Affordable Housing

Position Statements for Stockholm

Göran Johnson
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Outline of Affordable Housing Position Statements for Stockholm

Providing affordable housing for everyone has been a most important goal in Swedish housing policies for several decades. As a result of the policy to provide general subsidies aimed at certain groups, and the existence of a rent regulation system, wide groups of Swedish citizens can benefit from affordable housing. Today there are no general subsidies in the housing market and no subsidies directed to housing for certain groups either. But low-income families, elderly people and students can get individual support for housing.

Executive Summary
Housing market today:

- The population of Stockholm can be expected to increase from 2.0 to 2.3-2.5 million in twenty years.
- The housing stock needs an increase of 9,000-13,000 units annually.
- The economic standard has been steadily increasing for a number of years, but mainly for the working population, with the non-working population lagging behind
- The average share of disposable household income spent on housing has been decreasing and is now 22 percent at average, and almost 30 percent for rented flats.
- Traditional tools for the governmental housing policy in Sweden like non-profit public housing and state subsidized housing are abolished, resulting in a more open housing market.
- Regulation of rents is being more adapted to the open housing market prices
- Public housing rented flats and public housing companies are sold to co-operatives or to private owners.
- The share of public housing and rented flats is decreasing on the housing market, especially in attractive areas
- Already existing socio-economic and ethnic segregation on the housing market might be accentuated by the introduction of more market-related rents and reduction of the rented housing sector

For the future:

- Demand may rise for new housing support from groups not affording to pay market rents
- An introduction of social housing or increase of individual housing support may be possible
- What will be the new role for public housing in a market-oriented situation
1 Socio-economic Considerations

Demographic change
Stockholm is the capital of Sweden and the largest metropolitan region with a population of 2.0 million inhabitants in the County of Stockholm, with 26 municipalities. This is almost 22 percent of the population of Sweden. Stockholm is the largest of the municipalities with approximately 800,000 inhabitants. Together with the surrounding six counties of Uppsala, Södermanland, Västmanland, Östergötland, Örebro and Gävleborg (East-Central Sweden) the population is 3.9 million inhabitants, 42 percent of the total Swedish population of 9 million inhabitants.

![The Stockholm Region (County).](image)

Calculations of the future population made for the new Regional Development Plan for the Stockholm Region, RUF 2010, are based on alternative scenarios – “Scenario High” and “Scenario Low”. The population scenarios have been drawn up for the Stockholm Region and for the whole of East-Central Sweden up to 2030. In the County of Stockholm the population increases in Scenario High by approximately 445,000 from 2010 up to 2030. In Scenario Low the population increase is approximately 260,000 by 2030. This will result in a population in 2030 in the Stockholm Region of 2.3-2.5 million inhabitants. The share of the national population will increase to 23-24 percent.

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1 The expressions “Stockholm Region” and “Stockholm County” are used synonymously.
In the rest of East-Central Sweden, the population is expected to increase by approximately 124,000 inhabitants from 2010 up to 2030 in Scenario High and by approximately 67,000 by 2030 in Scenario Low. The increase is primarily seen in the counties of Uppsala, Södermanland, Västmanland and Östergötland while the changes in the counties of Örebro and Gävleborg are smaller. The total population in East-Central Sweden will be 4.2-4.5 million inhabitants, up to 44 percent of a total Swedish population of 10 million inhabitants.

**Household change**

The actual number of households in the Stockholm Region is estimated to 955,000 in 2010. Up to 2030 the number of households in the County of Stockholm is expected to increase by between 175,000 and 260,000. The annual increase in the number of households from 2010 to 2030 is estimated to average between 8,700 and 13,000, which indicates the level at which the housing stock needs to be increased.

**Migration change**

International migration is an important factor behind the population growth and is expected to be up to 10,000 inhabitants annually, while migration from other parts of Sweden is expected to be low.

Each year around 200,000 inhabitants move to another home in the region. At the same time approximately 80,000 people move in or out across the county boundary. Moving rates have remained relatively stable over time. Households mainly choose to move to the counties of Uppsala and Södermanland which allows commuting in to workplaces in the County of Stockholm. Some of
the additional homes which are expected to be needed in the County of Stockholm may therefore be provided outside the county boundary. Similarly, houses within the county can attract households from neighbouring counties building on out commuting.

