

The Austrian
Verein für Wohnbauförderung,
in Copenhagen, Denmark 29th April 2004

Danish Housing

Senior Researcher Hedvig Vestergaard
Danish Building and Urban Research

"Menu"

1. Danish housing and social housing system
2. Housing financing
3. Current housing issues
4. Housing policy trends
5. Future housing challenges in DK

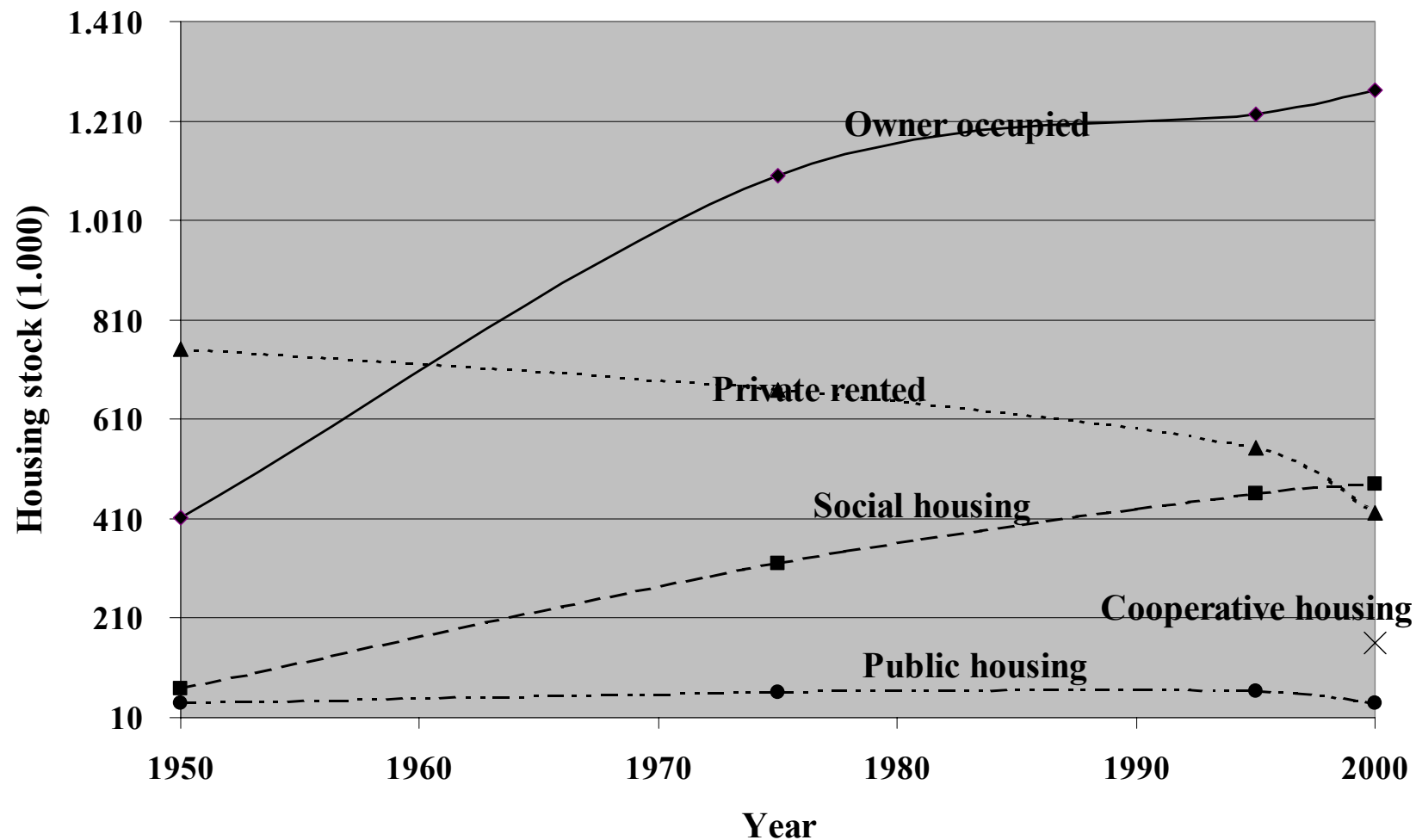
1. Housing policy - tasks

- To regulate housing conditions and costs of housing
- To ensure housing for all citizens
- To ensure the quality of the individual house and the housing environment
- Housing policy is a cornerstone in the Danish welfare state since the end of WWII

