the broader issue of UHA; 2) UHA is not only the outcome of market and housing policies but of rather a more complex set of interdependent policies. In this sense, understanding the role of local governors in tackling UHA needs new conceptual avenues and frameworks of analysis.

Within this framework, Wetzstein (2017, 9) calls for politicized knowledge production dedicated to «achieving affordable futures for all» and proposes a research agenda for addressing the knowledge gap between policy making and the outcomes of policies concerning UHA. He presents five possible entry points to this broad challenge. This article responds to this call by addressing specifically the fifth point on «(affordable) housing policy development and implementation», which invites reflections «on the nature of housing policy trajectories in-between path-dependence and innovation» (Wetzstein, 2017, 9). Reflections that are empirically concerned with «tracing policy transfer and best practice patterns globally, internationally and nationally including the identification of the main forces, key resources, network architectures and resulting effects on affordable housing policies» and identifying «opportunities for new models to spread (e.g., German tenancy law, Vienna and Singapore housing models)» (Wetzstein, 2017, table 2). Part of the research agenda proposed by Wetzstein on UHA regards then opening the black box of specific “model” housing regimes, such as that of Vienna, to both problematize UHA and propose pathways for policies, tightly linking research to the elaboration of policy proposals. I consider the analysis of concrete examples helpful in disentangling UHA complexity and shedding light over policy instruments of urban governance.

This article embraces this articulated research agenda by attempting to fill some of the highlighted gaps. Specifically, the article aims at: providing new theoretical ground for UHA that encompasses its multiple dimensions and scales and addresses the under-investigated relation with urban land rent dynamics (Bricocoli and Salento, 2019); providing a coherent analytical framework for the analysis of UHA governance, addressing how different policy domains and their interrelations and interactions shape housing affordability outcomes and to providing new ways to conceptualize this complexity (Wetzstein, 2017); using the framework to disentangle the complex network of policies and institutions that ground urban growth on affordability in the city of Vienna and expanding the knowledge on concrete policies to provide more affordable and just cities (Fainstein, 2010; Wetzstein, 2017).

The article is organized as follows. Section 1 introduces the methodology and research design. In section 2, the article theoretically reflects on UHA and highlights the relation between urban land rent and

(un)affordability—the presence *or not* of affordable housing for the whole population and especially low- and middle-income citizens in a housing system—and its relevance for the literature on Housing studies and spatial justice. Section 3 and 4 bring public policies into the picture: in section 3, the article develops a conceptual framework for analyzing urban governance of UHA; in section 4, the framework is applied to the Viennese housing system (identified as a “model” by Wetzstein among others) to disentangle its policy mix to provide rental housing affordability and highlight its achievements and limits. Finally, in section 5 the article discusses the relevance of the conceptual framework for the debate on UHA and to the emerging concept of “affordable city”, and addresses some elements of reflection about the peculiarity of the Viennese model.

1. Methodology

The article adopts a mainly deductive research method and comprises three steps. The first step, in section 2 and 3.1, consists of building new theoretical and conceptual ground for UHA that challenges inadequate conceptions of affordability in Housing studies. It relies on the scientific basis offered by urban economics and on the normative and critical assumptions of the foundational economy—and the related grounded city concept—and of spatial justice, first analyzing market outcomes (section 2) and then bringing public policies into the picture (section 3.1). The second step, in section 3.2, consists of building a theory-driven framework for the analysis and development of policies addressing UHA in urban governance. The framework is influenced by the literature on institutions and public policy analysis and aims at opening the black box of urban governance from the perspective of UHA. It is based on the application of two concepts: that of housing system, as «a typically vague but convenient shorthand expression to encompass the full range of inter-relationships between all of the actors (individual and corporate), housing units and institutions involved in the production, consumption and regulation of housing» (Bourne, 1981, 26); the concept of local housing regime, or «the configuration of actors and institutions that is responsible for the provision, regulation, allocation, and consumption of housing in a particular administrative entity (a city or a region)» (Hoekstra, 2020, 79), that here I use as interchangeable with urban housing governance. The third step, in section 4, is the empirical application of the conceptual framework to the city of Vienna (mainly focusing on rental affordability) aimed at providing insights on an institutional system that is regarded as a model in concretely influencing affordability outcomes. The framework is intended to be generally applicable with proper adjustments to any governance system, and its relevance and applicability are discussed in the final section.

2. New theoretical and conceptual ground for urban housing affordability

This section focuses on theory building, proposing a reconceptualization of UHA and investigating the relation between urban land rent and housing (un)affordability. This relation, lesser investigated in Housing studies, proves crucial in determining urban and spatial justice, and the distribution of the value of the city. Moreover, it is tensed in growing and attractive cities, giving shape to unjust geographies of (un)affordability.

Cities are typically regarded as engines of economic growth, producing large parts of the national GDP figures and being the centers of employment and opportunities, the foremost producers of knowledge and innovation, and hubs of a globalizing world economy, especially for real estate. However, urban areas could also be interpreted as “public goods” (Artle, 1973) since they benefit from tangible and intangible assets and values—of agglomeration, proximity, accessibility, to mention some—that are collectively generated and turn into individually exploited values. According to Camagni (2016, unpaginated) «a city is a great collective good created through investments and decisions both public and private. It produces collective advantages—externalities of various kinds that enhance the well-being of citizens and the efficiency of production activities.

Therefore, the economic value of a city's individual parts—places or urban spaces—is not determined by individual action, but by collective action external to the individual actor».

The capacity of benefitting from the collectively generated value of cities also depends on inherently urban and spatial factors and accessing decent and well-located housing is undoubtedly one of those. Housing has a value of use as an element of satisfaction of certain modern housing principles (Tosi, 1994)—e.g., privacy, comfort, hospitality. But “dwelling” in a particular place has also a value because it creates the opportunity to access specific urban amenities and economies, often capitalized by the market. In this sense, housing has two conflicting natures: firstly, that of foundational infrastructure of everyday life (see further in this section) with a use value also related to its location; secondly, that of an exchangeable good with a market value that depends on its quantity and quality but also on the specific urban location, reflected in the urban land rent. According to an early interpretation by Marx, «it is the ground-rent, and not the house, which forms the actual object of building speculation» (Marx 1894, Vol. III Part VI, Chapt. 46). This assumption is still relevant since, as shown by Knoll *et al.* (2017), the steep surge observed in housing prices since the 1980s is mostly due to skyrocketing land prices.

Urban land is an essential resource—spatially fixed and scarce—for the production and consumption of housing. Additionally, accessibility to good spatial externalities—such as access to jobs, services, amenities, social interaction—makes accessible land (and housing) even more scarce, determining extremely uneven geographies of land and housing prices¹. The housing market is mostly shaped by the land market and therefore by urban land rent. The underlying costs of location—and therefore, of the value of the city—is being transferred to housing prices and charged to the inhabitants. Among others, Camagni (2016) has concentrated on urban land rent as a key factor for the distribution of the value of the city among different actors and users: in market-oriented urban development, land rent appears in development gains and, without specific regulation or taxes, it is generally appropriated by developers or landowners and transferred into housing prices. With this argument, Camagni stresses on its redistribution according to more equal principles.

In market economies, housing is mainly allocated through the market. Having a certain income (or assets) is thus critical to access specific housing in accessible locations and thereby the corresponding urban values: given a certain distribution of urban land rent (transferred to housing prices), the opportunities of localization are therefore generally determined by both income and the share of it that one decides and is able to allocate to housing. This entangles a relation between urban land rent and housing outcomes, particularly housing (un)affordability, that can become tensed in particular situations—such as with growth, attractiveness and housing shortage—and determine unjust urban geographies of housing (un)affordability.