Disposable income levels
In 2008 (preliminary figures) the total average income from employment and business was EUR 24,300 (SEK 247,000) in the Stockholm County (persons over 20 years of age living in the region). This is 10 percent higher than the average income in Sweden, EUR 22,000 (SEK 224,000). The average income from men is prominently higher than for women, EUR 27,700 (SEK 282,000), compared to EUR 21,600 (SEK 220,000). The amount for women was 78 percent of the amount for men. The difference in income can to a large extent be explained by the fact that women at average work fewer hours than men and at lower salary. The average income of the wealthiest municipality of the Stockholm Region, Danderyd, was EUR 29,600 (SEK 301,000), while in in Botkyrka the municipality with the lowest average income, the corresponding figure was only EUR 21,600 (SEK 211,000).

In 2007, families in Sweden had an average disposable income of EUR 24,400 (SEK 248,800). Married or cohabiting couples had at average a disposable income of EUR 36,700 (SEK 35,700), single women had EUR 13,200 (SEK 134,100), and single men had EUR 16,700 (SEK 170,500). Married or cohabiting with children had average disposable income of EUR 44,000 (SEK 448,100), single women with children EUR 23,200 (SEK 236,200), single men with children EUR 28,200 (SEK 287,000).

The economic standard of the households, measured as disposable income, has increased every year from 1995 to 2008. The difference between working and not working population has increased. In the middle of the 1990’s the level of the non-working population, for example students, unemployed and people on the sick-list, was more than 75 percent of the level of the working population. Ten years later this share was only 70 percent. During 2007 and 2008 changes in taxation has increased the difference even more. In 2008 the level of the non-working population was only 62 percent of the level of the working population. During the period from 1995 to 2008 the increase of standard for the working population was 48 percent, while the increase for the non-working was only 21 percent.

Expenditure patterns
The average share of income spent on housing har decreased slightly during the last years in Sweden. The share was 24.5 percent in 2004, and 21.9 percent in 2008. The main reason for this is that the disposable income has increased. Cost of housing has increased but income has increased even more.

The share of income spent on housing differs between kinds of tenure. Households renting their dwelling spent 29.1 percent of their disposable income on housing, while those owning their house spent 19.5 percent and households living in co-operatives spent 24.3 percent on housing. The main

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2 The currency rate of 4 January 2010 is used; 1 Swedish krona (SEK) = 0.0981624 Euro (EUR); 1 Euro (EUR) = 10.1872 SEK

3 Figures for 2008 and for the Stockholm County are not available at present.
reason for the higher share for renting is not that the cost is the highest, but that households renting their dwelling have the smallest income.

The expenditures on housing differ between households in owned single-family houses, co-operatives and rented flats. Expenditures on housing for a household with an owned single-family house was at average EUR 7,400 (SEK 75,000) in 2008, co-operatives EUR 6,200 (SEK 63,000) and rented flats EUR 6,100 (SEK 62,000). The reason for the higher expenditures for the single-family houses is that they are larger at average. For a standardized three bedroom dwelling unit the expenditures is largest for co-operatives, EUR 8,300 (SEK 85,000) while households owning households pay EUR 6,600 (SEK 67,000) and renting households pay EUR 8,000 (SEK 81,000).

2 Housing Stock Considerations

Housing types and size
The total housing stock in Sweden consists of 4.45 million housing units. There are 2.45 million flats in multi-family houses (52 percent) and 2.0 million single-family houses (48 percent).

In the Stockholm Region the total number of housing units in 2010 are 955,000 out of which 700,000 are flats in multi-family houses (73 percent) and 255,000 are single-family houses (27 percent). The average size of a housing unit in Stockholm is smaller than the average in Sweden. This is partly due to the higher share of multi-family houses. The average size of a housing unit in the Stockholm County is 87 m², corresponding to 66 m² for flats in multi-family houses and 144 m² for single-family houses. The average household size is 2.1 persons in total, 3.0 in single-family houses and 1.7 in multi-family houses. The average amount of floor space per person is 41 m² in total.

