



A history of the Swedish system of non-profit municipal housing

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Author: Eva Hedman
Translated by: Tolkkentralen Gothenburg and author

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Reprint of documentation for the Commission of Inquiry on the
Conditions for Municipal Housing (SOU 2008:38)

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Foreword

This paper was originally written for the Commission of Inquiry on the Conditions for Municipal Housing, and was included as Annex 11 in the report "The European Union, Municipal Housing and Rents" (SOU 2008:38).

Knowledge about the history of the Swedish system of municipal non-profit housing is crucial to the current debate about the role and future tasks of the municipal housing companies. Boverket (the Swedish Board of Housing, Building and Planning) therefore took the initiative to make a reprint of the original paper.

The only addition that was made in the "Boverket version" was a presentation of the directives to the Inquiry. In this English translation of that reprint some very minor alterations have been made. These have only been done for the sake of making the contents of the paper more understandable for a non-Swedish reader.

The paper was written by Eva Hedman, who was Boverket's expert on the Commission. She also did the reprint texts.

Karlskrona in October 2008

A handwritten signature in black ink, appearing to read "Martin Hedenmo". The signature is fluid and cursive, with a large initial 'M' and 'H'.

Martin Hedenmo
Head of Analysis Unit

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Defining characteristics of Swedish non-profit housing

In Sweden the term “allmännytt¹” (“for the benefit of everyone”) is generally the word that has been used when speaking of the Swedish non-profit housing sector. The Swedish “allmännytt¹” has four main distinguishing characteristics: it operates on a not-for-profit basis; it is almost entirely owned by municipalities; it is open to everyone, i.e. it is not only directed at specific target groups; and its rents have been given the role of serving as the main norm for rental levels across the entire rented housing sector². The origin of each of these four characteristics may be traced to different historical periods³.

Housing production without a profit motive or purposes of personal gain was something that existed in Sweden, albeit to a very limited extent, from about the middle of the 19th century. At that time it was usually a question of various kinds of charitable building in the cities, initiated by wealthy and socially conscious members of the bourgeoisie who were aware of and wished to improve the difficult housing situation of the working class and the poor. It could also, less frequently, be a question of workers in cities getting together to build their own housing – a precursor of sorts to the cooperative housing associations of later years.

Non-profit housing companies, however – which are owned or controlled by municipalities – did not begin to appear, with single exceptions, until the mid-1930s. This was in connection with the construction of the so-called “large family blocks”, aimed only at families with many children. The state introduced special loans, combined with rent allowances, for the “provision of affordable rental housing to less well-off families with many children in cities, in city-like and other more densely populated communities”⁴. This state support was only granted to the municipality in question or through the municipality to such a housing company that fulfilled a number of stated conditions. Conditions for being recognised as such a housing company by the state building loan bureau included the following⁵: the company’s dividend on owners’ equity must not exceed a sum that the state building loan bureau had

¹ According to SABO’s (the Swedish Association of Municipal Housing Companies) website, the Swedish term “allmännyttig” is a direct translation of the German “gemeinnützig”. Norstedt’s German-Swedish Dictionary (1994) translates “gemeinnützig” as “allmännyttig, samhällsnyttig”. The comprehensive German dictionary Wahrig Deutsches Wörterbuch (Mosaik Verlag, edited 1980/1984) has the following entry for “gemeinnützig”: “zum Wohl der Allgemeinheit, dem Nutzen der Allgemeinheit dienend, sozial”, in which “Allgemeinheit” refers to “die Öffentlichkeit, das Volk, die andern”. Which translates roughly as “for the good of, to be of service or benefit to, ‘the general public’, ‘the people’ or ‘the others’”. “Gemeinnützig” is contrasted with “Eigennutz”, i.e. as the opposite of individual benefit, good, gain, profit or yield.

² See Chapter 12, Section 55 of the Land Code, SFS 2002:103.

³ In writing this paper I have been greatly helped by a number of presentations and analyses of the development of both Swedish housing policy and non-profit housing. A list of these may be found at the end of the paper.

⁴ SFS 1935:512.

⁵ SFS 1935:512, Section 12.

determined as reasonable; financial privileges for managers or employees, beyond reasonable payment for work done, must not be offered; and the company, in order to be permitted to manage a building which had received support, must agree to subject itself to “municipal control and audits approved by the municipality, as well as state inspections”.

In some cases, municipalities formed wholly-owned housing companies. In the main, however, the state loan regulations meant that many large family buildings were built and managed by private charitable bodies or by cooperative organisations. As has been mentioned, this was always on condition that they were run with a limited dividend on owners' equity and that they submitted themselves to municipal control.

It was the state, in other words, that defined what should apply in order for a non-profit housing company that was not municipally owned to receive state loans, and thereby become an instrument of national housing policy. The state's long-held view was that many wholly municipally owned housing companies, particularly in the many small municipalities, would not have sufficient resources themselves to be able to handle the housing policy tasks the state wished to give them. Therefore help was also needed from non-profit housing companies which were not municipally owned, but were controlled by municipalities.

It was only in 1974 that the point was reached where authorisation as a non-profit housing company, for purposes of special state financing, required full municipal ownership and control⁶. The gradual process of merging municipalities had at that point reduced the number of municipalities in the country from 2 505 in 1948 to 272 in 1974. The state therefore judged that municipalities had greatly improved their capacity for shouldering the housing policy responsibilities the state wished to hand them – independently, in housing companies they wholly owned themselves⁷. To be recognised as a non-profit housing company allowed to receive special state financing it would thus, as of 1974, have to be the municipality that invested the entire initial capital and appointed all the board members. This in turn brought developments to a point where, according to the legal wording, a non-profit (“allmännyttigt”) housing company would be equivalent to wholly-owned municipal housing company^{8 9}.

⁶ See SFS 1942:569, SFS 1946:551, SFS 1948:587, SFS 1957:360, SFS 1962:537, SFS 1967:552, SFS 1974: 946.

⁷ SOU 1972:40.

⁸ SFS 1974:946. The requirement that a non-profit (“allmännyttigt”) housing company be wholly owned by a municipality applied until 1996, when the possibility of so-called broadened ownership was introduced (SFS 1996:1435) – however, municipalities were to continue to exercise the “decisive influence”. Since 2002, however (SFS 2002:102), a housing company without municipal connections may also be defined as a non-profit (“allmännyttigt”) housing company (more on this later in the paper).