Generally speaking, housing affordability links the housing situation of households (such as tenure, adequacy, distress, exclusion) to their economic situation (such as income, savings, access to credit, debt) (Anacker, 2019). Moreover, housing affordability has a double nature: on one side, it is an *analytical indicator* and part of the housing outcomes, a «set of indicators that describe the housing situation in a particular area» (Hoekstra, 2020, 80); on the other, it is a *policy framework* related to social and political assumption, such as the right to (afford) housing somewhere specifically (Whitehead, 1991). In both its natures, when it comes to translating the notion into metrics, housing affordability becomes contestable. A review of academic and grey literature (Peverini, 2019) found five main metrics according to which housing is affordable: 1) when prices and rents are below the market price of a particular share, usually 20-30% (*below market*); 2) when they are the mere sums of the production costs (*cost rent*); 3) for a specific household, when the share of its disposable income spent on housing is below a certain share (*cost to income*); 4) for a specific household, when the

¹ It is worth mentioning that there is a whole debate about the forms of the city and their impact on housing, transportation, services, etc. This debate, highly relevant to housing affordability, is beyond the focus of this paper.

residual income after housing costs is above a minimum (*minimum residual income*); 5) for a specific household, in a specific place, when the share of its disposable income spent on housing and transportation is below a certain share (*housing+transportation*). All of those are useful conceptualizations, but while the last one is explicitly spatial, the other need to be contextualized and spatialized to become effective in UHA. Further attempts to combine the dimension of supply and demand in a particular context (usually a city) can be made by measuring the quantity of housing that is affordable for certain incomes (*housing accessibility*, see Sendi, 2014) or linking affordability to different spatial variables (*location affordability*). These attempts, which also inspire this article, are coherent to the “spatial turn” in social sciences (Soja, 2010) and to new conceptualizations of housing affordability as an urban problem (Wetzstein, 2017).

Usually, urban policies condense UHA in merely “affordable housing”, a segment of the housing stock—either intermediate between “social housing” and full market housing (as in Czischke and van Bortel, 2018), or also comprising the social housing segment (as in Urban Agenda for the EU, 2018)—that is within the responsibility of housing policies. Building on the above-described reflections, I propose a different approach, arguing that UHA should not only be intended as a mere part of the supply (which and how much housing is affordable?), but rather as a multidimensional outcome produced by the housing market and the local housing regime (see section 3). Operationally, I propose to consider UHA as an assessment of the capacity (or not) of the broad range of individuals and households (with different socio-economic conditions) to access and maintain housing within a housing system, with good quality and in accessible locations, paying a fair share of income for housing expenses and having enough left to live a decent life. On the other hand, unaffordability triggers housing exclusion, conditions of poverty (residual income poverty, commuting poverty, energy poverty, etc.) and spatial injustice (segregation, gentrification, etc.). In this sense, UHA especially refers to the conditions of access to the housing supply for households in certain socio-economic conditions (and especially low- and middle-income households) in an urban housing system and to the social and spatial consequences of the geographies of affordability².

In fact, the costs of accessing housing in the market usually includes the capitalization of urban land rent, so the commodification of land and housing—as opposed to their socialization—is a critical factor in determining (un)affordability outcomes. In a situation of commodified land and housing, the geography of urban land rent determines the possible spatial geographies of affordability: households settle where housing costs represent an affordable share of the income or, if able, spend more than the affordable share to access better locations but potentially affecting the residual income and therefore their living conditions³. This means, typically, that low-income households are spatially filtered away from the most valuable parts of cities, or have to spend a substantial part of their income on housing to access them. In other words, there is a powerful intrinsic relation between UHA and urban land rent that is inherently urban and spatial and UHA can be considered a measure of the capacity for a broad range of people to benefit from and enjoy the value of the city. This unveils the role of public policies and local housing regimes on influencing the geography of UHA as a central element in the (re)distribution of the value that a city generates. Additionally, it opens a reflection about different strategies to operationalize this redistribution, such as through securing low-income households access to more valuable locations with affordable housing provision or through improving living conditions in less valuable locations. This paper does not reflect on this point and, while considering both strategies valuable, concentrates the analytical efforts on the first one.

² One concrete example is the “nurse index” adopted to measure housing affordability and accessibility of Norwegian cities. It measures the number of dwellings in an urban market that would be potentially affordable with a nurse’s salary, which is close to the average median national one (see Cavicchia, 2019).

³ In this sense, (un)affordability does not totally determine the behaviors in the process of settling down, there is some preference and choice involved. The final outcome can be interpreted in the relation suggested by Soja (2010: 55) between “geographies of choice and geographies of privilege”.

Finally, stressing the spatial dimension—as Soja reminds—should not overshadow the dimension of time (and history). The description made until now is rather ‘static’, while there are also dynamic factors to consider. The value of land and housing change over time mostly because of change in urban land rent, often connected to general or local economic phenomena but also reflecting the value generated by urban agglomerations. As showed in the pioneering work by Neil Smith, ‘rent gaps’ are generated in this process that can be turned into increasing housing prices and cause gentrification (Smith, 1979). In this sense, many cases of urban regeneration can be interpreted as phenomena of filtering up of upper-middle classes that reduce UHA and may cause, when involving existing residential fabric, gentrification, and displacement (see, for example: Annunziata, Lees, 2016). At the same time, incomes can increase or decline, and their distribution can get more or less unequal. In conditions of urban growth and attraction—meaning increased urban land rent—and of stagnating incomes and increased income inequality (which is the case in most Western agglomerations), the geography of UHA is subject to continuous dynamic rearrangements that should be taken into account.

3. A conceptual framework for housing affordability governance

Based on the theoretical structure exposed in section 1, this section brings public policies into the picture and elaborates a conceptual framework for analyzing policies that ground urban governance on UHA.

3.1 Grounding urban governance on urban housing affordability

The relation between UHA and urban land rent is shaped by the market, as in the description of the previous section, but also by public action in many ways and scales. Land and housing are tradable commodities in market economies, but their actual uses and values are shaped by institutional frameworks and public policies at different levels, influencing affordability outcomes. Some policies directly target UHA, either in the supply—e.g. social and affordable housing provision, rent control—or the demand—e.g., income support, housing allowances. Some other influence housing systems’ affordability outcomes indirectly.

“Foundational economy” and “grounded city” are two useful concepts for framing the usefulness of UHA within urban governance without reducing it to a sectorial, decontextualized and a-spatial discourse on “affordable housing”. The foundational economy is the material and providential infrastructure for the everyday life. It involves all the infrastructures, broadly intended, for ensuring decent living conditions and a safe and evolved life to all citizens (The Foundational Economy Collective, 2018). Housing is part of the infrastructure of the foundational economy, consisting both of a *material* (the housing stock) and a *providential* infrastructure (concerning ownership, tenure, regulation). Housing outcomes such as UHA (with housing quality, availability, satisfaction, housing-related capabilities, and tenure security) define the overall quality of the housing infrastructure. From a more urban perspective, the foundational economy is central in what Engelen, Froud, Johal, Salento, and Williams (2017) call the “grounded city”: a way to conceptualize the city not as an engine of growth and capital accumulation but as a space where everybody can collectively and accessibly provide for everyday needs of the foundational economy. In line with the critique of neoliberal urban governance (see Harvey, 1989; Fainstein, 2010), they identify a dichotomy between the mainstream vision of *competitive* cities, interpreted «like firms, as machines that combine inputs to produce outputs while they are engaged in competitive struggle» (Engelen at al., 2017, 408). In their view, real estate asset appreciation and especially housing prices, inflated by urban growth and financialization, act as “accelerators” of a city’s economic growth and simultaneously allow rent extraction to more powerful elites. Instead, they propose the challenging vision of *grounded* city, as «a space where we can collectively and accessibly provide for everyday needs by improving the quantity and quality of foundational goods and services» (p. 408). To