Increase of housing stock
Since 1970 the number of flats in the region has increased by about 340,000 or almost 10,000 units annually. The fastest increase was seen in municipalities in the suburbs farthest from the city centre, while the slowest increase was in the centre of the region, both in absolute terms and especially in
relative terms. In the municipalities in the distant suburbs the housing stock has doubled, while in the centre of the region it has only increased by just over 20 percent. However, this trend has not been even over time. The fastest suburbanisation took place before 1985 and has largely ceased since 1995.

As a consequence of revised housing policy in the 1990’s, housing construction fell to around 3,000 flats annually in the middle of the decade. This level was far too low from a long-term perspective, which led to population density starting to increase for the first time. When demand for housing once more began to rise, it took several years before construction started to catch up. The result was a housing shortage and soaring house prices. It was not until recently that housing construction once more began to approach the level of 10,000 flats a year, with population growth in the region of 20,000 inhabitants a year. The trend has been an increase in housing construction until the global economic crisis started in 2008, but the trend is now slowing down again.

For a long time, new flats also have been created in ways other than through new builds, e.g. by converting other premises into homes and converting lofts. In recent years around 1,000 flats a year have been added to the housing market in this way. Turning holiday homes into permanent residences has brought new homes onto the market for many years. This is the equivalent of approximately 1,500 flats a year, a level which has remained constant since the mid-1990’s.
Housing tenures

The housing market in Sweden is divided into four main categories:

- Privately owned single-family houses
- Co-operative housing, where the tenant-owner is a member of a co-operative that owns the house and you own the right to your flat
- Privately owned houses with rented flats and
- Municipally owned houses with rented flats (public housing)

There are 4.2 million residences on the housing market in Sweden today. 42 percent of these residences are made up of privately owned single-family houses, 18 percent are co-operatives, 22 percent are rental flats in municipal housing (public housing), and 17 percent are privately owned rental flats.

In the Stockholm region the share of privately owned single-family houses are 27 percent, 28 percent are co-operatives, 24 percent are rented flats in municipal housing, and 21 percent are privately owned rental flats.

In sectors of one-family houses and co-operative flats, the prices are reflecting market values. The market determines the prices, and both types can be sold and bought freely on the market. Pure owned flats are very rare in Sweden, but are in most respects similar to co-operative flats. The rents in public housing as well as privately owned housing do not directly reflect the market values, but are negotiated within the rent regulation system.

Swedish non-profit housing sector – public housing

Public housing in Sweden is synonymous with non-profit housing organizations, mainly owned by a local authority and renting flats to a rent which is regulated and not decided by the housing market. Non-profit housing in Sweden started to appear in different cities during the 1930’s. In the
immediate post-war period, Sweden still faced the problem of a shortage of housing and the housing stock still consisted of too many small apartments of a poor standard. Swedish non-profit housing is characterized by the fact that, with very few exceptions, being municipally owned and controlled. The state’s most explicit means of encouraging municipalities was, from 1935 until the early 1990’s, to provide special state financial support to municipalities and their housing companies. From 1942, when state support began to be offered for all housing construction, the share extended to public housing companies was always larger than that given to the private companies.

In 1946 the Parliament passed a bill outlining the housing policy that would prevail for a long time to come. The focus, in this time of stable economic growth and labour immigration, was on extensive new construction programmes to "build away" the shortage of living space and raise the standard of living. The Government financed the building by subsidised loans and new non-profit companies were established, the majority of which came to be owned and managed by the municipalities. Thus the Swedish public housing market came into being.

The demand for housing was still great in the 1960’s and there was an acute need for additional building, especially in metropolitan areas. In the early 1960’s a bill was passed to initiate the Million Homes Programme, the aim of which was to build 100,000 dwellings a year between 1965 and 1975. The public housing sector built a large number of housing units during this period. The large shortage of dwellings disappeared during the 1970’s, thanks to this government policy.

The total number of public housing companies in Sweden today is about 330, most of which were founded in the late 1940’s or early 50’s. Just over a fifth of the Swedish population lives in rental flats owned by public housing companies. Public housing in Sweden is open to everyone regardless the level of household income, which is different from what is common for social housing in many countries.