⁹ SOU 172:40, “Competition in housing construction”, Ch. 7 contains an overview of how conditions for authorisation as a non-profit housing company evolved over the period from 1935 until 1972.

If we look at the third defining characteristic of a Swedish municipal housing company today – i.e. that the housing it administers should be available to everyone, that access to it should not be means tested and that it should not be directed exclusively at specific groups – these were features that would only be added during the second half of the 1940s. This was done after the Second World War, in connection with the establishment of the new welfare programmes, which were of a general, not selective, character, and therefore targeted at the entire population.

The fourth defining characteristic of today's non-profit municipal housing in Sweden is that the rents it sets serve as the first-hand norm within the entire rental sector, i.e. for private housing companies as well. This was codified in law in 1974, after having been an implicit aim ever since rent control began to be dismantled in 1968, with the introduction of the utility value system (more on these connections in the footnote below¹⁰).

First steps: the state and municipalities enter the housing market

Broadly speaking, it wasn't until the first years of the 20th century that municipalities began applying measures of their own in the area of housing supply. These were usually about supporting charitable housing activities.

It was also at this time that the state began to take an active role. The first major state initiative on housing issues was aimed at the provincial working class. In 1904, the Riksdag (the Swedish Parliament) approved

¹⁰ The utility value system, introduced in 1968 (Proposal 1968:91), deals with how a rental dispute is to be settled in court. In order to assess the reasonableness of the rent, it is to be compared with the rent for apartments that are equivalent in terms of "utility value". When rent control was abolished, the utility value system was introduced to protect individuals' right to tenancy, particularly in areas with a housing shortage. Its aim was to allow for a transition to a market like development of rents.

The comparison rent was to be sought among the highest rents for flats with a similar utility value in the same area, not taking single examples of very high rents into account. It was not to be sought among average rents as it was believed that this would preserve the existing rent structure and "counteract a desirable flexibility in the setting of rents" (Proposition 1968:91, Annex A, pp. 53-54). Thus the utility system as such was not aimed at curbing rent increases but at safeguarding tenancy rights (*ibid.*, p. 188). Nevertheless, as the non-profit housing companies were the de facto dominant property developers, it was expected that the prime cost rents applied in municipal housing would serve as guidance and thereby serve to control and restrain the general level of rents.

A review later indicated that it was doubtful whether, in legal practice, municipal housing rents had been given the price-guiding role intended for them, which according to the Legal Affairs Committee (LU 1973:13, pp. 55-56) had been regarded as a necessary means of preventing an uncalled-for increase of the general rent level. See Proposition 1974:150, p. 471. See also SOU 2000:33, pp. 33-35. From 1974, therefore, it was stipulated by law that all rent assessments (not just those in shortage areas) be made primarily by means of a comparison with ("which should principally take into account") rents in the municipal housing stock.

state loans for the construction of owner-occupied houses in rural areas. It was an attempt to stem the depopulation of the countryside, and in particular emigration to America.

This initiative would also affect several of the larger and mid-sized municipalities, and it was in this connection that many municipalities took on, for the first time, some responsibility for housing policy. It wasn't until the 1930s, however, that municipalities actually formed their own housing companies. This occurred, as has been mentioned, in connection with the granting of state loans for the construction of what have later come to be called "large family blocks".

Prior to the 1930s, municipal and state intervention had mainly been a matter of various temporary crisis measures. The outbreak of war in 1914 quickly led to a housing situation which was regarded as untenable. Housing construction shrank dramatically due to increased material costs and difficulties in obtaining credit. Rent levels in Stockholm were among the highest in Europe. In 1917 a divided Riksdag approved measures – only temporary ones however – to extend state support to new housing production as well as for a "rent increase law" combined with protection of tenancy rights. It was also decided that municipalities should be responsible for promoting housing production by supporting cooperative or charitable projects, or if this did not help, by initiating municipal construction projects.

The First World War was followed by recession, with high unemployment and a housing crisis. At the height of this crisis, the temporary measures were suspended, i.e. both state support (1922) and the "rent increase law" with tenancy rights protection (1923). This led to rent increases and evictions. Municipalities were financially stretched and could only manage various emergency measures. It was at this point that both the Swedish Union of Tenants (Hyregästernas Riksförbund, later renamed Hyresgästföreningen) and HSB the Tenants Savings and Building Association (Hyresgästernas sparkasse- och byggnadsförening) were formed. Housing supply was left largely for the market to determine. HSB came to be the housing market player that was ruled by other concerns than direct return on capital, or as the provider of emergency help.

The turning point for the role of both the state and municipalities in the housing market came in the 1930s. The farming and unemployment crises of that period became the catalysts for a more systematic state housing policy. The first measures were passed by the Riksdag in 1933 and consisted of loans and subsidies for the improvement and new construction of rural housing, as well as of loans for new construction in urban areas. It has been claimed that the battle against unemployment and the idea of kick-starting a stagnant economy via housing construction were the decisive motives behind this policy, and that this applied particularly to new construction loans in cities. 1933 also saw the appointment of a commission of inquiry that would become known as the Inquiry on the Social Conditions of Housing.

Municipally owned and controlled housing companies become important instruments of housing policy for both the state and the municipalities

The main findings of the Inquiry on the Social Conditions of Housing were only presented in 1945, due to the intervening Second World War. But even before the war, the commission had recommended state support for inexpensive rental accommodation for poorer families with many children, and this was introduced in 1935. That brings us to the previously mentioned state loans for the construction of what came to be called “large family blocks”.

As mentioned, the condition for granting these loans was that the municipality was actively involved. Loans were only granted to companies which were not-for-profit and which were either owned directly by a municipality or had been defined as non-profit housing companies standing under municipal control. The main recipients were initially blocks of rented flats in urban areas, but after a few years loans were also granted to families building their own one-family house. Municipalities were obliged, when necessary, to provide land plots free of charge.

The latter half of the 1930s was an active period not just in housing policy. With the end of the Depression, the economy started to grow again and private construction increased to levels never previously reached. Towards the end of the 1930s, the housing supply was good on the whole and some property owners even experienced difficulties in renting out newly built flats. But the outbreak of the Second World War in 1939 changed the situation. Housing construction ground to an almost complete halt, and the housing surplus quickly turned into a housing shortage.

The war years brought active measures from the state. Construction costs as well as interest rates rose, and it became difficult to raise enough capital for construction. This led the state, following a resolution in the Riksdag, to provide financial support (so-called tertiary loans and additional loans) to boost housing construction. This support was directed towards the whole housing construction sector, but conditions were particularly favourable for the municipal housing sector¹¹. State loans were combined with rent control and in 1942, as a part of the wider economic policy of price controls and wage freezes, a law of general rent control was introduced which also contained protection of tenancy rights.