1. Housing and social housing system

- A national housing system - no regional differences
- High level of direct and indirect housing subsidies
- Rented housing: immobilised and regulated
- Decentralised social housing - housing associations
- Social housing has moved from *housing for all and with social obligations to special purpose housing*

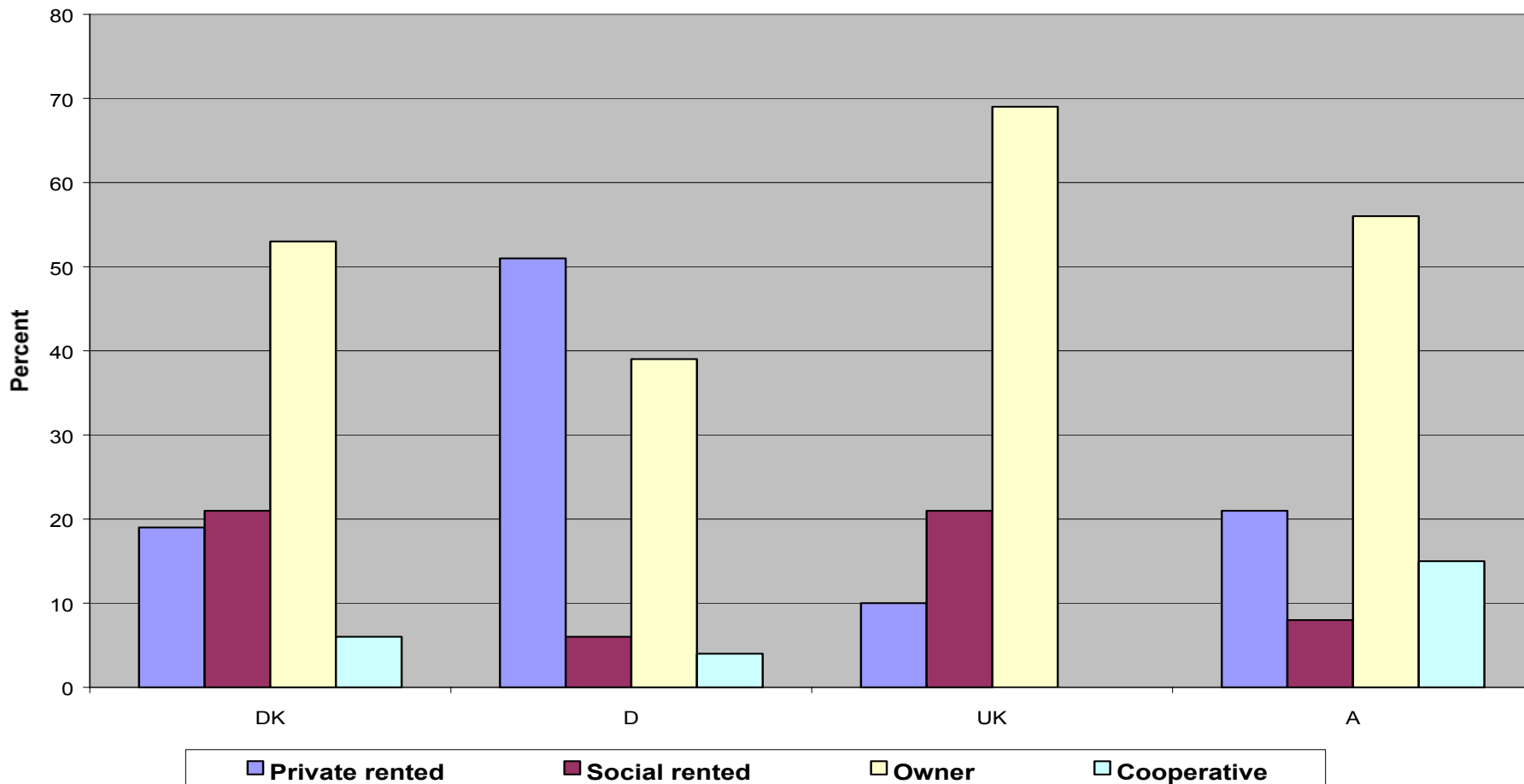
1. Ownership of housing 1950-2000



1. Ownership of housing 1950-2000

Ownership	1950	1975	1995	2000
Soc. housing	5	15	20	19
Pub. housing	3	3	3	2
Priv. rented	59	31	24	17
Cooperative	-	-	-	6
Owner occup.	32	51	53	51
Other	-	-	-	5
Total	100	100	100	100