realize good urban governance, they propose to shift the emphasis from competitiveness and real estate indicators to «a dashboard of tangible welfare indicators (like social housing new builds and housing waiting lists) as a part of a policy reset and a new language for thinking about good cities, which invokes values like security, robustness, protection and inclusion» (pp. 417-418). The grounded city is then based on the foundational economy infrastructure, that acts as a “stabilizer” since «the welfare of the city population always depends on reasonably priced access to goods like decent housing and utility support» and «on a broad distribution of affordable foundational necessities of decent quality» (p. 417). However, in an age of austerity cities face difficulties in meeting this provision, while real estate development (dependent on growing land values and real estate prices) is intended as the only way for municipalities to keep the flywheel of internal revenues for overheads. So, «growing and successful cities often generate unequal access to foundational goods instead of providing every resident with a minimum standard that is good enough» (p. 418). Housing has a specific role in determining how much a city is competitive or grounded, and can be both an accelerator or a stabilizer of growth, depending on the prevalence of, respectively, the market value or the use value (Bricocoli and Salento, 2019). UHA then, connecting local incomes and the local housing supply, could be considered a “stabilizer” of growth, a tangible indicator of how “grounded” a city is on its socio-economic conditions and, allowing low- and middle-income citizens to afford decent housing in good locations, how equally the city is redistributing its collectively produced value. In fact, grounding urban governance on UHA also means affecting urban land rent: Clark (2014) suggests that “good” urban governance involves «making the rent gap theory not true», which means controlling land rent to avoid the exclusion and expulsion of lower-income households. UHA—on a urban housing system characterized by “accelerators” such as certain housing market pressures, demand, population growth and migration flows—should be “stabilized” by the housing regime, a certain governance arrangement that include a mix of policies with the aim of improving affordability outcomes that is described in the next section.

Given these positions, a crucially contemporary issue is to understand viable ways to realize grounded urban governance without relying on the—rather nostalgic and unrealistic—assumption of a reinstalment of traditional welfare state policies in the context of their continuous devolution. Therefore, tackling UHA in this light concretely means looking at the broad spectrum of public action and governance and identifying the main policies that shape the playing field for private or hybrid actors and households and stabilize affordability outcomes (see section 3.2).

3.2 A framework for the analysis of affordability governance

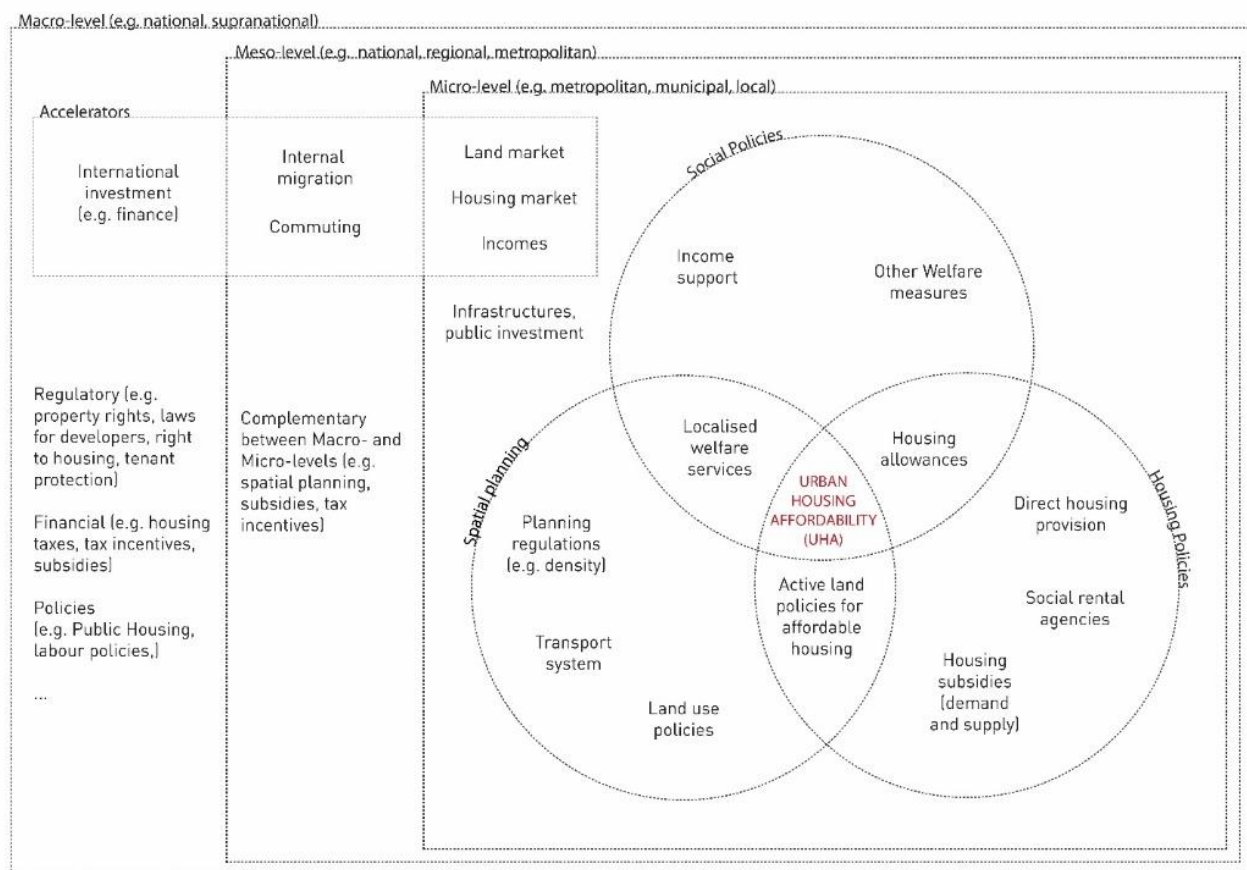
This section, based on the theoretical conceptualization of UHA described in section 2 and on the positions on urban governance exposed in section 3.1, aims at opening the black box of public action’s influence on UHA outcomes, addressing the multiple questions regarding the inherent complexity of urban housing regimes. In Wetzstein’s words (2017: table 2): «how do different policy realms (e.g., land-use, taxation, infrastructure/transport, labor laws, rent regulation, migration policies, financial regulation, construction sectors, welfare, etc.) and their interrelations and interactions shape housing affordability outcomes? How can those complexities be adequately conceptualized?».

Here, I propose an original conceptual and analytical framework of urban housing regimes that target UHA outcomes at the nexus among different policy domains. A similar approach proved fertile for the analysis of local influence on the housing system of the cities of New York and London by Whitehead and Goering (2020), but specifically addressing UHA require a more appropriate analytical model that considers: housing policies, social policies, and spatial planning. The framework is schematized in figure 1.

The housing domain is obviously relevant, comprising policies that affect the level of commodification of the housing system like direct public provision, housing subsidies or rent regulation: these are usually at higher

levels of government (state, region) but local levels have usually some influences. Spatial planning has a crucial role in shaping the spatial dimension of the housing system and dealing with urban land rent through (among others) land use, transportation policies and zoning: this domain is often situated at the level of the municipality but within supra-local legal frameworks. Social policies “fill the gap” of housing policies and planning through measures like income support and welfare services that impact on life quality in relation to households’ residual income. Their position depends on the multilevel arrangements and on the fiscal and political autonomy of the local level. Finally, relevant policies are situated at the intersection of these domains, mainly: active land policies, housing allowances, localized welfare services.