¹¹ SFS 1942:569.

Housing policy as an integrated part of the post-war welfare programmes and economic policy

It was during the post-war years and the period up until the 1960s that the municipal non-profit housing companies went through their real build-up phase. Along with general state financial support for housing construction, which continued after the war, it was the municipal non-profit housing companies that became the main instruments for implementing the state's housing policy as it had been defined after the war¹².

At the end of the war, housing standards in Sweden were still at a very low level by international comparison. There was also a severe housing shortage. The state now stepped in as a real player on the housing market. Housing policy became a central and integrated part of state policy as it was now being shaped. This applied both to general social welfare policy and general economic policy.

“Good housing for all” became the overall goal of housing policy, and it was also an important goal of social welfare policy. The social welfare policy that was now developed had a population-wide scope; it was not selective. It was directed at everyone, not just at special target groups. A higher level of welfare for everyone was assumed to lead to a higher level of welfare for the worst off as well. By applying a population-wide policy, no specific groups would be singled out and negatively branded. It was also regarded as important that all social groups gained from the goals and measures of the applied policy. The idea was that a policy that favoured everyone would make everyone willing to share the costs.

As applied to housing policy, these policy principles meant that financial support for housing construction should be general. It should be extended to all types of housing producers, to all forms of tenure and to housing for all types of households. The municipal and municipally controlled non-profit housing companies should not be directed at certain groups with special needs but should be for everyone. It was pointed out in the debate at the time that some children and families had become negatively branded as a result of living in the special “large family blocks”. For poorer families with many children and for poorer pensioners – the two groups for which the municipal housing companies had hitherto been built up with the help of special state loans, the state instead introduced a housing allowance (family allowance).

The importance that the state attached to the municipalities' role as builders and administrators of housing became evident in connection with state housing support, for instance, in which they were specially favoured. Both municipalities and the non-profit housing companies under municipal control could be granted loans of as much as 100 percent

¹² For an informative history, see e.g. SOU 1972:40, chapters 1 and 7.

of the cost of their initial outlays¹³. Later they would also be given tax advantages, and later still, the largest interest subsidies¹⁴.

With the number of municipal housing companies now growing quickly, the municipalities – with the help of the state – came to have at their disposal instruments with which they were expected to contribute, actively and on a non-speculative basis, to the fulfilment of the state's goals of doing away with the housing shortage and raising the general housing standard¹⁵.

As has been mentioned, however, housing policy was not just a central part of state welfare policy. It also became an integral part of state economic policy, including labour market policy. Also this affected the growth and development of the municipal housing sector. Together the two areas of policy would become actively applied instruments in the industrial, economic and geographical transformation of Sweden that would characterise the decades up until the beginning of the 1970s.

Housing construction was regarded as an important motor of economic growth, and as an instrument with which to moderate the ups and downs of the economic cycle. Besides building for social reasons – to improve the housing standard and end the housing shortage – this also meant building in a way which made possible the development of an efficient manufacturing and export industry. This in turn meant building a sufficient number of dwellings where there was a particular need for labour to allow for the expansion of industry. It also meant, however, that construction could not tie up too much labour or capital, as these resources were needed in other sectors.

The municipal non-profit housing companies became important instruments for both the state and municipalities in this social, economic and geographical process of structural change which would define Sweden for several decades. It may be noted in retrospect that this was a complex role which it was possible for these housing companies to play precisely because their accommodation was meant for everyone. It would have been impossible for them to fill such a complex and key role if the municipal housing companies' dwellings had been aimed only at those who were worst off.

One of the ideas of the Inquiry on the Social Conditions of Housing had been that the volume of housing construction should be based on long-term projections for the need of dwellings. Production should then be kept at as even a pace as possible. Construction workers would thereby

¹³ SFS 1946:551. For cooperatives, the upper loan limit was 95 percent, while for others it was 85 percent (90 percent in some cases). The differences between the municipal housing companies and the others would remain, with certain adjustments of the levels, until state housing loans were abolished in 1991 (SFS 1991:1932). The differences in loan conditions for different categories of borrowers for the state loans had been introduced in 1942 (SFS 1942 no. 569), when state loans were no longer directed exclusively towards municipalities and municipally controlled non-profit housing companies but to the whole sector.

¹⁴ This was a consequence of the fact that their privileges with state loans gave them the biggest share of loans, and that interest-rate subsidies were calculated on the basis of the size of the granted loan.

¹⁵ See e.g. SOU 1972:40.

have steady employment and production as a whole could be planned and streamlined.

In practice, however, one of the main preoccupations of state housing policy turned out to be how many dwellings it would be possible to build while also considering the need for labour and capital in other important sectors. For this reason, the state determined an annual limit for the volume of housing construction and then distributed this among the municipalities in the form of construction quotas and loan limits. This practice went on until the 1970s.

Continued housing shortage and the decision to launch a “million dwellings programme”

The decades following the end of the Second World War saw a sharp increase in the need for housing. The general housing standard was still very low, and many dwellings of inferior quality needed to be demolished. Households' increased income meant an increase in demand, as did the baby boom of the 1940s. A major migration wave was going on in the country, from the countryside to urban areas. This migration was largely a result of the mechanisation and rationalisation of farming and forestry, which reduced their need for labour, and the parallel increase in labour needs of the expanding industries. It was above all the export industry's labour demand which increased dramatically, leading also to considerable labour immigration from other countries.

The result was that the housing shortage grew greater despite a strong increase in housing production. By the 1960s, the situation was growing increasingly politically untenable. The baby boom generation of the war years had reached adulthood and needed accommodation. It was in these circumstances that the so-called Million Dwellings Programme was devised. And this brings us to an era which would particularly affect the municipal housing companies and whose after-effects may be felt to this day.

In 1964, the Housing Construction Report had identified a need for more than a million new dwellings. Annual construction volumes were already very high at this time: in 1964 almost 90 000 dwellings were built. But with the decision in 1965 to implement a special “million dwellings programme” – i.e. that one million new dwellings were to be built in the ten years between 1965 and 1974 – the government wanted to point out that it was prepared to guarantee the circumstances for sustaining an annual construction volume of as much as 100 000 dwellings over such a considerable period of time. The state's guarantee would consist of placing the required capital and labour at the construction sector's disposal¹⁶. In this context, municipalities were also

¹⁶ It proved rather difficult to reach an agreement about this, however. For example, in 1966 the Riksbank (the Swedish Central Bank) did not release sufficient credit, which led to a notable drop in housing construction. In the political crisis that ensued, the

given new and increased means of controlling land use. State measures were further applied to promote the construction of big projects using industrial methods.