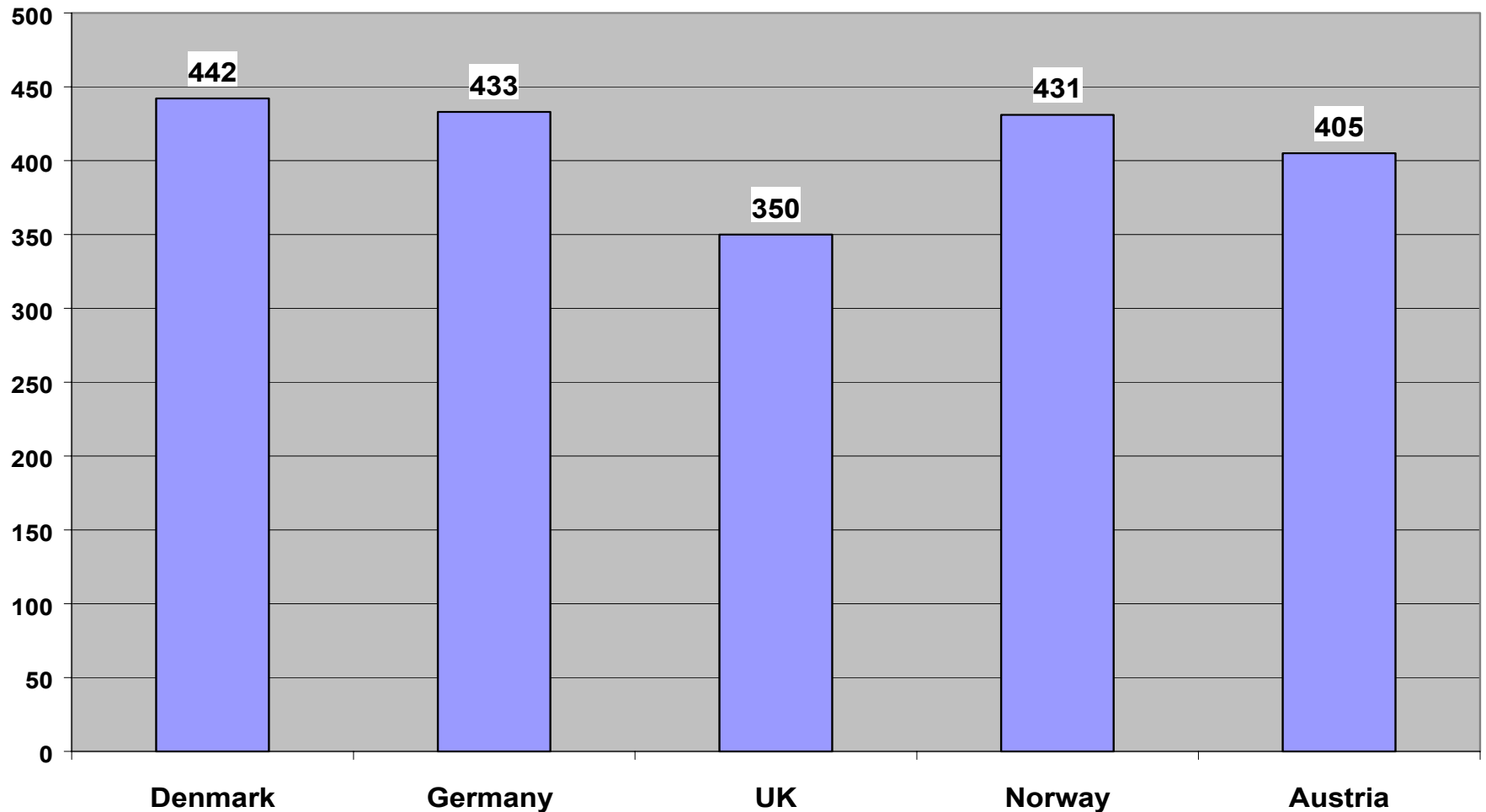
1 Housing by ownership 1999



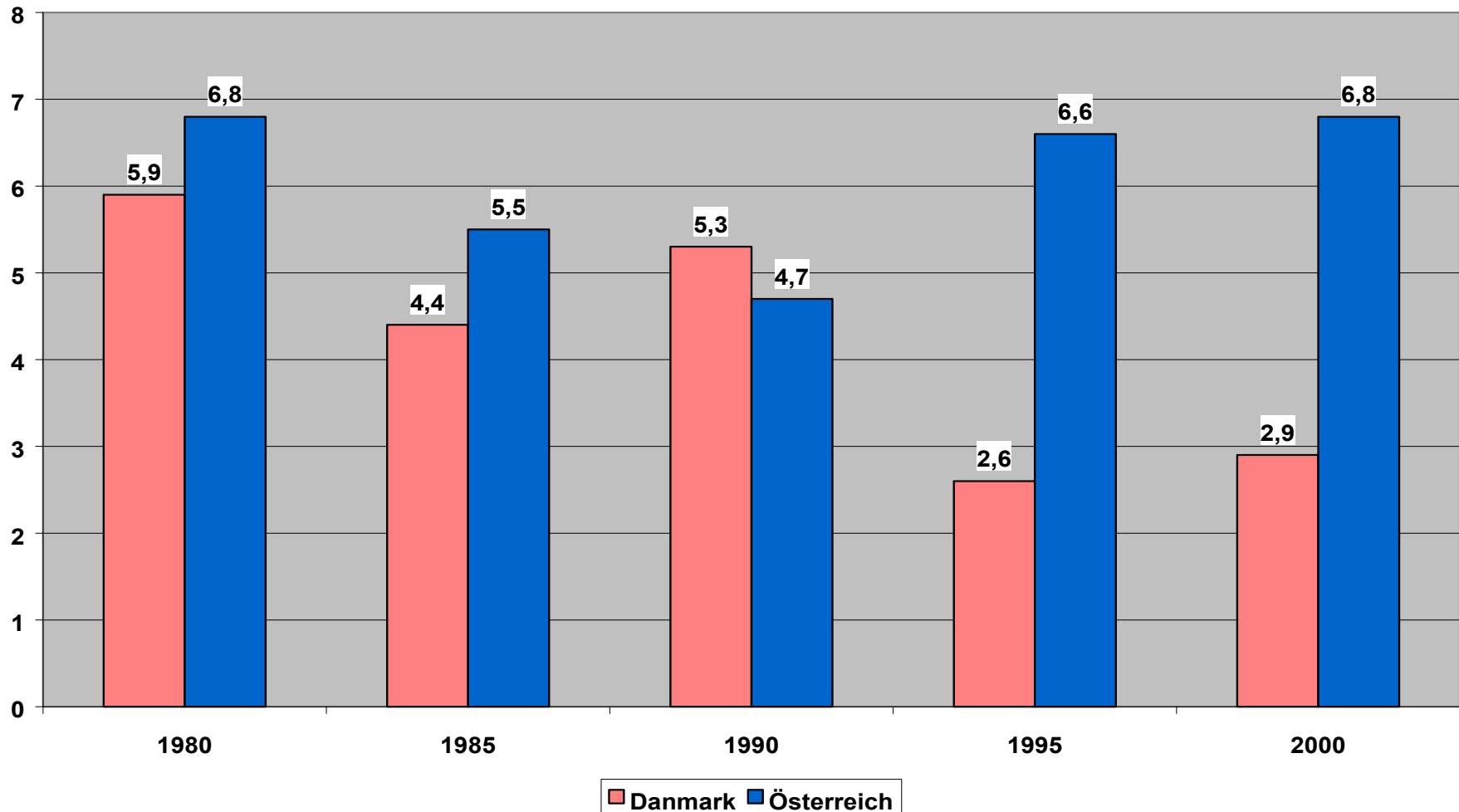
1. Housing subsidies in % of GDP

	Denmark	Germany	UK
Direct:			
Individual	0,73	?	1,46
Housing	0,47	0,3	0,44
Indirect:			
Tax relief	1,46	0,5	0,33

1 Dwellings per 1000 inhabitants



1 Dwellings newly completed per 1000 inhabitants



1. Social rented (not-for-profit) housing

Background:

Philanthropic, co-operative and workers movement

- 700 local housing associations with 8.000 sections/estates - no cross subsidisation between estates
- Cost rents (market adjustment is difficult)
- The National Fund for Non-profit Housing Associations, accumulation of rent related contributions since 1966