Figure 1—A conceptual framework of stabilizers of affordability in urban governance.



Source: made by the author.

I consider these three domains as the most relevant while other domains could also be considered relevant depending on specificities⁴. All three domains of policies are situated in a multilevel interplay that encompass—depending on system specificities—the micro- (metropolitan, municipal), meso- (national, regional, metropolitan), and macro-level (national, supranational).

⁴ For example, labor policies, though clearly influencing incomes, are deliberately kept out of this framework since they are only partially under the control of the local level, being more often part of the contextual conditions within which a municipality must operate. Despite the emphasis on local governors on job creation in the design of urban policies, the real ability of influencing wages and labor market at the local level is uncertain and rather problematic.

This framework is useful to analyze the urban governance of UHA, concentrating on the role of local welfare in a multilevel system and considering the interplay of different policy domains. The integration in a policy mix is crucial to understand the set of policies that can act complementarily, counterbalancing each other and generating different UHA configurations in different systems. For example: demand-side subsidies (such as housing allowances) or income support can improve the overall affordability level of an otherwise unaffordable housing market, but only for the recipients of the benefits; providing affordable housing to outer locations can affect the transportation system and the local welfare services of the settlement community, generating congestion and negative externalities; allocating public housing dwelling to the poorest families on a cost-to-income basis should make sure that they face affordable housing costs, but could result in an unbearable burden for the public housing provider, if not balanced by adequate financial transfer for maintenance and management. The framework is used in the next section to analyze UHA governance in the case of Vienna, analyzing its various policy domains with a particular focus on active land policies.

4. Case study: housing affordability governance in Vienna

Many acknowledge the results of the Viennese housing policies (e.g., OECD 2020), that allowed to build and maintain one of the biggest public and affordable regulated rental housing systems in the world (altogether over 40% of the total housing stock). The rental sector here is very relevant, comprising over 40% of households in Austria and almost 80% in Vienna, and the analysis will concentrate on rental housing affordability. The theme of housing affordability of the rental sector has historically been at the forefront of the local political debate, and the city has set up a complex and sophisticated policy system (analyzed in section 4.1) with the explicit task to improve affordability levels.

Vienna is a particularly interesting case study since, despite having experienced strong dynamics of demographic growth and real estate acceleration after 1989, it shows comparably good level of rental affordability. Average rents in Vienna are close to half those of London, around 50% less than in Munich or Copenhagen, and slightly lower than those in Rome or Lisbon, where incomes are however significantly lower (Eurostat, 2020). Average rent for a one-bedroom apartment is close or higher than monthly median equivalized income of persons aged 18-24 in most European capitals, while less than half in Vienna (Fondation Abbé Pierre - FEANTSA, 2021, p. 28). Despite being sometimes criticized for excluding specific categories, affordable housing policies are widely acknowledged for being a primary reason of the city's high quality of life for large part of the population, allowing Vienna to reach the first position in many world rankings. It is therefore a highly relevant and fertile field of analysis of affordability policies in action. The following sections develops an empirical analysis of the governance regime of housing affordability in Vienna along the lines of the theoretical and analytical framework exposed in sections 2 and 3, especially deepening the interaction of different policies and the pivotal role of land policies in stabilizing UHA and grounding urban growth.

4.1 Introduction to the case study: Vienna from decline to growth and acceleration

The Viennese housing system has followed a specific path-dependent trajectory (Matznetter, 2002; Lawson, 2010) that is also related to the phases of decline and growth of the city. Vienna has touched its demographic apex at the turn of the 20th Century, being the capital of the Austro-Hungarian empire with around 2,1 million inhabitants. With the end of the empire and the first democratic elections, the city was administratively separated from Lower Austria in 1922 becoming a separate federal state (*Bundesland*), and a rent freeze introduced during the war was the main housing policy. This separation was an important condition for the subsequent fifteen years of socialist local government. In this period, known as “the red Vienna”, the city experienced slight population degrowth and the main effort of housing policy, aimed at improving the critical

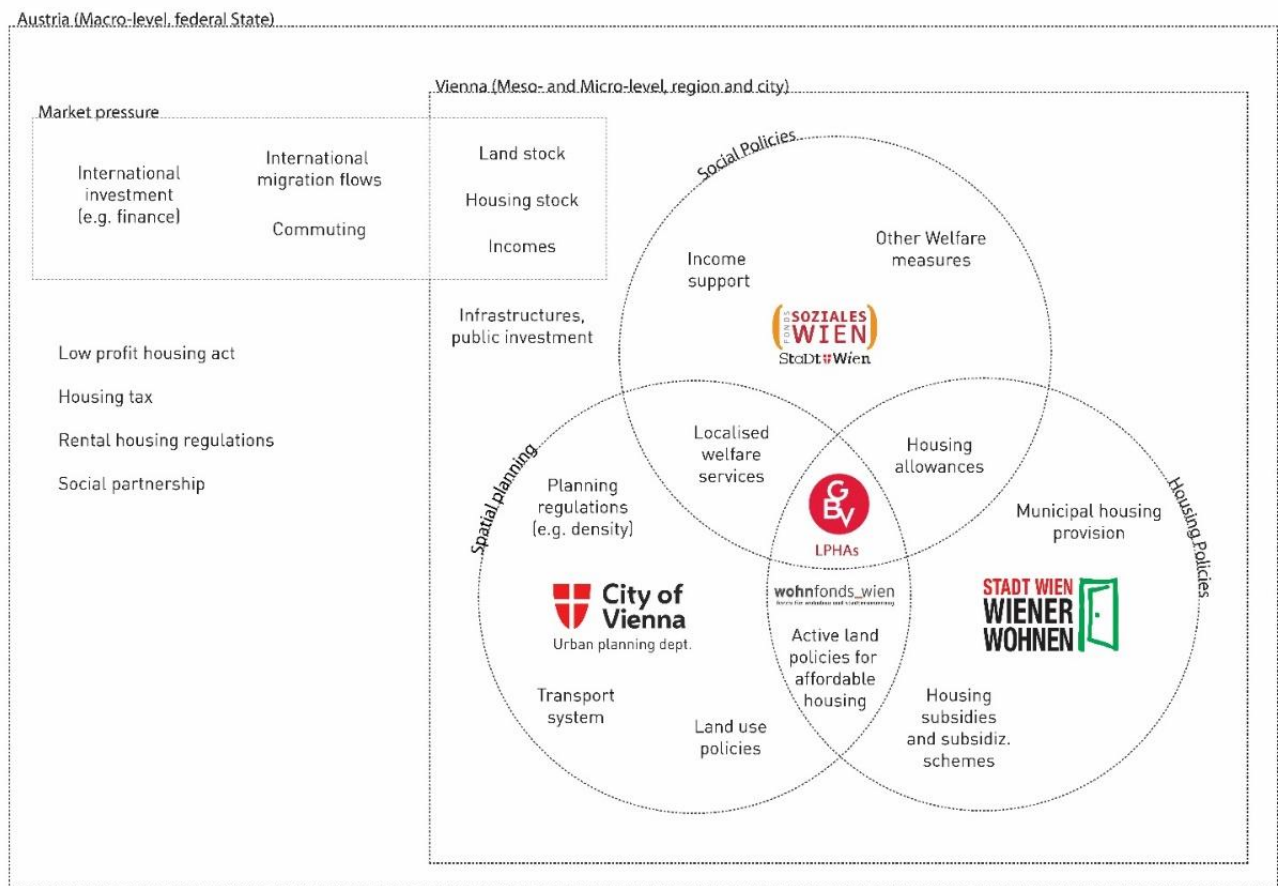
housing conditions of the city's working classes, was the construction of over 60.000 new municipal dwellings (Tafari, 1980). In the turbulent times before and after WWII housing policies became less relevant, and the city experienced further degrowth that stabilized in 1951 at around 1,6 million inhabitants (to remain constant until the beginning of the 1970s). After WWII, urgent reconstruction was the focus of housing policies, with municipal housing still playing a substantial role in the overall housing stock and rent control was gradually lifted during the recovery (Förster, 2020). With the post-war reestablished Austrian Second Republic, the so-called "social partnership" represented the foundations of the new social housing policies, a national pact that included strong intervention by the public in housing welfare and involvement of limited profit housing associations (hereafter, LPHAs)—an institutional evolution of the cooperative housing sector (see section 3.2.1)—to balance lower incomes. Unlikely other welfare systems, housing was (and is) one of the pillars of the Austrian welfare state. Matznetter (2002) spoke of a social housing policy in a conservative welfare state, characterized by a social-insurance-based fragmentation of welfare entitlements, a pro-family bias in welfare provision, and corporatist forms of interest intermediation. A corporatist housing system was established based on political bargaining: subsidized owner-occupation for the interest of the Conservative party and subsidized public and limited profit rental housing in that of the Social-Democrats (Matznetter, 2002). In Vienna, a municipality with the autonomy of a state, the political majority has been firmly held by the social democratic party (*SPÖ*) and policies in the rental sector were much more relevant than elsewhere in the country.

