

Planning for social housing

– affordability in the face of marketisation in Copenhagen

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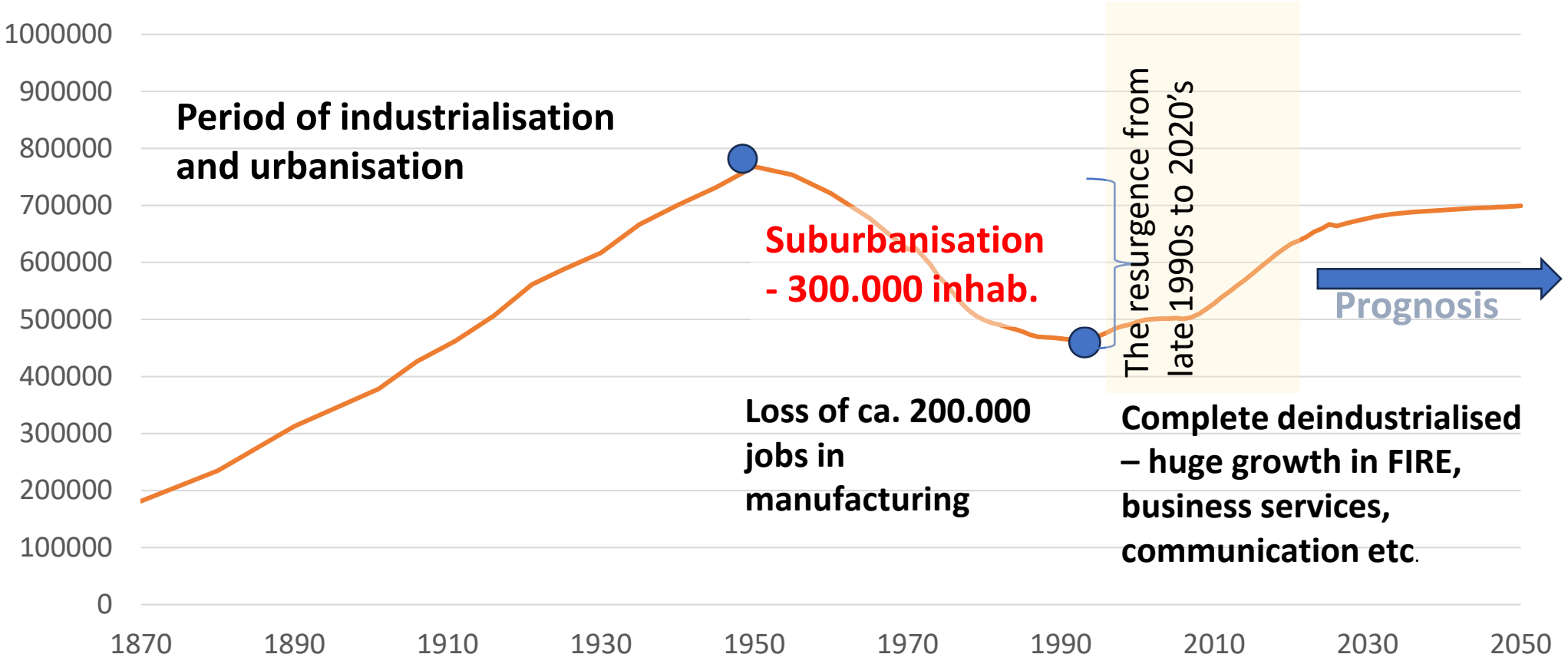
Housing in Denmark

- Housing in Denmark consists of four main categories:
    - Owner occupied
    - Private rentals
    - Cooperative housing (mostly larger towns)
    - Social or non-profit housing
- The last sector is cost-based, i.e. rent depends on costs of producing and running a housing estate.
- Total costs of new social housing must be lower than the ceiling cap (determined by national government).

Copenhagen during the 1970s and 1980s

- CPH 1970s/ 1980s – a city facing severe challenges: Deindustrialisation, a run-down housing stock (approx. 80 % private rentals), a steady population decline due to outmigration of younger, well-educated people and thus a growing share of elderly, singles etc.
- The city got a still more difficult financial situation as revenue (mostly from income tax) stagnated or declined while expenditure rose.
- Lack of private investments in housing for decades (due to rent regulation). However, rents were low!