The stated goal was to end the housing shortage and improve housing conditions. At the same time, the need to increase production in big city areas and in places with expanding industry was stressed.

It was the municipal housing companies, along with the housing cooperatives (in particular HSB and Riksbyggen¹⁷), that became the key players in achieving the goals of the Million Dwellings Programme. In ten years just over a million new dwellings were produced, two thirds of which were in blocks of flats. It was through the building of the Million Dwellings Programme that the municipal housing companies became the dominant manager of Sweden's blocks of flats.

Those who first moved in to the new large housing estates of blocks of flats were a mixture of different groups. This was where many moved when they left old, deficient and crowded accommodation. This was where many of the young baby-boom households set up their first homes. This was also where many in the large groups of households that moved for labour market reasons, from other parts of Sweden as well as from abroad, took up residence. Finally, this was also where many of those moved who had difficulties of some kind and needed to be given priority when it came to housing.

Changes in the housing market and criticism of the Million Dwellings Programme's large-scale housing estates

During the ten years of the Million Dwellings Programme, major changes took place which particularly affected the municipal housing companies. Until the end of the 1960s, the housing shortage remained the biggest problem in the housing market. Demand absorbed just about everything that was built. But the early 1970s brought a change. It began to be easy to find accommodation even in areas where the housing shortage had been particularly severe. The surge of young households was ebbing out. Industry's need for new labour grew smaller. Sweden was faced with net emigration on a considerable scale. An international structural crisis led to a slump for both the export industry and the domestic consumption industry. The oil crisis was an important factor in all this.

Vacant flats began appearing in newly constructed housing in many places, and their number grew quickly over a few years until the mid-1970s. These empty flats lay mostly in certain specific municipalities and new housing estates – and were particularly numerous in the

Government forced the Riksbank to reconsider, and in 1967 housing construction was back at a high level. See e.g. T Erlander's memoirs, R Johansson/B Karlberg, O Eriksson.

¹⁷ In the face of the great housing shortage and the high unemployment rate in construction, the building workers' unions, in 1940, took the initiative themselves to establish the building and housing association Svenska Riksbyggen.

municipalities' housing companies. The consequences for these housing companies were grave. Their financial structure, with a limited capital base and 100 percent loan financing on many construction projects, had been established when the aim was to build away the housing shortage. They now lacked the capital reserve they would have needed to handle losses in rent income.

An immediate consequence of these market changes was that new production of multi-dwelling blocks shrank dramatically. This did not, however, apply to the production of single family houses. There was a pent-up demand for single family houses, and inflation, favourable taxation and the subsidy system combined to make it both possible and particularly attractive for many more people to buy them. This did not least apply to families who had hitherto made up a considerable share of the tenants in the municipal housing estates.

In quantitative terms the Million Homes Programme had been a success. But the fast, large-scale and technically rational construction projects had also led to a design and finish in many of the housing estates which had already been severely criticised. The target of much of this criticism was the monotonous design and technical defects of many housing estates. Increasingly, those who could chose to move out of, or not to move in to, these areas. The result was that these estates came to be more and more disproportionately populated by individuals and households who for various reasons had an especially difficult life situation. At the same time it was also to these estates that many of the refugee groups who were now arriving in growing numbers in Sweden were referred.

Several national inquiries were held in response to the criticism of the new, large-scale estates of the Million Dwellings Programme. The 1974 Riksdag resolution on housing policy focused, in addition to issues of state financing and the rent setting¹⁸, also to a great extent on tenant influence and housing democracy. The improvement of the exterior environment in the criticised estates was made a goal of housing policy. To this was added the new goal of "household diversity" – a response to the increasingly alarming signs of social and ethnic segregation in many of the large-scale housing estates of the Million Dwellings Programme.

For the fulfilment of these goals, the state once again turned to the municipalities and their housing companies. These companies, however, had been set up and expanded when the goal was large-scale and rapid new production. They were strongly centralised organisations focused entirely on construction. Now, when the task was to manage the estates they had built and to satisfy their occupants' varying wishes, the housing companies found it difficult to deliver. They were widely criticised

¹⁸ These included the introduction of interest subsidies (SFS 1974:946) and the establishment of municipal housing companies' rent levels as the primary norm (see proposition 1974:150 and the Rents Act/Land Code). The new financing system which was introduced in 1975 meant that the principle of subsidy-free loans (but with interest guarantees) was abandoned. Instead the state set a low so-called guaranteed interest rate. The difference between this and the actual market interest rate was paid by the state in the form of interest subsidies. It was in this context that state subsidies for the first time were accepted as a permanent solution.

during this period, for their inefficiency, their inability to handle maintenance and their excessive costs. The Swedish Association of Municipal Housing Companies (SABO¹⁹) appointed a development committee to deal with these issues and launched (in 1981) a new management policy for municipal housing companies. The cornerstones of this policy were decentralisation, good financial management and the establishment of contacts between companies and tenants²⁰.

For many of the municipal housing companies, the 1980s was a time of transition from construction to management, of decentralisation, of more varied construction and of new financial thinking. With increased competition and empty flats, the housing companies were forced to control and reduce their spending to a greater extent than previously. Physical renewal and energy economy were other major issues for the municipal housing companies in the 1980s.

The 1990s: the reshaping of housing policy, including the transfer of financial risk from the state to the municipal housing companies

The 1990s saw major changes to housing policy²¹, beginning after the Social Democrats had lost power to a right-of-centre coalition in the 1991 election. The municipal housing companies were also profoundly affected by this. Reductions, and in some respects suspensions, of state support were among the most decisive changes²². State housing loans were abolished and interest subsidies were curtailed and reduced. The goal was to introduce a more market-oriented approach. The state was no longer to take the large and ultimate financial risks²³, instead they were to be transferred to the borrowers, i.e. the housing companies (or the municipalities, in the case of municipal housing companies) and the house-owners.

¹⁹ In 1950, the non-profit housing companies had formed SABO as their central organisation.

²⁰ See Lindberg, G & Karlberg, B (1988)

²¹ See e.g. the 1994 report of the National Board of Housing, Building and Planning: "Bostadsmarknaden och 90-talets förändringar", Boverket Rapport 1994:1 (*The Housing Market and the changes of the 1990s*, in Swedish).