**Change of the national housing policy**

Public housing companies have been called into question since Sweden joined the EU. The Swedish model of public housing companies which compete in the same markets and in general on the same terms as private property owners differs from the current practice in many other countries. The changes which may have to be implemented need to be adapted taking into account weak groups in the housing market as not to increase segregation.

Most of the subsidies to the housing sector and the special position of municipal housing companies were abolished in 1992 according to a Parliament resolution, and they were placed on a par with other players on the housing market in terms of state support. The new national goal for the housing sector in Sweden from 2007 is focusing in “well-functioning housing markets in the long-term perspective, where the demands from the consumers are met by corresponding housing supply”. This new goal replaced the goal from 1998 talking about “high quality and affordable housing”. A goal concerning affordability has been replaced by a goals talking about market.

In 2002 a special and separate act on non-profit housing companies was passed. Today, when state support no longer specially favours municipal housing the situation is completely different from earlier. The state no longer has at its disposal any financial incentives with which to support or encourage municipalities to keep their housing companies. Neither does the possibility remain of
stopping the sale of all or part of the municipal housing companies by cancelling interest subsidies or by withdrawing general government grant to the municipalities. In some municipalities the public housing company or part of its housing stock already is sold to private owners.

Today no state sanctions remain for either the sale of municipal housing companies, part of their housing stock, or the payment of excessive dividends to the municipality. It is up to the municipalities themselves to judge whether they find it meaningful to have at their disposal a municipal not-for-profit housing company as an instrument of housing policy. It has become necessary to keep an eye on the housing company’s finances, as well as on the municipality’s financial conditions.

### Housing location

Modernist town planning was very popular in Sweden and in the Stockholm region. Dividing towns into zones meant planning different areas for housing, production and recreation with these areas being separated from each other by green areas and linked by traffic routes which were differentiated into main routes and streets with different functions. The protected areas surrounding traffic routes and industrial areas reinforced this separation and division into zones and contributed to towns taking up more and more land.

This way of building towns has been the subject of a great deal of criticism. Critics consider that the result has been neither town nor countryside but instead a mixture which lacks the advantages of either but has all the disadvantages of both. Today the traditional densely populated city is enjoying a renaissance. Following criticism of the modernist city, interest in the traditional European city has grown. A term which has sometimes come to be used for the functionally integrated densely-populated city is “mixed use” development, with the inner city as a model.

The suburbanisation which held sway over several decades now seems to be coming to an end, to be replaced by higher density towns. This current approach offers opportunities to increase density within the functionalist suburbs by creating new towns out of the splintered suburban landscape. This should according to the regional development plan be an important starting point for housing construction in the future in the Stockholm Region. Increasing the density of the region’s housing and building in a more town-like way will also increase opportunities in the future to comply with the long-established principles of building in areas which are well served by public transport.

### Environmental issues

Surrounding noise can lead to dissatisfaction and have consequences for public health. Reducing noise levels is of major importance to the health and wellbeing of the population. This is particularly the case for indoor noise in existing and new homes. When building new homes it is always possible to meet recommended values indoors. In Stockholm acceptance of exterior noise exceeding the recommended value in part of the property, have come to be applied regularly in the majority of municipalities.

In general the county has acceptable air quality according to current standards. In central parts of the Stockholm region there are problems with air pollution, which is a health problem and leads to an increased risk of cancer and cardiovascular illness. It can irritate the airways and cause problems for asthma and allergy sufferers. It also contributes towards buildings weathering and damages forests and crops. Today the most serious problems of all are high particle content and in some areas also
high nitrogen oxide levels. For these types of air pollution there is a risk of exceeding existing environmental quality standards.

In the longer term, it will be necessary to introduce higher standards for vehicles – including engines and fuel – in order to meet various environmental targets. For this reason, vehicle-related measures are by far the most important requirement in the long term, if the region’s opportunities for long-term sustainable development including development of housing are not to be obstructed.