City of CPH - population



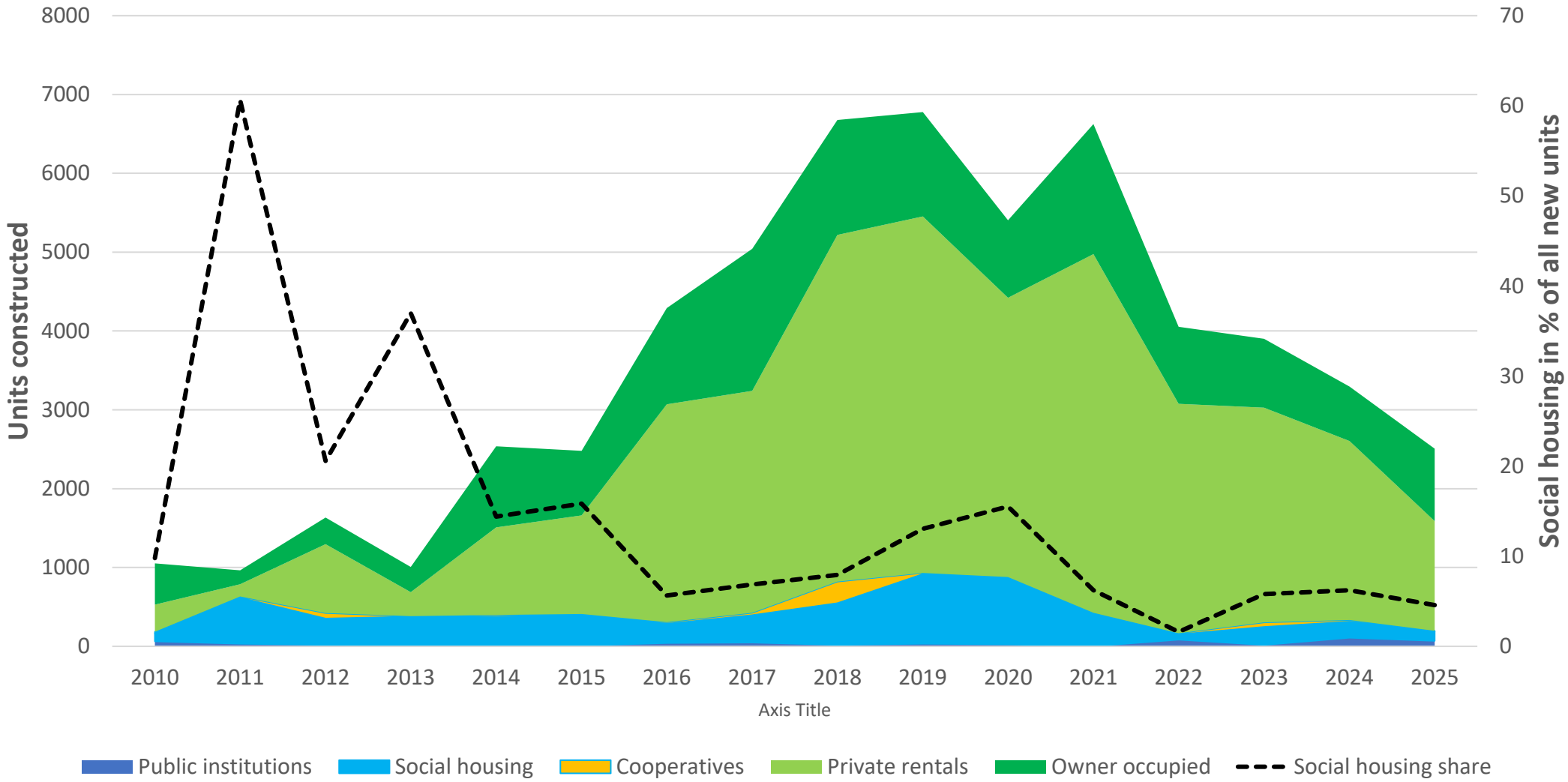
Resurgence at last…

- National parliament had a deceive debate on March, 20th 1990; the outcome was several central government initiatives to help the City of Copenhagen: Major national investments in infrastructure (a new metro system, upgrading of existing regional and local train systems), major road improvements, a bridge/ tunnel link to south Sweeden plus a number of institutional investments: Education & research, culture, i.e. museums, theaters etc.

- The key change took place via planning and housing policy: Inner-city areas were refurbished, unused land (harbour, rail land and former manufacturing spaces) were developed for new and modern housing + public services.

- However, all of this came with a price: City had to sell its own stock of housing units (small and cheap rentals), several properties owned by the City was sold to central government and a new, more market oriented financial and planning policy replaced the hitherto dominating welfare regime. Most important; rent regulation of housing units constructed from 1993 was abolished.