Like many other European cities, after 1970 Vienna started a phase of shrinkage and housing policies shifted to housing and urban renewal with gradually reduced direct public production. However, after the 1980s, following the crisis in former Yugoslavia and the fall of the Iron Curtain, Austria and especially Vienna found themselves in an unexpectedly central position and began to be the destination of new immigration fluxes (Kampschulte, 2006; Novy, Swiatek, and Lengauer, 2013). Since then, the population of Vienna has been rising steadily from around 1,5 million in 1990 to over 1,9 million in 2019 and the predictions have been continuously revised upwards. Such a situation has been causing an unprecedented housing shortage, intertwined with global trends of acceleration of financialization and real estate investment in global cities, that expose housing and land prices to an intense upward pressure. Between 2000 and 2010 land prices rose from 575 to 961€/m² of realized living space (RLS), average rents rose by 37% and average prices reached 4.500 €/m² with exorbitant peaks between 17.000 and 30.000 €/m² for luxury housing in the inner city (Kadi, 2015). After the financial crisis, acceleration of real estate showed a comparable boost to other European global cities. Average land prices reaching in 2015 600€/m² in disinvested areas, 1.200 in good locations and 2.000 in invested areas (Ritt, 2015). Average gross market rents have grown 14% between 2013 and 2017, from 7,7€/m² to almost 9€/m² (Statistik Austria), while market rents in new buildings now range from 12 to 25€/m² (Amann and Mundt, 2018). According to current forecasts the population of Vienna will grow by over 250.000 inhabitants between 2020 and 2040, increasing the pressure on the housing market. Despite these trends of acceleration, considerable measures were put in place to stabilize UHA (see section 4.2).

4.2 The Viennese policy system for housing affordability

This section analyzes the most recent (still active) policies for UHA. It does it according to the framework described in figure 1, analyzing the integrated system of actors and institutions situated in the three policy domains (housing, urban, and social policies) or at their intersection to improve UHA outcomes and stabilize growth. This local housing regime is based on path dependent conditions described in section 4.1 and, continuously adapting, has taken the present shape from the 1980s on. The main actors and policies in each domain of the Viennese housing regime are showed in figure 2 and explained in the following subsections.

Figure 2 - The governance framework of housing affordability in Vienna.



Source: made by the author.

4.2.1 Housing policies

Historically, the primary housing policy measures in Vienna has been municipal housing production and rent control on the private market. By the time, however, both have declined in importance. Rent control has been gradually deregulated at the federal level and today comprises an increasingly limited number of old contracts with an overall much less relevant effect on affordability than in the past (Kadi, 2015). The stock of municipal housing has been mostly produced during the Red Vienna and post-war period, with 200.000 municipal dwellings produced until 1981 and only around 20.000 until 2004 (when direct municipal production ended). This stock, almost never sold and always kept in good conditions, is now managed by the public agency Wiener Wohnen and still constitutes the main social housing policy of the city. It allocates the pepper-potted (figure 3) and well-maintained municipal housing at cost-rents—fairly low but not dependent on incomes, see section 4.2.2—to a broad range of low- and middle-income households, therefore directly stabilizing the housing situation of over 20% of the population. After 1980s, the city slowed down municipal housing production, also due to the impact of austerity measures that accompanied Austrian accession to the European Union, and the municipal stock increasingly residualized though maintaining a comparably high social mix (Friesenecker and Kazepov, 2021). Since then, a significant shift in the city’s housing policies happened, coherently with the one from public housing to the “social market” described by Kemeny (1995): while

decreasing direct production, the city furthered the already relevant “hybridization” of affordable housing production through the strongly controlled mechanism of public-private-partnerships with LPHAs that cater for middle-income households in a vision of unitary rental system (Lawson, 2010). Hybridization means reaching housing objectives through public-private partnerships and private actors such as housing associations, housing cooperatives, and other no- or low-profit third sector actors in an intermediate and partly regulated segment of the housing market (Mullins, Milligan, and Nieboer, 2017). These actors act mainly according to below-market and cost-rent affordability metrics and influence the affordability levels already in market conditions—rents of LPHAs in free-financed operations in Vienna are from 15 to 35% lower than the private unregulated market rents (Amann and Mundt, 2018). The affordability outcomes are increased by the “state-directed” integration into housing policies (especially at the local level) through subsidies and/or land provision (Mullins *et al.*, 2017). In Vienna, hybrid actors are mainly represented by limited profit housing associations (LPHAs) that are united into the umbrella organization GBV (*Österreichischer Verband Gemeinnütziger Bauvereinigungen—Revisionsverband*) and operate within a very restrained and controlled federal legal framework (*Wohnungsgemeinnützigkeitsgesetz*). The framework provides them full exemption from corporate tax in exchange for: 1) restricted business activity and obligation to build; 2) limitation of profits, with return on investments (ROI) statutory capped at 3,5%; 3) asset commitment (equity has to be reinvested in new construction); 4) rent control: rents are calculated based on the costs of construction and maintenance (cost-rent) until repayment of investment and then defined by law (basic rent) afterwards; 5) auditing and compliance rules.

Meanwhile, the municipality kept a protagonist and steering role with subsidies and land policies (see also 4.2.3) and LPHAs can be regarded as a “lengthened arm of housing policy”, working on a social market basis for goals strongly influenced by the public (Amann, 2005, 11). The hybridization of affordable housing production through LPHAs is linked to a system of integrated policies and institutions that are meant to achieve social policy goals even on a market-oriented basis. Housing subsidies (*Wohnbauförderung*) is the most important financial tool. It is a prevalently revolving fund alimented by a housing tax on incomes (*Wohnbausteuer*, since few years administered autonomously by federal states) and distributed in the forms of (mainly) long-term low-interest repayable loans and grants. In this sense, affordable housing is also referred to as *subsidized* housing. According to GBV, a typical financial scheme for LPHAs in Austria would rely for only 30/40% on a bank mortgage loan, while another 30/40% is provided by public subsidies (mostly long-term repayable loans), 10/15% by owned equity, and a small portion of tenant’s contribution in terms of down payment (a quasi-loan by the tenant to the LPHA, paid back when leaving minus 1% yearly interest). Housing subsidies can be regarded as a form of public investment in providing housing as a foundational infrastructure that is economically sustainable and cost-rent affordable. Housing subsidies amounted in Vienna amounted around 533mln€ in 2018 (slightly over half from housing tax and the rest from previous loans’ repayments), of which 300mln€ for subsidized housing construction, 164mln€ for subsidized renovation (also rent controlled for specific durations) and 70mln€ for housing allowances (see 4.2.2).