**Rural areas and the archipelago**

There is a demand for homes in rural areas of East-Central Sweden, on the coast and in the archipelago. New building in rural areas and coastal areas should according to the regional development plan be connected to existing villages and smaller densely populated areas. New building in the archipelago should primarily be located in communities and villages on the core islands, so as to prevent dispersed settlement and to preserve areas which have not been built on.

### 3 Housing Markets

**Housing financing**

Sweden has a long tradition in governmental housing subsidies. One of the most important goals has been to provide general subsidies, not pointing out certain target groups on the housing market. Subsidies should be provided to all kinds of housing projects, be it multi-family rented housing or single-family privately owned villas. The government provided loans with subsidised interest. To get those loans builders had to follow detailed regulations to guarantee a high minimum standard of all housing.

The aim of the Swedish subsidy system was to give everyone access to affordable housing, and there is consequently no social housing sector in Sweden. Municipal housing is financed on similar conditions as private. The general financing system aimed to guarantee affordable housing to everyone, not only low-income groups. The municipal housing companies took the main responsibility to build flats affordable for all, with 100 percent financing of a calculated normal construction cost from government loans.

The Swedish non-profit housing, while owned by municipalities, to a great extent has been built up through state funding – through both general, sector-wide support and especially favourable support. The way the financial support systems have been designed meant that for a long time, it was the state and not the borrowers – neither municipalities and their housing companies nor other property owners – that ultimately have borne the financial risks.

The fact that the financial risks earlier had been relatively low for the municipalities meant, that they had been able to use their housing companies as instruments of housing policy without causing themselves very much economic worry. Not even empty flats had posed a real threat – the state had then stepped in with special support to ensure that the continued existence of municipal housing companies was not jeopardised.

The financing system turned out to be very expensive to the government and gradually absorbed a larger and larger share of the governmental budget. This situation was drastically changed, however,
with the new financing rules that began to apply in 1992. The system with governmental loans has now been abandoned and the builders have to finance the projects on the market. During the transition period an investment grant was introduced for regions with housing shortage, but is now also abolished.

**Housing market areas**

A well functioning housing market is crucial to the welfare of households and to economic development in the region. Homes and residential areas enable the region’s inhabitants to live in a good environment which gives them the opportunity to meet their needs and contributes to a good upbringing for children and young people. The availability of housing is also central to the successful development of the labour market. The availability of housing is crucial to the continued economic growth of the region.

As the region’s population is increasing by in the region of 150,000 – 200,000 inhabitants a decade, there is a constant need for new housing. Housing construction should be focused on long-term housing needs rather than short-term fluctuations in the housing market. Therefore the rules governing housing construction should be stable and long term. As part of the aim to design sustainable and attractive towns, housing construction can play a part in ensuring that the region is developed sustainably in the long term.

The housing market has changed considerably in the past 20 years. Besides tax regulations, financing solutions and government subsidies, the arsenal of instruments available included rent regulation, large municipal housing companies and land policy. The extensive involvement of the state led to housing consumption both gradually increasing overall and becoming more evenly distributed between different income groups than was previously the case. However, this went hand in hand with undesired side-effects, such as a lack of adaptation to demand, redistribution of properties between household groups depending on form of tenure and region, and major costs to the tax payer.

**Regulation of rents**

Sweden has since a long time adopted a system for rent regulation. It is based on a calculated utility value, which corresponds to the average rent level in houses owned by municipal housing companies. This system is also applied on houses owned by private companies. The idea is that the rent should reflect the real management cost for the house. The rent is set after negotiations with the tenants’ union. The majority of the negotiations are local and collective, between the housing companies and the local tenants union. Public housing companies have had a special role in this system until now. According to the Housing Act, buildings that are owned and operated by public housing companies are to be used as benchmarks in disputes concerning rent levels. This legislation emphasises the tenants’ right to their tenure; among other things the landlord cannot raise the rent to an unreasonable level to force a tenant to move.

In attractive areas the level of the rents are a bit under the estimated market rents, while on the other hand it is likely that the rents in less attractive areas sometimes are higher than estimated market rents. The discrepancy between the actual regulated rent and an expected market rent in
some attractive areas, like the inner city of Stockholm, has lead to the growth of a black market, where rented flats are sold illegally.