Housing units constructed 2010-2025 in CPH



The success of CPH

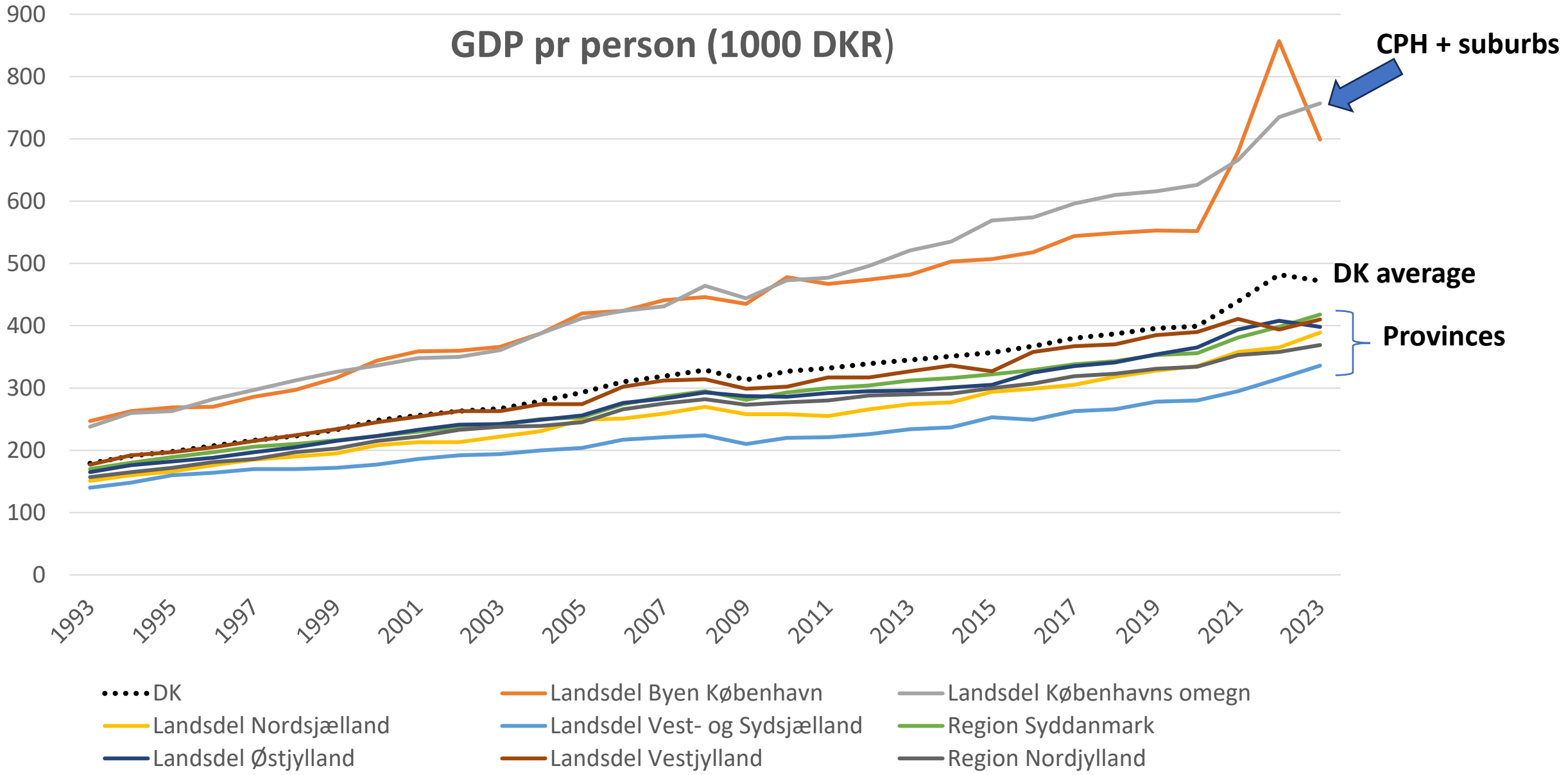
- Housing improvements + a major rise in new housing completions → more middle-class people could see themselves living in central CPH

- Gradually disappearance of unskilled & old working-class people gave room for a massive inflow of young people (students/ academics) and gave new life to the former decaying inner-cities.