LPHAs act on this operative framework that is determined by the legal framework at the federal level and by local policies in terms of subsidies (mainly those for new construction) and access to land. The concrete aim of these policies is to create a feasible business model for LPHAs to operate within very restrained conditions and stabilize rent levels through large new construction activity. In Vienna, LPHAs accomplished around 200.000 units and account for about one-third of new housing, a stock that can be considered fairly rent controlled. As a condition for accessing housing subsidies and cheap land (see 4.2.2), LPHAs must comply with statutory rent caps (annually indexed) fixed for different subsidization schemes (Amann and Mundt, 2018) and have a mandate to preserve the dwellings, preventing the commodification of the newly created affordable housing stock. At the time of writing, the statutory net rent cap for regular subsidization models is set at around 5 €/m² per month, which leads to a final rent level of 7,5 or 8,0 €/m² per month including taxes, utilities, and

expenses, very similar to the rent charged in municipal housing and from 30 to 60% lower than market rents (*ibidem*).

4.2.2 Social policies

With “social policies” here I mean policies that impact on affordability without directly supplying or regulating housing (such as income transfers, allowances and localized welfare services). The whole regulated market created through the subsidizations schemes follows a cost-rent affordability criterion, in which final rents are statutorily controlled also by compressing the final costs through a mix of financial support (subsidies) and land policies. Rent levels, even in municipal housing, are charged independently from the households’ incomes. Affordability conditions for lower-income households is then influenced by additional demand-side complementary policies that are here described⁵.

Households, depending on income, can access housing allowances (*Wohnbeihilfe*, managed by MA50, the same department of housing subsidies). This policy can be situated at the intersection between housing and social policies since it is financed by housing subsidies (see section 4.2.1). It is calculated based on reference qualitative standards of square footage (50m² for singles, 70m² for couples and 15 m² for each additional person). The average housing allowances amounts to around 1.500€ per year, with a peak of 67.615 recipients an 100mln€ budget in 2010 that decreased to 49.394 and 74 mln€ in 2019. Moreover, minimum income support (*Mindestsicherung*) by the social department of the municipality (*Fond Soziales Wien*)—based on a national law—to reach the monthly poverty line (of 949,46€ for singles, 712,10€ per person for couples and additional 256,35€ for each child). Parts of these figures are dedicated exclusively to housing costs (up to 237,36€ for singles, 178,02€ per person for couples) and can be subtracted from regular housing allowances. The total amount of income support in Vienna grew from 283mln€ in 2003 (of which 26% for housing) to 690mln€ in 2017 (19% for housing). In 2019, 649mln€ were distributed to 136.467 recipients (18% for housing). Together with minimum income support, the municipality also provides allowances for public transportation, leisure, and education (in the “mobile pass”) and for energy costs. These measures are very relevant for UHA outcomes: if income support for poor households was abolished or diminished, municipal housing would immediately become unaffordable for many lower-income households⁶. Moreover, along with new affordable housing buildings the city provides a set of proximity services at affordable rate, ranging from nursery schools to “mobility points” (where bikes, cargo bikes and cars can be rented when needed). Though not directly supporting incomes, these services alleviate other expenditures, providing higher life quality with the same residual income. Overall, “social policies” play a fundamental part in the policy mix to stabilize urban growth and tackle UHA.

4.2.3 Spatial planning and active land policies

Spatial planning and (at the intersection with housing policies) active land policies also influence land rent and UHA in Vienna. Limiting land prices is crucial to enable affordable housing production and allow the social orientation and hybridization of LPHAs, also since land costs for subsidized housing by law cannot exceed €188/m², which is 3 to 10 times lower than land market prices (Kadi, Vollmer, Stein, 2021).

One main instrument is public land banking. Vienna, like many other Austrian cities, established land funds that act as major publicly backed players in the local private land market. Land banking is a process by which government authorities assemble land for various purposes, primarily housing and infrastructures. In the early versions, mostly consisted of buying greenfield suburban plots at low prices to enable infrastructures and

⁵ Data are extracted by the statistic website of the city of Vienna (accessed 2 august 2021).

⁶ According to Wiener Wohnen, a relevant share of municipal tenants pays a rent that is over 30% of the income.

housing development for present and future needs, control land speculation and eliminate oligopolistic prices. Land banking has strong potential in influencing the relation between land rent and UHA and stabilizing growth. Though public land banking does not eliminate land rent, it allows the public institution to give up (part of) its capitalization to realize public or affordable housing development at below-market prices. It can be considered a strategic tool since acquisitions bring advantages mainly in the future.

In Vienna, strategic land banking has been carried out almost continuously since the period of the Red Vienna, taking advantage of some competitive advantages of the city over the market and practically monopolizing until the 1980s acquisition of greenfield land in new development areas (Amann, 2005: 14). It relied on specific conditions, such as: planning and zoning powers to make coherent acquisition choices; the effects of other policies (such as rent control) and circumstances (such as the collapse of the land market after WWI) which made land cheaper in a certain time (Lawson, 2010). In 1984 the city established the Vienna Land Procurement and Urban Renewal Fund, then renamed Vienna Housing Fund (*Wohnfonds_Wien*, hereafter “the land fund”). It is a non-profit private organization acting in the land market as a socially responsible land developer, subject to direct political control by the city councilor for housing. Land previously banked was transferred to the land fund, that also started performing land banking, or “land procurement” (*Bodenbevorratung*). It has no exclusionary power to purchase but operates in a context of limited competition and close collaboration with spatial planning department (MA18), making cheap land more easily available (Schluder 2005).