²² It should be added, however, that there had been widespread political agreement for a number of years that something had to be done about state subsidies. It was pointed out that the goal of a high national housing standard had been achieved, while at the same time ever-growing subsidies and a large public debt threatened to undermine confidence in the Swedish economy. As an example of the rapid cost developments, housing subsidies totalled SEK 13 billion in 1987, and by 1992 they had grown to SEK 33 billion.

²³ Until then, the interest subsidy system had been specially designed to do precisely that. In the 1970s and 80s the state had additionally given municipalities and municipal housing companies special support to cover the rent losses incurred by the many empty flats. With the changes of the 1990s, financial risk was transferred from the state to municipalities. See e.g. SOU 1996:156, Chapter 13.2 for a more detailed description.

For the municipal housing companies this meant an end to the comparative advantages that they had been given by the state since the 1940s to underline their special role as instruments of housing policy. The government decided to remove the preferential treatment of municipal housing companies. In the future, they were to operate under the same conditions as privately owned housing companies with regard to subsidies, tax regulations and finance. The possibilities of authorising new non-profit municipal housing companies were also removed at this time²⁴. When the Social Democrats returned to power in 1996, no changes were made to the new conditions.

The reduction in subsidies brought particularly severe consequences as it occurred during a recession with steeply increased unemployment, low inflation and raised interest-rate levels. Additionally, a wide-ranging tax reform had been carried out in the early 1990s, in which lowered taxes to increase disposable incomes were to be financed to a very large extent by taxing the housing sector. The combined effect of all this was very much higher rents and a dramatic reduction in housing production to historically and internationally very low levels.

The term “businesslike” describes the direction of the municipal housing companies in the 1990s. Besides an even greater focus on financial efficiency, it also meant that tenants began to be referred to as customers, to underline the importance of meeting their varied and individual preferences and needs. An illustration of this shift – from offering fairly uniform accommodation meant for everyone to offering more varied accommodation tailored to different types of households – may be found in the policy of Örebrobostäder (ÖBO), a municipal housing company. They very consciously reformulated their objective from “Housing for everyone” to “Housing for you”, an objective that still applies²⁵.

During the first decade of the 21st century this shift to a businesslike approach – often specified as “market-oriented business-mindedness” – became even more central. The vast majority of municipal housing companies had been reorganised into limited liability companies in the 1990s, and had as such become more independent of everyday municipal activities. Many of them were also part of municipal trusts. The focus was increasingly on the conditions that municipal housing companies share with privately owned limited companies. More and more municipal housing companies had started to talk and act in terms of increased solidity, profit, yield and dividends²⁶. More and more municipalities, it

²⁴ More on this in the final section of this paper.

²⁵ As reported during a visit on 28-29 March 2007.

²⁶ It may be noted that a discussion about turning the municipalities’ housing companies into limited companies had been held much earlier, albeit from a different perspective. In SOU 1972:40 it was suggested that the limited company form was preferable to the foundation form as it would give the companies’ activities greater stability. At the time, the main concern was about rules for reporting and audits, but also companies’ distribution of responsibility between executive director, board and annual general meeting. It was even suggested that only limited companies should in future be authorised as municipal housing companies. However, no decision to this effect was made.

was claimed²⁷, had increased dividend payments from their housing companies using the surplus for other municipal ends. And since the 1990s, more and more municipalities have chosen to sell all or parts of their housing stock.

The state, however, had adopted various measures (since the 1980s) to prevent municipalities from selling off their housing stock²⁸. Despite the changes in housing policy of the 1990s, the state continued to regard not-for-profit municipal housing companies as important instruments in the rent-setting process. It was keen that the municipal housing companies should continue having a large enough share of the local rental housing market to be able to fill the double role they had been given in this process – i.e. both to protect tenancy rights and to serve as a damper on rental levels – by means of the utility value system in combination with their rent-setting role²⁹.

However, the right-of-centre government that came into power in 2006 has removed the previous restrictions on municipalities' rights to sell off all or parts of their housing stock.

In parallel with the developments described above, the significance of EC rules on competition and state aid has increasingly emerged, during the first decade of the 21st century, as a decisive issue for Swedish housing policy in general and for Sweden's municipal housing in particular. This issue came into considerably sharper focus following two complaints (in 2002 and 2005) filed by the Swedish Federation of Property Owners with the European Commission, alleging that Sweden has provided state aid unlawful under EC rules to municipal housing companies.

During the 1990s some municipalities' housing companies began renewing large-scale urban housing estates in new ways

The focus on business-mindedness that emerged in the 1990s was in many ways a continuation and reinforcement of something which had begun in the 1980s. One feature of the 1990s that contrasted more clearly with the previous decade, however – and is highly relevant to the current discussion about the tasks and future conditions of municipal housing companies – was the way in which some municipalities began to deal with the rehabilitation and renewal of certain large-scale housing estates generally described as “vulnerable” and often built during the Million Dwellings Programme.

In the 1980s, “turnaround projects” had been carried out in many areas. These comprehensive physical transformations were aimed primarily at making the area in question physically attractive and thereby to change its population makeup by making new and more well off

²⁷ Above all by the Swedish Union of Tenants.

²⁸ SFS 1986:694, SFS 1996:1435, SFS 1999:608, SFS 2002:102.

²⁹ Cf. Note 9. See also Proposition 2001/02:58, Section 4.3.6.

groups want to move there. In practice, however, what had most often been achieved were expensive physical transformations and only temporary improvements.

Around the mid-1990s, however, some municipal housing companies, supported by their municipalities, began to think and act in radically new ways – with positive results this time³⁰. One of the conclusions underlying these changes was that it was the housing company's day-to-day, ongoing management – not temporary projects – that made successful renewal possible in a housing estate. Another conclusion was that when renewal was planned it must start out from the residents' perspective, not be imposed by the housing company according to its own predetermined objectives.

The main pioneers in this included MKB in Malmö (in Holma and parts of Rosengård)³¹, Botkyrkabyggen in the Stockholm region and Förvaltnings AB Framtiden in Göteborg (in particular Gårdsten and Hjällbo). In all of these estates, it was clear that the situation was untenable. Financial losses were mounting due to damage, high occupant mobility and many empty flats. Earlier attempts with comprehensive physical alterations and other ways to attract other categories of tenants had failed. A point had been reached where everyone agreed that something radical had to be done.