The rent regulation still remains in power but is under review. It is expected that some changes will be made that will strengthen the impact of the market values on the rent levels. This will probably lead to a change in the rent levels especially in attractive areas, where one can expect a rise in the rent levels. Today it is possible also for low-income people to reside in medium-sized flats in rented houses in attractive areas. With higher rents many of these probably will choose to move to a smaller flat or to a cheaper area.

Certain groups, like families with children and elderly people, can apply for allowances. These are subsidies that follow the individuals, not the dwellings. It is related to family size, living area, rent level and household income.

**Transfer of rented flats to co-operative flats**

In the past fifteen years the influence of the state on the housing market has gradually been scaled down. Changes were larger in the housing sector than in any other policy area and the background was economic rather than ideological grounds.

With increasing market prices, private house owners and house owning companies often, as the rents are regulated and not possible to increase, instead decide to sell to the tenants, forming a co-operative. The house is then transferred from the rented to the co-operative sector. The tenants are becoming tenant-owners. In many cases they can benefit financially from this as they can sell their flat at a higher price than what they paid the former house-owner. The house-owning companies also benefit since they sell to higher prices, than the actual value on the market for tenants houses. Recent years this has been accelerating in the attractive areas with high market prices, especially in big city regions. Some municipalities, like for example the current administration in Stockholm, promotes their municipal companies selling flats to the tenants forming co-operatives. This leads to increasing co-operative sector while the share of rented flats decreases, especially in attractive areas.

The most common form of tenure in the Stockholm region was earlier rental. In the early 1990’s over 400,000 households lived in rented accommodations, or 52 percent of the households, while 49 percent lived in either owner-occupied or tenant-owner cooperative housing. In the past twenty years major restructuring has taken place, partly due to little new rented accommodation being built and partly because rental housing has been converted into tenant-owner cooperative housing. The share of households living in rented accommodations has now decreased to 45 percent of all households. The number of households living in owner-occupied or tenant-owner cooperative housing increased by 15 percent and 50 percent respectively in the period 1990 to 2007 while the number living in rented housing fell. A well functioning housing market should contain a diverse range of types of accommodation, as different types of household have different needs, which also vary over time. In the long run the present trend might jeopardize this.
4 Affordable Housing

Demand of housing
Demand for housing depends on the population growth and on changing housing needs of the existing households. Households change over time by people setting up home together, births, deaths, separations and young people leaving the parental homes. Individuals and households adapt to new conditions by moving to a new home. The number of homes added to the housing market through new construction, conversion and making holiday homes into permanent residences is small and corresponds to approximately one percent of the housing stock per year. Moves within the existing housing stock thus account for the vast majority of changes of residence.

There is a very small proportion of long distance moves. This means that it is possible to identify around ten local housing markets, within which the majority of moves take place, while few people move between them. There are major differences between the different parts of the region regarding household structure and the composition of the housing stock. In some parts of the region there are areas with many households with plenty of resources, in others there are many households with few resources and the differences have increased in recent years.

An analysis by Tobin’s q of the parts of the region in the County of Stockholm, large towns in East-Central Sweden and other parts of the counties excluding the major cities in 2006 shows that many homes can be expected to be built on market terms in all parts of the County of Stockholm, in adjoining parts of the counties of Uppsala and Södermanland and in the large towns apart from Gävle. In the counties of Västmanland, Örebro and Östergötland, more extensive building is unlikely outside the large towns, and in the county of Gävleborg this applies to the entire county.4

Housing segregation
Housing segregation is about the spatial separation of different categories of inhabitants. A distinction is usually drawn between three types of segregation: demographic, economic and ethnic. Ethnic segregation is one of the dimensions which have attracted the most attention. People with a foreign background are greatly over-represented in municipal rental housing, and greatly under-represented in owner-occupied housing and tenant owner cooperative housing. Ethnic segregation is overlaid by economic segregation. In disadvantaged housing areas incomes are lower, while unemployment and sickness rates are higher.