- Regular mortgage, municipal guaranties (7-14%) and state subsidies
- Individual housing subsidies

1. Social rented (not-for-profit) housing

- tenants democracy - majority on boards since 1984
- have been moving from *housing for all and with social obligations* to *specials purpose housing*
- Municipal access to 25+ % of vacant units for social purposes
- Waiting lists - external and internal
- Ethnic questions
- Strong national interest organisation - political influence!

1. Private rented housing

Background:

Industrialisation and early 1900 urban growth

- Rent regulations in 1916 and 1939
- The National Fund (GI), accumulation of rent related contributions since 1966
- Conversion to owner occupied flats 1966-76
- Compulsive offers to tenant co-operatives since 1976
- Cost rents in most of the stock built before 1991

1. Private rented housing

- Individual housing subsidies
- Maintenance and urban renewal
- Influential national interest organisation
- Many non-professional landlords
- Experiments to promote new building: - preference for low m² prices -> investments in low demand areas

1. Co-operative housing

Background:

The early co-operative movement

- Very few units until compulsive offers to tenant co-operatives were introduced in 1976
- Quotas for new construction in 1981 <- social liberals
- Types: private co-operatives (block of flats), subsidised co-operatives (low-dense) and co-operatives for the elderly (low-dense)
- No property tax
- Have become very popular