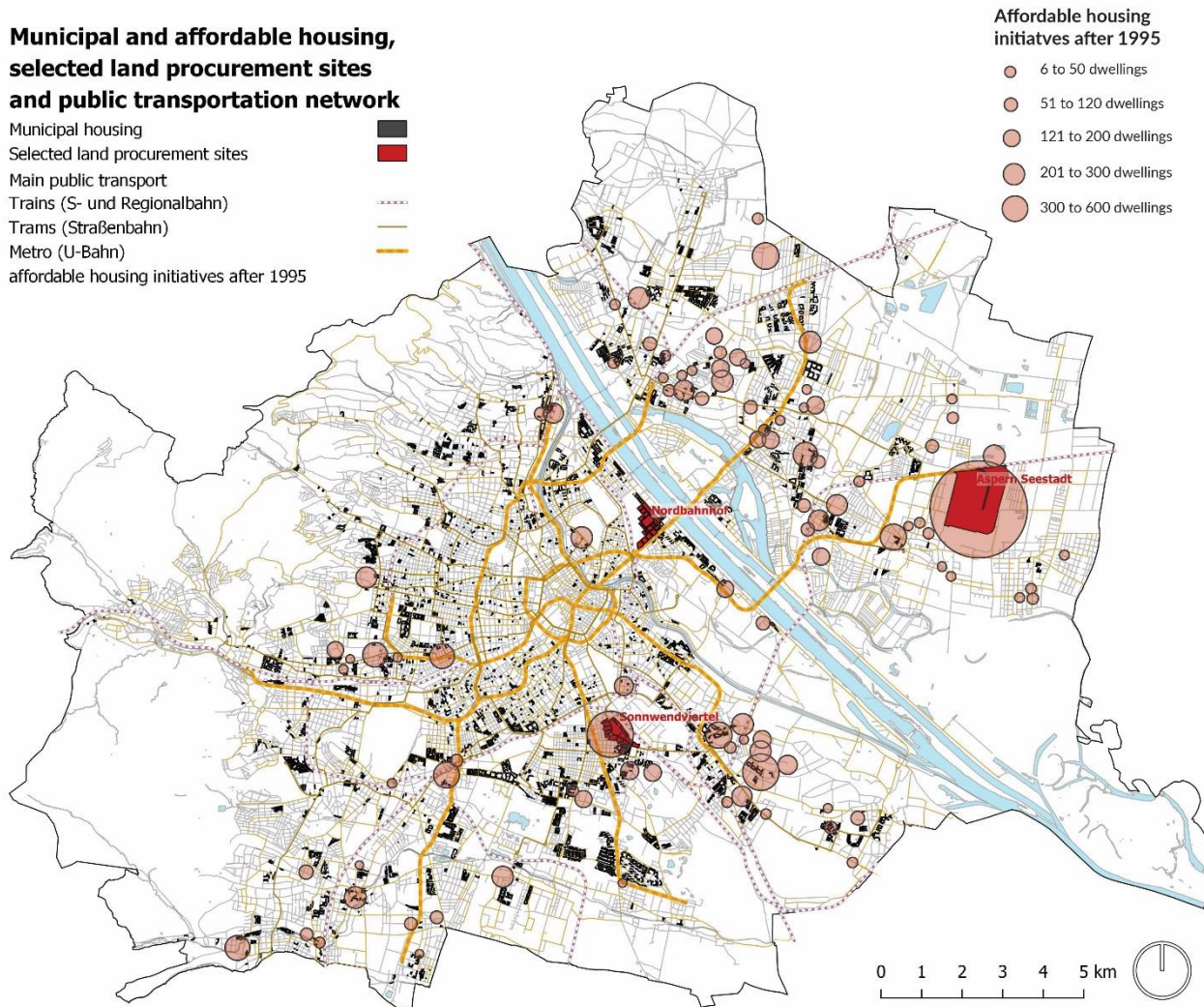
The banked land, coherently with the Urban Development Plan (*Stadtentwicklungsplan*) is connected to infrastructures and to a widespread and efficient public transportation network (Palmer, 2019). Transportation is, in this sense, part of the actions to improve affordability by reducing the residual income, and indeed the yearly public transport ticket is provided at the “political” price of 356€ (1€/day). Land banking gave the municipality of Vienna a decisive power to stabilize UHA when housing speculation could have allowed amazing land rent extraction. At present, the land fund holds around 3,2mln m² (*Wohnfonds_wien*, 2021), acquired by direct transfer from other public agencies or bought upon by the time on the land market and stored for future development.

The land fund does not only bank land. It works as land developer according to expected housing needs and municipally-oriented urban development visions and has a pivotal role in the governance system described in section 4.2.1. Based on master planning, the land fund directly negotiates operational details with the planning department (such as green areas, density, urban forms) and divides developable land in plots that are leased or sold to LPHAs together with subsidies for regulated housing development (Palmer, 2019). Economic parameters are controlled during the development process to balance the publicly established social objectives of housing development and the economic feasibility for the LPHAs, according to the limited-profit housing act and to the subsidy schemes that include detailed rent control (Mundt and Amann, 2018). Additional requirements are introduced, such as income eligibility criteria and direct allocation by the city. Also, since 1995 land is awarded to LPHAs through competitive tenders, or development competitions (*Bauträgerwettbewerbe*), that evaluate architectural and environmental details of the projects together with rental affordability and the provision of social infrastructures. In this way, public control on housing development is present not only on final rent levels and allocation criteria but also on a broader set of city-making issues, including the provision of localized services that accompany housing (see section 4.2.2).

In the last period, acquiring land became more difficult and expensive due to reduced overall available land and increases in land prices. Nevertheless, control over land is considered a crucial instrument in public hands to balance stabilize urban growth and provide UHA. Thus, the city has been very reluctant to sell off land and has continued acquiring strategic green- and brownfield plots in new ways, even if at a slower pace. The most significant example is the dismissed Aspern airport site, acquired by the fund from the federal airport agency and afterwards rezoned according to a masterplan for the new satellite town. *Aspern Seestadt* is expected to

have 20.000 inhabitants and around 10.500 dwellings, the majority of which subsidized at the end of the prolonged metro line U2 (figure 3). Moreover, the city through the fund has been having a protagonist role in the development also of not directly owned land assets, such as the former railway yards owned by the national railway company, ÖBB—e.g. those of *Sonnwendviertel* and *Nordbahnhof*. Here, the zoning was a compromise between market-rate real estate, allowing development gains directed at infrastructural investments, and affordable rental housing comprising from 58% to 74% of the new built stock (figures by GBV). Through these new forms of land procurement, the city has managed to enlarge the affordable housing stock in very central and well-infrastructure locations that form a widespread geography of UHA together with pepper-potted municipal housing and other minor affordable housing developments (figure 3). In 2018 the city has also adopted *inclusionary zoning* in the new urban planning regulation, which became effective in March 2019 and provided the first plot during 2020 (Wohnfonds_wien, 2021). It is a planning rule (zoning category “subsidized housing”) that requires private developers of newly rezoned area over 5.000 m² RLS to set aside “the majority” of units for subsidized housing, then specified in “regularly two thirds”. This new policy is intended as a new instrument for stabilizing the real estate market in a situation of scarce and increasingly more expensive land and therefore of decreasing land procurement activity.

Figure 3 - The governance framework of housing affordability in Vienna.



Source: made by the author on sources provided by the city of Vienna and on Franz, Gruber (2018).

4.3 Discussion: policies and conditions for grounded urban governance in Vienna

Vienna is not immune from the global affordability crisis and has seen significant processes of neo-liberalization and acceleration. However, it is still comparably much more affordable than most global cities and has succeeded in grounding its growth with good levels of UHA (Kadi, 2015; Ritt, 2015; Kadi et al., 2021; Friesenecker and Kadi, 2021). Within the constraints of federal reforms (taxes redistribution, rent regulation, etc.) the city stabilizes urban growth with a complex mix of housing and social policies, spatial planning, and notably active land policies. In this way, UHA is stabilized and grounded on local conditions, assuring that part of the value generated by the city is redistributed to lower income groups.

The effectiveness of the Viennese institutional machine highly depends on conditions of institutional collaboration and, therefore, on political stability and sustainability. If one part failed, the overall system would be affected or need restructuring. Historical political stability at the local level (with the relative autonomy of being a city-state) and the social partnership at the federal level have prevented most attempts to dismantle this system. Nevertheless, the federal government recently introduced measures that could threaten the Viennese system of affordable housing, such as a right to buy for tenants of subsidized dwellings some years after completion. Moreover, increased pressure on the land market is challenging the public land banking scheme and inclusionary zoning had to be introduced in the municipal urban planning regulation in 2018 to keep the machine working. The longer-term outcomes and effectiveness of the introduction of the inclusionary zoning policy will become clearer in the next years while land banking is still the main land policy.