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4 Tobin’s q is the ratio comparing the market value of a housing unit with the construction cost of a new housing unit of the same size at the same location. The ratio was developed by Nobel prize winner James Tobin in 1969.
Swedish and foreign background, forms of tenure, percent.

Less attractive areas are especially to be found in suburban areas in the big cities, where municipal housing is dominating. Many of these areas are segregated socially, economically and ethnic, and are facing unemployment and other kind of social problems. These areas are often well kept without the usual marks of run-down areas. They are often built during the 1960’s and 1970’s however, and will in the near future need renovation and upgrading of the technical infrastructure. This will also lead to a claim for higher rents also in these areas.

Forms of tenure and ethnic background, percent.
Housing areas with a variation of housing types, forms of tenure and cost produce a more socially and demographically mixed population than areas without such variation. The focus in the regional development plan aims for reduced segregation and increased mixing in all municipalities and all areas, not just in deprived areas. Blocks of flats for rental should according to the regional development plan be built in areas which are dominated by small houses, while small houses for owner occupation should be built in areas dominated by blocks of flats for rental.

In order for planning to be able to contribute towards an equal society, conditions need to be created to enable all people to enjoy a good residential environment and a functioning day-to-day life. Residential areas and living environments can become more equal if overall planning applies an everyday life perspective which draws on the experiences of people with different lifestyles and requirements. Emphasizing everyday life in the planning process involves addressing the connection between paid work, domestic work and daily life in general.

The introduction of more market-related rents may speed up gentrification tendencies, which already are obvious within the market sector of one-family houses and co-operative housing. On the other hand one can expect that the house-owning companies will be more willing to keep their property, not selling to tenants in attractive areas, and also more interested in building new houses. Market-related rents can actually support the survival of rented housing in attractive areas. The willingness to sell rented flats illegally on the black market will probably be reduced as the rents correspond better to open market values. On the other side of the spectrum one can expect a reflection of gentrification in the less attractive areas, where it is likely that there will be an even more obvious concentration of people with lower incomes.

In general, the processes of segregation began right from the start in the large-scale residential areas built under the Million Programme when these areas were new in the 1960s and 1970s. In the immediate future a great deal of work is required if these buildings are to remain. Some of the areas discussed here have increasingly taken on the nature of transitional areas for newly arrived refugees, where the majority of inhabitants only live there for a limited period. Before a decision is reached on the initiatives which should be carried out, it should be considered whether a better strategy might not be to demolish certain properties or residential areas and replace them with new housing which can be made more varied and attractive from the start.

**Maintenance and energy management**

The oldest housing stock is generally modernized and well maintained. The great need for maintenance in the decades ahead is in homes built between 1960 and 1980, which in 2030 will be 50-70 years old. The Million Programme of 1965-1975 accounts for around 21 percent of the total housing stock. These properties have now reached an age at which homes usually require substantial maintenance: new plumbing, bathroom renovations, rewiring and new ventilation systems and sometimes also windows, balconies and façades. There are still older homes which require renovation, and renovation of the buildings of the 1960’s and 1970’s has not yet reached its height. The current rate of renovation would need to more than double if maintenance is not to become further delayed.
The net heating requirement in housing is dominated by buildings built prior to 1980, due to their number and poorer energy efficiency. Flats built before 1980 and small houses built before 1960 have considerably higher specific heating requirements than homes built later. The potential for energy efficiency improvements in the housing stock is considerable and such improvements are required in the long term, but determining what action to take should be based on considering the economic benefit and the cost. As the housing stock from 1961-1980 is in great need of renovation in the decades ahead, different kinds of energy efficiency measures should be considered in this context.

What are known as passive houses and low energy houses can produce lower total costs in the long term depending on trends in energy prices. In the long term, this is a housing alternative which can minimize energy consumption and the effect on the climate and can be applied to new production as well as in renovation projects. The building regulations are a minimum requirement but are often seen as a maximum requirement. In new buildings, instruments need to be produced to encourage more energy efficient construction than that laid down in building regulations.

**5 Balancing Housing Demand and Supply and Affordability**

**Responsibility of the municipalities**
According to the Swedish Housing Supply Act, each municipality is responsible for housing provision at a local level. This means that the municipalities are obliged to create conditions that enable everybody to live in good-quality housing. The municipalities also approve the development plans, according to the Swedish Planning and Building Act.