1. Owner occupied housing

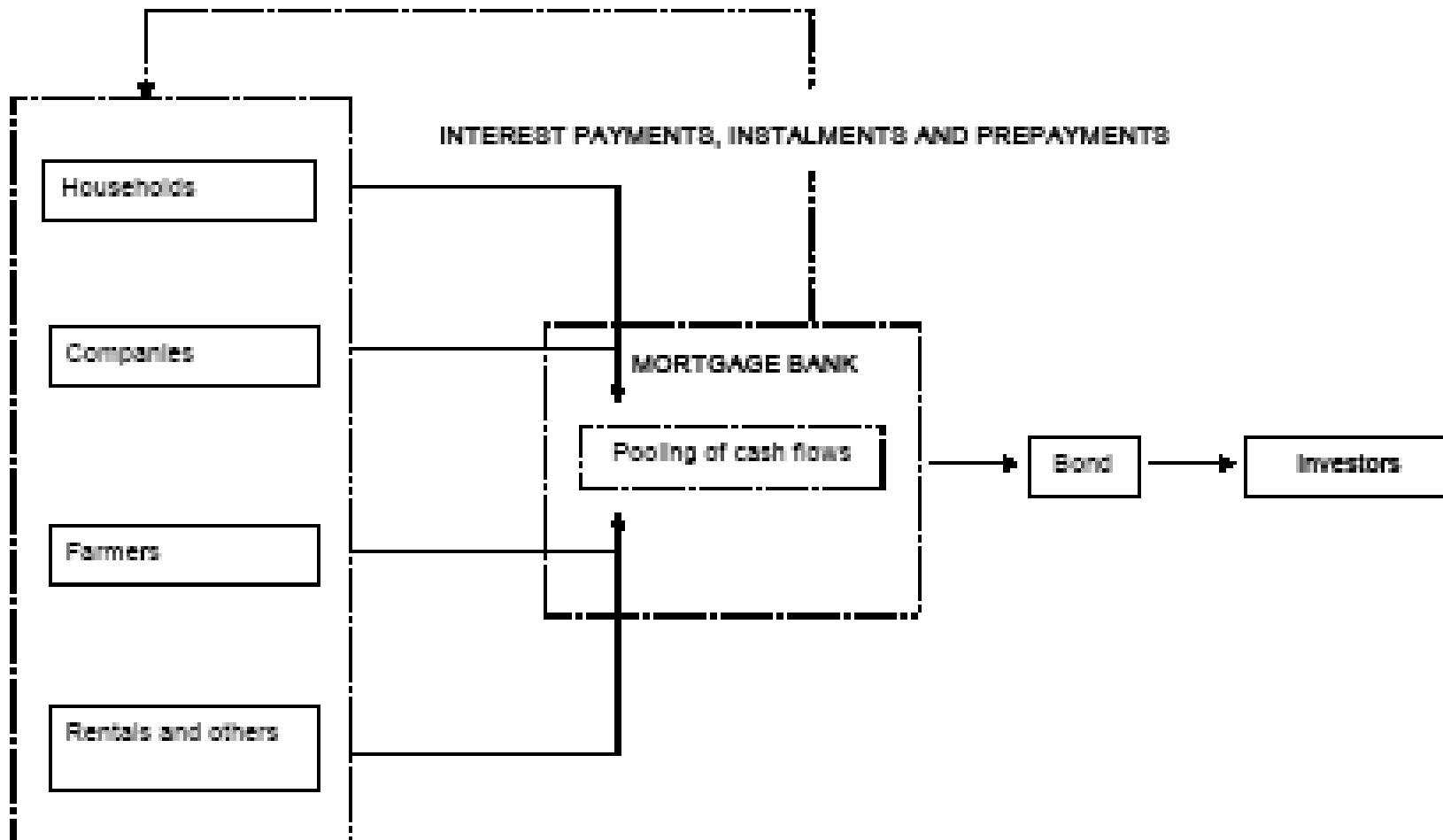
- Single family and terraced housing
- Condominiums - owner occupied flats
- Summer houses - restricted occupation
- Market regulated
- Indirect subsidy through interest tax relief
- Property tax but no capital gain tax
- No writing off

2. Housing financing - since 1797

- loans are granted against security in the real property of the borrower
- loans are fixed-interest, long-term loans
- loans are granted within certain limits laid down in the Mortgage Credit Act
- effective interest is fixed by the market in a transparent manner
- loans are funded entirely through issuing of bonds
- *New*: flex loans and standing loans