As often argued from many parts, the political sustainability of the Viennese governance system of affordable housing, in times of massive population growth also relies on its capacity to reach a vast part of the society, not limited to the poorest households, and create political consensus. Consequently, the subsidization schemes have targeted a high range of middle-income households overshadowing the more pressing housing need of other more vulnerable groups (especially newcomers and migrants). Additionally, a significant increase of the waiting list for municipal housing happened in the years following the financial crisis, since the stock produced in public-private partnerships is not as affordable as traditional municipal housing (Kadi, 2015; Franz and Gruber, 2018). In Vienna, the municipal and the affordable housing sectors partially overlap on rent levels and on income limits. However, they do not completely overlap in access criteria and tenant contributions, making municipal housing far more suitable for lower incomes than regular subsidized housing⁷.

These are acknowledged by critics as some of the major injustices of the system. Though legitimately blemished for excluding newcomers and overshadowing the poorest ones, this system accommodates in Vienna over 50% of households in the regulated municipal or subsidized and LPHAs housing stock (often with unlimited contracts) meaning that their affordability conditions are stabilized from the ongoing trends of real estate acceleration (Friesenecker and Kazepov, 2021). Moreover, the city has addressed these issues by introducing new policy layering, such as the introduction of *Smart* dwellings and, more recently, the program for 4.000 new municipal housing units launched in 2015, which however represent “a drop in the ocean” in the dynamics of acceleration faced by the city now and in the next years (Kadi et al., 2021).

In Vienna, social policies have the role of filling the gap left by policies on the supply side, by providing direct support in the form of income transfers, housing allowances and proximity services. Moreover, the relevance of income support measures in Vienna has grown significantly in the years following the crisis. To some extent, these are relevant policies for maintaining good affordability outcomes in a housing regime that is based on cost-rent metrics and shall be counted within the stabilizers.

⁷ The municipality has recently introduced additional subsidization schemes (so called “Smart housing”) to address lower income households, but parallelly also enlarged the range of subsidies on the middle class with the housing program launched in 2017 and significantly named *Wohnbauoffensive* (housing offensive), referring to its aim to make a relevant number of new dwellings available in a short time (Amann and Mundt, 2018).

Land policies have proved a central pillar of the Viennese institutional system of affordability governance, with a pivotal role between housing policies and spatial planning in stabilizing housing prices and coordinating public-private partnerships. Strategic land banking was performed by the city of Vienna in times of demographic stability (and of pessimistic trends), proving a convenient and powerful policy to stabilize UHA in times of growth. The vast land banking program was mainly addressing greenfield agricultural land bought before planning gains, which allowed the municipality to buy cheaper land and compress final costs. In the last years, since land availability has decreased and land prices rising steeply, economic feasibility of land procurement pressed to push up density and tenants' contributions, with the result of producing very densely built residential areas and decreasing affordability. Moreover, since available land is not always in line with the other strategic planning directions (such as public transport lines or brownfield redevelopment) housing and urban development sometimes tend to "run after" land banking resulting in a municipally-directed sprawl and contribute to the very bad national performances on soil consumption (Getzner and Kadi, 2020). Additionally, while public housing dwellings are "pepper-potted" all over the city, except for the redevelopments of former railway yards new affordable housing is mostly produced in suburban locations. Against this backdrop, while land banking is still the predominant land policy there are signs of a gradual alignment of the Viennese land policies to more common inclusionary zoning strategy on private developments, though with significantly higher requirements than most other cities. The new zoning rule provided the first land plot for subsidized housing in 2020, which means it is still too early to assess if this will represent a real shift in the Viennese land policies, to which extent and with which consequences.

Notably, UHA and the control of land rent are two faces of the same coin in the Viennese policy system, while politically they are treated in very different ways. As of 2020, affordability (*Leistungsfähigkeit*) is still one of the main political keywords of the municipal administration⁸ and affordable housing production (*Sozialer Wohnbau*) is highly advertised and promoted as tourist attraction. Control of land rent through land banking, essential for affordable housing policies, is instead a rather backstage political and administrative work for motivated civil servants that operate "behind the scenes".

5 Conclusions: policies and conditions for urban housing affordability

Most cities in the world are facing a global urban housing affordability crisis, and there is a need for dedicated and politicized knowledge production for addressing the "policy-outcome" gap in policy making concerning UHA towards "achieving affordable urban futures for all" (Wetzstein, 2017). Affordable housing has become an important claim and policy objective, and literature on housing affordability has been shifting the scale from national social welfare to urban housing affordability (Haffner and Hulse, 2021). With the rising importance of local welfare and national-states withdrawal from housing, local housing regimes are crucial in assuring UHA. This article, mostly focusing on rental affordability, has contributed to the affordability literature by filling some critical gaps in the literature.

In section 2, the article has provided advancements on the theoretical side. Firstly, by framing the city as a place of collectively generated values that is reflected in urban land rent and transferred to housing prices creating unjust geographies of segregation. Secondly, proposing a broader conceptualization of UHA that goes beyond that of *affordable housing* and encompasses multiple dimensions, including the urban and spatial ones. Thirdly, by investigating the relation between UHA and urban land rent and demonstrating its central role in distributing the use value of housing and the broader set of values generated by the city and associated localization.

⁸ It was also an important keyword in the coalition program of the 2020 coalition between the Social Democratic party and the Liberal party.

In section 3, based on the exposed theoretical ground, the article has brought public policies into the picture. Firstly, building on the critique to neoliberal urban governance I embraced the concept of “grounded city”, contributing to it by considering UHA as an important stabilizer of urban acceleration, especially in conditions of growth. Secondly, by developing an original conceptual and analytical framework for policy analysis that considers affordability as the outcome of a mix of housing policies, social policies and spatial planning (and especially of land policies). Policies for the grounded city should not only address the “affordable” segment of the stock but rather maintain a broader vision of UHA, intended a multidimensional outcome of the housing system, and target urban land rent.

In section 4, the developed framework was applied to the relevant case study of Vienna, a city that as faced acceleration dynamics but has succeeded in mitigating (though not preventing completely) the potentially consequent affordability crisis. Vienna is a very relevant concrete case study. However, it must be looked at with proper lenses, to not overshadow the pieces that constitute its policy-machine. The framework proves fertile in opening the black box of the Viennese housing regime, highlighting its main policy instruments, analyzing their characteristics, and offering original and more comprehensive insights of this remarkable case of policies in action. As the case study illustrate, active land policies are especially promising for UHA governance—since they are usually controlled by municipalities while, for example, taxation or rent control are usually not—but do not suffice even when performed extensively: social policies targeting direct support to households’ is very relevant for the inclusion of lower-income households.

Realizing grounded urban governance and tackling UHA without relying on the reinstalment of traditional welfare state means looking at the broad spectrum of public action and governance and identifying the main policies that shape the playing field for private or hybrid actors and households and stabilize affordability outcomes. Vienna has demonstrated the ample possibilities for integrating private action within the policy goals of stabilizing affordability. Learnings from the case of Vienna, though very useful, should however be carefully used. Firstly, because of its path dependency and peculiar history. Secondly, because, as shown, it is a complicated machine that works with carefully designed (and maintained) parts: instruments like land banking and inclusionary zoning are embedded in a mix of policies concurring to create conditions of affordability, including supply- and demand-side subsidies and provision of transportation infrastructures and local welfare services. Thirdly, because it deeply involves public-private partnerships with third sector and market-oriented actors as final housing welfare providers at the local level, but it does so within a clear legal and operative framework that clarify respective roles and expected (and demonstrable) affordability outcomes.

As this article has shown, tackling UHA means looking broadly at its urban implications and articulating a complex mix of policies. Therefore, researchers and practitioners engaged in shaping imaginaries for policy design and concrete action should keep this complexity in mind and reflect it in the analysis of concrete cases and in the design of policies.

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Conflicts of interest

The author declares no conflict of interest.

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