As a starting point, these municipalities decided that their housing company should not try to replace those living in the estate with perceived better tenants. Instead the current residents should be the point from which renewal and change began. Their needs, wishes and – not least importantly – active participation were to be the basis for renewal. There would be no more temporary “projects” of renewal, instead renewal was to be carried out within the framework of the ongoing management of the estate. All the housing companies involved realised that this required a new form of organisation, with changed working methods and a new attitude towards tenants. The earlier approach, which had been hierarchical and specialised, was abandoned. “House heads/housekeepers”, managing between 100 and 300 flats with full personal responsibility for results, became the key staff category. Large investments were made in their professional development, and recruiting concentrated on individuals with the right social competence. They were to be present on the estates, in direct and continuous contact with the people living in the area³².

³⁰ See e.g. conference summaries from the Swedish National Board of Housing, Building and Planning's (Boverkets) Planning and Building Days on 27-29 August 2002, the seminar entitled (in Swedish) “Can the landlord mitigate exclusion?”. For various descriptions, see also Alenmark (1994), Alfredsson/Cars (1996) (1997), Alfredsson/Andersson/Cars (1998), Birve (2007), Boverkets Byggekostnadsforum (2007), Hansson (2007), Olsson et al (2005), Öresjö (1996 and 2006).

³¹ MKB in Malmö had actually begun in the 1980s already, in the Gullviksborg and Örtagården/Rosengård estates. See Ahlström et al (1982), Andersson et al (1987), Örtagården (1987).

³² It may be noted that these companies in their own internal reviews reached similar conclusions to those underlined in the new management policy launched by SABO in 1981, but that they chose to act on them in much more far-reaching ways.

One important lesson was that it proved necessary also to deal with issues beyond the scope of traditional property management. This was expressed as the importance of moving from “managing properties” to “creating a good housing/living environment”. In order to achieve this, it proved necessary to set out from the issues that tenants themselves expressed were most important – even if they went beyond traditional property management issues.

What the tenants were generally concerned about – besides the basic issues of having employment and being able to support oneself – was safety and security in the area, the condition and cleanness of the buildings and the area, and not having to feel ashamed about where they lived. They were also concerned about being treated with respect by the management staff, about good schools, childcare and other facilities for children, as well as about various types of commercial and public services.

Many of these were management issues and thus clearly within the remit of the housing companies. Other issues could be dealt with through collaboration with municipal and other bodies. In some cases, however, the housing companies found that if anything was to happen, they had to apply the measures themselves – despite the fact that they were thereby dealing with issues that weren’t really within their area of responsibility.

All of these “pioneers” have underlined the importance of receiving clear owner’s directives from the municipality, which emphasise both the need for broader-based renewal efforts and the importance of business-mindedness and sound finances. They have said that clear objectives – but not political micro-management of the kind where the municipality intervenes in daily management activities – in combination with independent financial control creates the kind of freedom that the company needs in order to be perceptive and act on the basis of what the immediate situation requires, but also on the basis of longer-term social, economic and environmental perspectives. Not least importantly, they have all pointed out that rehabilitation and renewal take time.

The Swedish non-profit housing sector – a municipal instrument defined and subsidised by the state

As was pointed out at the beginning of this paper, Swedish non-profit housing is characterised by the fact that, with very few exceptions, it is municipally owned and controlled. This is a far from obvious arrangement, compared with other countries. Denmark and the Netherlands, for example, have different arrangements³³. In Denmark, the

³³ See e.g. “Den allmännyttiga bostadssektorn i Danmark, Nederländerna och England” (“The non-profit housing sector in Denmark, the Netherlands and England”) Boverket (The Swedish National Board of Housing, Building and Planning), 2000. Here it emerges that neither the Danish nor the Dutch “allmännyttiga” is publicly owned, but is owned by private and financially independent housing companies operated on a not-for-profit basis.

housing stock which corresponds to Sweden's non-profit housing stock is owned and managed by independent, not-for-profit companies ("almene boligorganisationer"). Residents make up the majority of the board members of these companies and it is up to each company to decide whether the municipality is to be represented at all on the board. In the Netherlands, the non-profit housing service is now owned by private, financially independent housing companies.

Although it is the municipalities that are the main owners of the Swedish non-profit housing sector, it is not the municipalities themselves but the state that has defined, and continues to define, what may lawfully be authorised as a non-profit housing company. Between 1935 and the early 1990s these definitions were included in the wording of acts and ordinances that dealt with the state's financial support of housing construction. It was in these acts concerning the state's financial support that the conditions were formulated according to which the state issued authorisation of a non-profit municipal housing company – thereby giving it access to particularly favourable financial subsidies from the state. Two decisive defining criteria were that the company should be not-for-profit and that it should be under municipal control.

The background to this long-lasting connection between the state-approved definition of a non-profit municipal housing company and the conditions for state financial support can be traced back to the special role the Riksdag wanted municipalities and their non-speculative housing companies to have. They were regarded, as has been mentioned earlier, as some of the most important instruments for achieving the objectives of national housing policy. However, the principle of municipal autonomy meant that this role could not be imposed on the municipalities by decree. Instead, the means available to the state were financial incentives.

The state's most explicit means of encouraging municipalities was, from 1935 until the early 1990s, to provide special state financial support to them and their housing companies. At first this was done by extending state support, in the form of loans, exclusively to them. As of 1942, when state support began to be offered for all housing construction, the share extended to municipalities and their housing companies was always larger than that given to the others. This only ended in 1992 when, under a Riksdag resolution from 1991, the special position of municipal housing companies was abolished and they were placed on a par with other players on the housing market in terms of state support.

Thus it was via the state support system that the state-approved definition for authorisation of a non-profit housing company was introduced. The practical consequence of this connection between the definition and the state support system was that when the conditions for the whole support system were radically changed in the early 1990s, and the special financing conditions for the municipal housing companies ended, the sector was left without an official definition of what kind of company could be given state authorisation as a non-profit municipal housing company. It was no longer necessary, from a state support

In England, more and more of the municipally owned "allmännytt" (local authorities/council housing) have been transformed, at the state's initiative, into independent, private, not-for-profit foundations (housing associations).

perspective, for any new non-profit housing companies to be authorised as such, since they were no longer entitled to more favourable support than other housing companies³⁴.