Most Swedish municipalities choose to organize part of their responsibility for housing supply by means of a housing company owned by the municipality. The public housing companies combine commercial aims with social responsibilities. Since companies owned by municipalities are not allowed to do business with the primary object of providing the owners (i.e. the municipalities) with a profit, the companies reinvest the profit they make in the company to keep it consolidated.

Municipalities also play an important role by providing land for housing to their own housing companies and to other companies. Some municipalities, like the City of Stockholm, purchased vast areas of land as a strategic resource for development. A large part of the new development was constructed on municipal owned land leased to private builders on long-term conditions. Having the power over the land the city was able to influence on the rents and could decide the size of flats and which companies should be chosen to build.

**Regional coordination**
In the Stockholm Region in which many municipalities form a single labour and housing market, a regional perspective is normally required on housing issues. At the regional level the county administrative board of the County of Stockholm, the Office of Regional Planning, the Stockholm County Association of Local Authorities and the City of Stockholm seek, in partnership with various players in the county, to promote housing construction partly by producing underlying knowledge of the housing market in the county and by providing an arena for dialogue between different parties involved in housing provision.
If sufficient housing is to be provided in the region as a whole in the long term, each municipality, on the basis of its own situation, must contribute towards building new homes. It is particularly important that the municipalities are well prepared in terms of land use planning. It is necessary that the municipalities are able to plan for housing construction which is able to match the higher growth scenarios in the regional development plan. Many housing projects are delayed and run over budget due to a long drawn-out planning process. In order to build more homes, increase competition and limit costs, the planning process must be more streamlined and faster.

**Types of housing**

Housing units have according to the Swedish Planning and Building Act to be designed according to the long-term use. There is no formal minimum size regulated in the legislation, but the municipality has to watch over that the rules are followed to grant building permits. Housing units larger than 55 m² has to be designed with respect to the size of the household they are planned for, i.e. considering the number and size of bedrooms. The rules are more liberal for smaller apartments.

A well functioning housing market should contain a diversity of types of accommodation, as different types of household have different needs, which also vary over time. Due to the lack of a deposit requirement, rented accommodation is of particular importance. Measures are required to boost the role of rented property in the housing market with a view to safeguarding the region’s competitiveness.

**Obstacles to providing housing**

The volume of investment in new housing construction needs to remain at a high level at the same time as increased resources are allocated to the housing sector to meet the growing maintenance requirement, and the need to renovate the housing stock in terms of better energy management. This also needs to happen at the same time as other sectors are making demands for increased levels of investment, especially the transport sector and the education sector. If this does not take place, the region risks failing to reach its full growth potential and failing to reduce its impact on climate.

The construction sector is operating almost at full capacity. If housing construction is to remain high concurrently with an increase in renovation work, new infrastructure projects taking off and the continuing construction of offices and shopping centres, obstacles to increasing the capacity of the construction industry must be eliminated. In order to enable the construction of homes which is necessary for the long-term growth of the region, investment in new infrastructure must also increase. A necessary prerequisite if housing construction is to reach a sufficiently high level in the region also in the long term is the expansion of transport infrastructure to fast growing parts of the region.

**6 Summary of Overall Metropolitan Position in Relation to Affordable Housing**

**Key issues for the future**

As a result of the general rise of rents it is not unlikely that the demand for housing support from the government will increase from wide groups not affording to pay market rents. This can be a challenge for the government and the municipal sector, how to live up to these demands. The
answer could be either a re-introduction of general subsidies, which is not likely because of the enormous costs, or an expansion of the individual support. Finally, an introduction of a new system for financing of social housing also in Sweden is possible.

Today, when state support no longer specially favours municipal housing, it is up to the municipalities themselves to decide whether they find it meaningful to have at their disposal a municipal not-for-profit housing company as an instrument of housing policy. What remain for the municipalities are the questions:

What will the new role for public housing and municipal housing companies be? Can public housing still be municipal instruments for housing, social and economic policies within the framework of a new more market oriented situation?