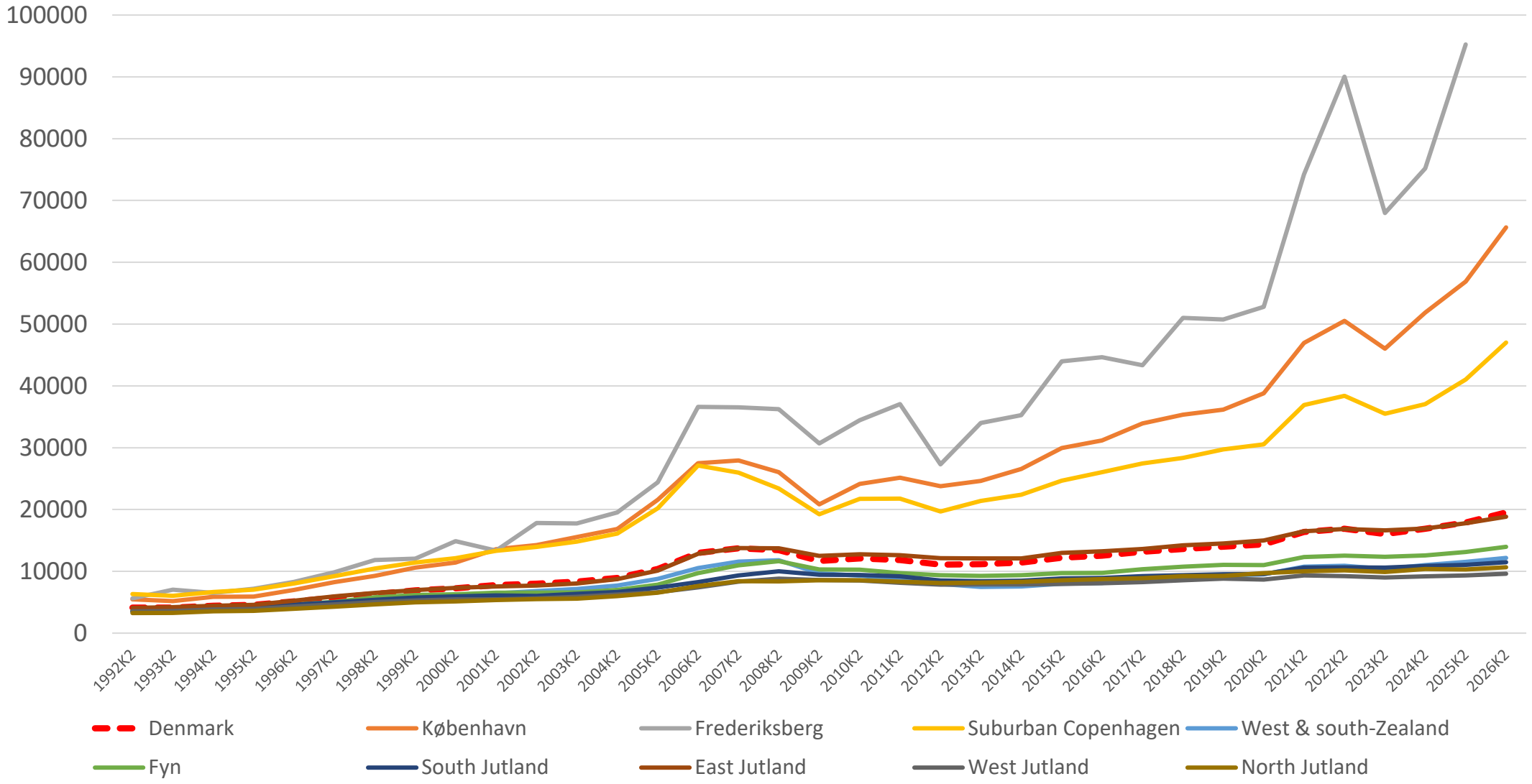
- Replacement of old manufacturing industries by knowledge-based industries – media, finance, business services, R&D (in particular: medico-technics) – provided the city with a sharp improvement of employment, incomes and housing prices = still more investors consider CPH profitable.

- CPH has a growing population – 2008-2025 grew population in Dk by 517.000, of which nearly a third ended up in City of CPH and 62 % in Metropolitan CPH.

CPH has national importance



Sales prices for detached housing (DKR/ sqm)



Challenges today

- More people in work, higher incomes, younger families – all seem so good
- Remember King Midas….

  – housing prices have almost tripled over last 15 years = only better off households can afford to buy or rent (rent has increased relatively more in the same period).

  - rents in private rental has increased almost four times more than rents in social housing, thus

  - rents in private rentals are 135 % larger than in the social housing sector

- More wealth = more cars – but where to park? Space is a limited resource
- A rising split between upper-middleclass households in ownership housing and immigrants & low-income households in social housing
- Social polarisation is visible in neigbourhoods and schools

How to promote social housing?

- Local plans have since 2015 demanded 25 % social housing

  According to agreement with central government (from 2022) new residential areas must have 40 % social housing

- Central government has accepted to indrease the cap of total costs – and that local government co-finances social housing
- Selling public owned land cheap to social housing… blocked by central government
- Suggested new rent regulation; however, this demands accept from central government
- Reduce Airbnb and ”shadow hotels” push rents upwards 4-5 times

Over the last thirty years CPH has transformed from a city in decline to a succesfull and thriving pacital.

Yet, the dark side of the success is the market penetration of most economic relations, particularly the real estate market which has made the construction of affordable housing difficult.

The ambitions for 40% affordable housing in new development projects have fallen far short of success.

The market is a good servant but a harsh master; once a market-based policy has been introduced, it is extremely difficult to break away from its logic