Nevertheless, the fact that the definition – and with it the possibility of authorising new non-profit municipal housing companies – disappeared from the text of the laws led to difficulties. Many municipal housing companies, which had previously been non-profit foundations, were, as mentioned, in an attempt to gain greater control over their finances in the 1990s, turned into municipal non-profit limited liability housing companies. But under the new rules there was no longer any definition by which to authorise these “new” housing companies as non-profit municipal companies. This in turn meant that the “new” municipal housing companies would lose the special support that they were receiving and which they had been granted according to the earlier rules. In order to prevent this from happening, the state had to apply the special measure of giving them the same status, following a special application, as other non-profit municipal housing companies in terms of loans and subsidies. In other words, they were allowed to keep the special support conditions they had previously enjoyed. This came to apply until 2002.

In 2002, for the first time, a special and separate act on non-profit housing companies was passed (the Act on Non-Profit (“allmännyttiga”) Housing Companies, SFS 2002:102). This was an act that only dealt with the non-profit housing sector and the conditions governing it – it had no connection whatsoever with the state support systems. It did mean, however, that criteria for what kind of housing companies the state could authorise as non-profit municipal companies were again introduced.

Under this act, two conditions had to be fulfilled in order for a housing company to be authorised as non-profit. First, it must be not-for-profit (i.e. not pay more than a state defined dividend on that part of the share capital or paid-up membership contributions that the owner had invested in cash)³⁵. Second, the company’s activities must consist principally of managing properties in which rental dwellings are provided.

This act does not specify, then, that a housing company must be owned or controlled by a municipality in order to be authorised as a non-profit (“allmännyttigt”) company. Also this is a change. It means that a privately owned or cooperative housing company can also be authorised as non-profit, if it fulfils the two conditions described above. In cases where a municipality owns and/or controls the housing company, and it fulfils the two conditions described above, it is by definition – i.e. without needing to receive special authorisation – non-profit and is simply named “a municipal housing company”.

However, according to the act, special rules were to apply for municipal housing companies. Such a company would have to seek

³⁴ Those municipal housing companies which had already been authorized continued to receive, under special transitional rules, the more favourable support they had been granted under the previous acts.

³⁵ Boverkets’s (The National Board of Housing, Building and Planning) study “En studie av allmännyttiga bostadsföretag som kommunala instrument”, (2006), Part I, pp. 13-15, presents a brief history of how the concrete content of the not-for-profit requirement has been reformulated over the years.

permission (with the county administrative board) if it wished to sell all or part of its housing stock. Permission would also be required if a municipality wished to sell such a large proportion of its shares or units in its housing company that its control of it would cease. This part of the act came to be known as the “stop law”³⁶. Permission was not be granted if it could be assumed that the municipal housing companies’ rents, as a result of the sale, would not have sufficient weight when utility value rules were subsequently applied in connection with rent appeals under the Rents Act (Ch. 12, Section 55 of the Land Code) or rent negotiations under the Rent Negotiations Act (1978:304). However, the latest step with regard to the Act on Non-Profit Housing Companies is, as has been mentioned earlier, that the Riksdag (as of 1 July 2007) has abolished the permission obligation for municipalities and municipal housing companies that wish to sell all or part of their dwellings or shares.

Currently the Act on Non-Profit Housing Companies, from 2002 is, in its entirety, the subject of a much broader review.

The task of the Commission of Inquiry on the Conditions for Municipal Housing³⁷

In October 2005, the government appointed a special commission of inquiry to look into the circumstances and conditions that should apply for the municipal housing sector (Commission of Inquiry on the Conditions for Municipal Housing, M 2005:04). Under the original directive the commission was to report by May 2007, but after a change of government and two sets of additional directives, this deadline was moved forward to April 2008.

The overall task of the commission was to look into what changes might be necessary to the acts and ordinances that control the conditions for the rental market in general and the municipal housing companies in particular (Directive 2005:116). A fundamental issue was to “review the possibilities for pursuing a national housing policy within the framework of EU membership, with particular regard to the circumstances and conditions for municipal housing companies”. In concrete terms, this meant analysing the Swedish system’s compatibility with EC rules on competition and state aid, and to propose changes as necessary.

Another central issue for the commission was to formulate a “long-term cost-price principle that can be applied in a consistent way”³⁸.

One important point of departure for the commission was to be that the rent setting system should continue to include protection against exorbitant rents and guarantees for real protection of tenancy rights. Any proposals were to be formulated “with regard to the desire to safeguard

³⁶ Not to be confused with the “stop law” in health care, which was about the sale of hospitals owned by county councils. See also Note 37.

³⁷ The following section has been added after the report was written for the Inquiry.

³⁸ In place of the hitherto existing unspecified and ambiguous concept being used.

the essence of Swedish housing policy, including the foundations for the roles played by municipal housing companies.”

The change in government in the autumn of 2006 brought certain changes to the directives for the commission. The first additional directives (Directive 2007:18) stated that the commission should assume that “the regulations requiring permission for the transfer of real estate as well as shares and units in municipal housing companies will be abolished during 2007”. Compare that with what has been said above about the repealing of part of the Act on Non-Profit Housing Companies.

The second set of additional directives (Directive 2007:73) brought a larger number of changes and additions. It stated that the commission needed a wider mandate to be able to propose such changes as were deemed necessary with regard to EC rules.

Under the original directives, municipal housing companies were to adhere to a long-term cost price principle. This restriction was now removed, with the explanation that it could limit the commission’s possibilities for presenting alteration proposals that were compatible with EC rules.

The new directives specified that the commission should specially examine both the extent to which EC rules involve rate of return requirements for municipal housing companies, and the extent to which limited rate of return requirements for municipal housing companies are compatible with EC rules. The present limit on dividends paid was a particular issue.

In the new directives it was specifically stressed that municipal housing was to continue being a housing form for everyone. It was stated that Swedish municipal housing “has long been characterised by the fundamental concept that it is a form of housing available to everyone, regardless of social, economic, ethnic or other background. It is important that municipal housing does not change in this respect.” It was specifically pointed out that “If several models are possible in order to make necessary changes, the commission shall not propose any model which implies that the municipal and non-profit housing companies begin to move towards only providing housing for particular groups or following special testing, e.g. according to specific income criteria.”

Another special item that was brought out in the directives was that the rent setting system should be adapted to EC rules. Real protection of tenancy rights was to be the term of reference in this context. The aim of proposed changes should be to “create the conditions for a well-functioning rental market” that can meet the housing demand of individuals and on which both private and municipal housing companies can operate under conditions that are neutral as to competition and also otherwise reasonable. The commission should also consider the need for guaranteeing the supply of rented accommodation. The directives further stated that if it appeared suitable, the commission should suggest how the municipal housing companies’ normative role in setting rents might be abolished.

The directives point out that the utility value system in itself constitutes protection against exorbitant rents and guarantees for real protection of tenancy rights. However, it was especially pointed out that

the commission was to consider whether there might arise a need for extra regulations guaranteeing that tenants are not subjected to unacceptable rent increases.

Among other things highlighted in the directives was the instruction that the commission should indicate how support could be given to municipal and private housing companies in municipalities with high vacancy rates due to a decreasing population, without breaking Community state aid rules.

The current situation for municipalities and their housing companies

In summing up the effects of the state subsidy systems which applied until 1991, it may be noted that 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. This situation was drastically changed, however, with the new financing rules that began to apply in 1992, when state housing loans were abolished and the fundamental principles for interest subsidies were altered for all categories of borrowers.

The fact that the financial risks earlier had been relatively low for the municipalities had meant that they had been able to use their housing companies as instruments of housing policy without causing themselves very much economic worry. As long as production of housing remained the main activity, there had been no difficulties in getting state support. 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 jeopardised³⁹.

Today, when state support no longer specially favours municipal housing and sector-wide support is subject to gradual reduction and elimination, the situation is completely different. The state no longer has at its disposal any financial incentives with which to support and/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. The latter was a temporary measure that was introduced in 1999⁴⁰, when interest

³⁹ See e.g. SOU 1996:156, Section 13.2.1.

⁴⁰ SFS 1999:608, often referred to as the “stop law”. This replaced the earlier law from 1996 (SFS 1996:1435) under which not only the interest subsidies for the sold properties would be cancelled, but also the interest subsidies paid out for the rest of the properties the housing company owned. Under SFS 1999:608 the general state grant would also be

subsidies had reached such a low level that their cancellation was no longer considered an effective means of pressure⁴¹. The Council on Legislation made it a condition for the application of this measure, which was not aimed at the housing companies but at the municipalities, that it be temporary. When the Act on Non-Profit Housing Companies came into force in 2002, this measure was revoked. After that, no state sanctions remained for either the sale of municipal housing companies (or of part of their housing stock) or the payment of excessive dividends to the municipality. All that remained was that permission had to be sought from the county administrative board for sales, and that the housing companies' dividends should be reported annually to the county administrative board.

For municipalities the present situation thus means that it is up to them themselves – more than before – 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 – very much more so than before – to keep an eye on the housing company's finances, as well as on the municipality's financial conditions. Since the 1990s, the close intertwining of housing companies' and municipalities' finances – previously almost the rule – has largely been undone. Most municipal housing companies are now run as limited liability companies. These may be owned by the municipalities and be controlled by means of municipal directives, but they have been separated from regular municipal economic activities in a wholly new way.

The current situation also includes the prospect that financial support from municipalities to their housing companies may not just be problematic for reasons of municipal economy, but also – as has been mentioned – due to the conditions highlighted by EC competition and state aid rules.

In other words, what remains for the municipalities is the old question, albeit more “naked” than before: is it worthwhile owning housing companies, to use as municipal instruments?⁴² If the answer is yes: then for what? Do the municipalities primarily want them in their capacity of being limited companies that can provide earnings and dividends for the municipality? Or do the municipalities want to continue seeing them primarily as the broadly conceived municipal instruments of housing, and social and economic policies that they have served as since the 1940s – albeit now within the framework of a necessarily more businesslike conduct? And if the municipalities choose to see their housing companies as policy instruments, then what might be, or possibly ought to be, the

reduced if the municipal housing company had paid a dividend that exceeded “reasonable returns”.

⁴¹ See SOU 1997:81. Final report of the Inquiry into Municipal Housing Companies.

⁴² Against this background, it is hardly surprising that SABO began, in 2006, a comprehensive study of future conditions (Frambo). The reports from this study, which was presented in the spring of 2007, formed the basis of the new conceptual programme that SABO adopted at its congress in June 2007.

housing and/or sociopolitical issues that municipally owned housing companies are particularly suited to addressing?⁴³

History shows that Swedish municipal housing has been actively used as a political instrument in a number of varied situations where municipalities and the state have viewed the market as an insufficient supplier. By virtue of the special form of Swedish non-profit housing – that of being both owned and controlled by municipalities and of producing and managing housing that is not means-tested but open to all – it has been possible to use it for a series of different ends. This broad range of uses would not have been possible if it had not been owned by the municipalities, and above all, if it had only been directed at those who were worst off, i.e. if it had been “social housing”.

As this history has shown, it has been about producing housing to end housing shortage, reducing overcrowded conditions and improving housing standards – and about doing this without singling out and stigmatising certain groups. In addition to these housing and social tasks, Swedish municipal housing has however also been used as an instrument for facilitating and encouraging economic development. In concrete terms, this has mainly been about building sufficient numbers of dwellings in places where, and during periods when, industry has had a need for labour. During certain periods, municipal housing companies have also been used as instruments to moderate the ups and downs of economic cycles.

A recent addition has been that there are municipalities whose housing companies have taken on the task of rehabilitating and improving conditions in depressed, run-down, problem-ridden housing estates, most often from the era of the Million Dwellings Programme – and of doing this in new, more proactive and successful ways. In these areas, the municipal housing company has often been the dominant property owner. In some cases, municipalities have judged it necessary to instruct its housing company to buy up private housing stock in the area in order for the renewal process to be successful⁴⁴. It has been pointed out that the prerequisites for this type of renewal effort are continuity and a long-term view – and that it takes as its starting point the needs, wishes and active participation of the people living in the area.

⁴³ The National Board of Housing, Building and Planning was asked, as a part of the ongoing inquiry, to study the current ownership directives of 25 municipalities' housing companies. This study showed that there was considerable variation in the goals expressed in these documents and also in what the housing companies themselves regarded as their goals as municipal housing companies. In the Board's report, the various municipalities' stated goals have been arranged under one or more of the following headings: formal rules, financial premises, provision of housing, social responsibility, responsibility for general municipal development, and environmental aspects. For a more detailed description, see Boverket (2006). See also Bergsten and Holmqvist (2007).

⁴⁴ Gårdsten in Gothenburg and Herrgården, part of Rosengård in Malmö, are two estates where this has been the case.

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Boverket

Box 534, 371 23 Karlskrona, Sweden
Tel: +46 (0)455-35 30 00. Fax: +46 (0)455-35 31 00
www.boverket.se