2 Mortgage bonds

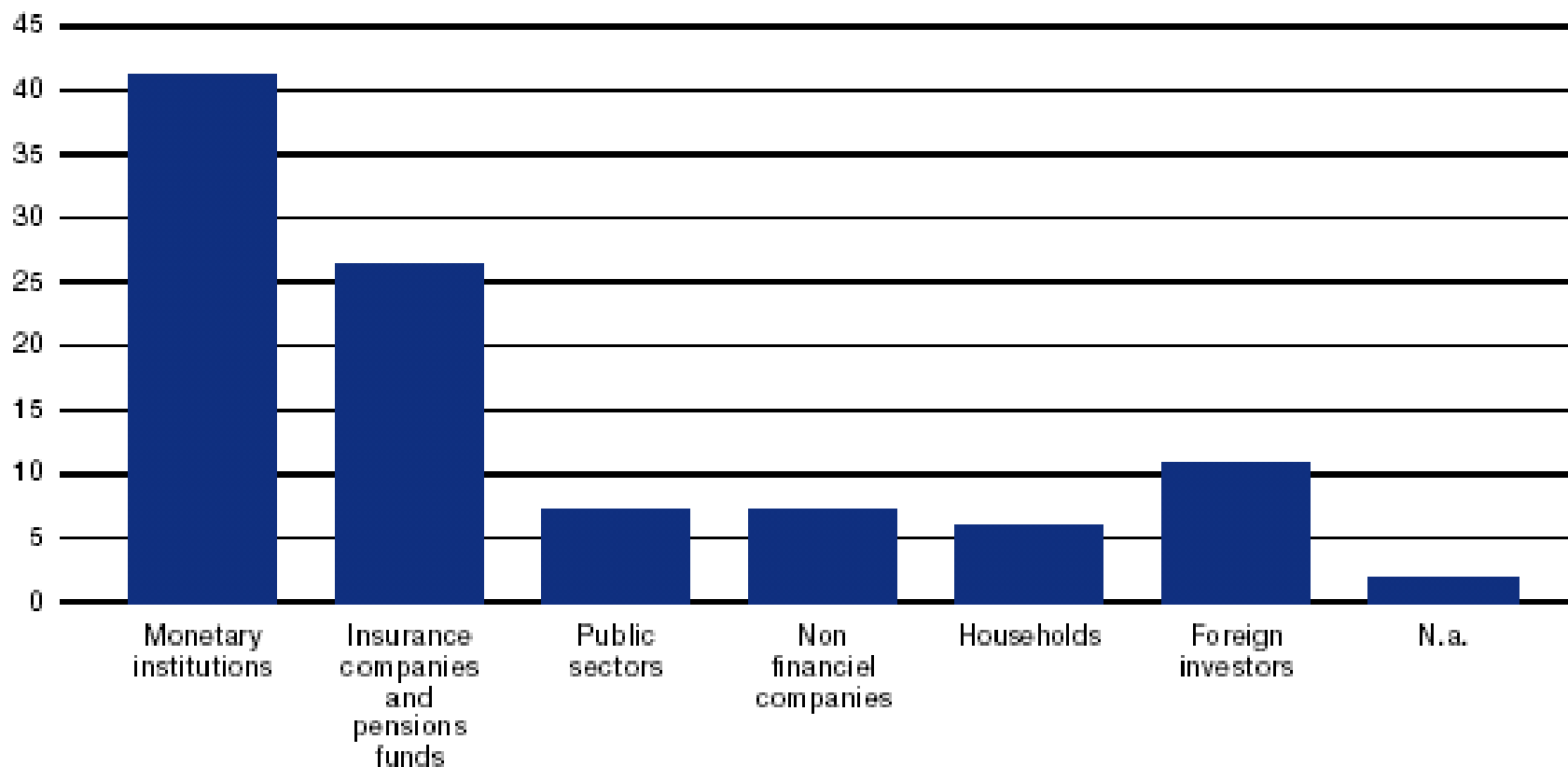
LOANS TO BORROWERS



2. Investors in mortgage bonds

Investors in mortgage bonds. End June 2003.

Percent



Source: Danmarks Statistik

2 Mortgage bonds

Table 4. Mortgage bonds in circulation in selected European countries

Bn €	2000	2001	Share of GDP in per cent 2001
Denmark	166,054	199,808	121.0
Germany	247,587	255,821	13.6
Spain	11,544	13,506	2.3
France	47,721	42,997	3.2
Holland	1,259	922	0.3
Austria	4,544	4,255	2.2
Sweden	65,155	65,432	30.7

Source: European Mortgage Federation (EMF), HYPOSTAT and Danmarks Statistik

2 Mortgage financing - housing

Max lending limits and periods for housing property			
Category	LTV %	Years	
Owner occupied	80	30	
Private rental	80	30	
Private cooperatives	80	30-35	
Non-profit housing	84-91	30	
Special purpose	80	30	

2 Financing of non-profit housing (2004)

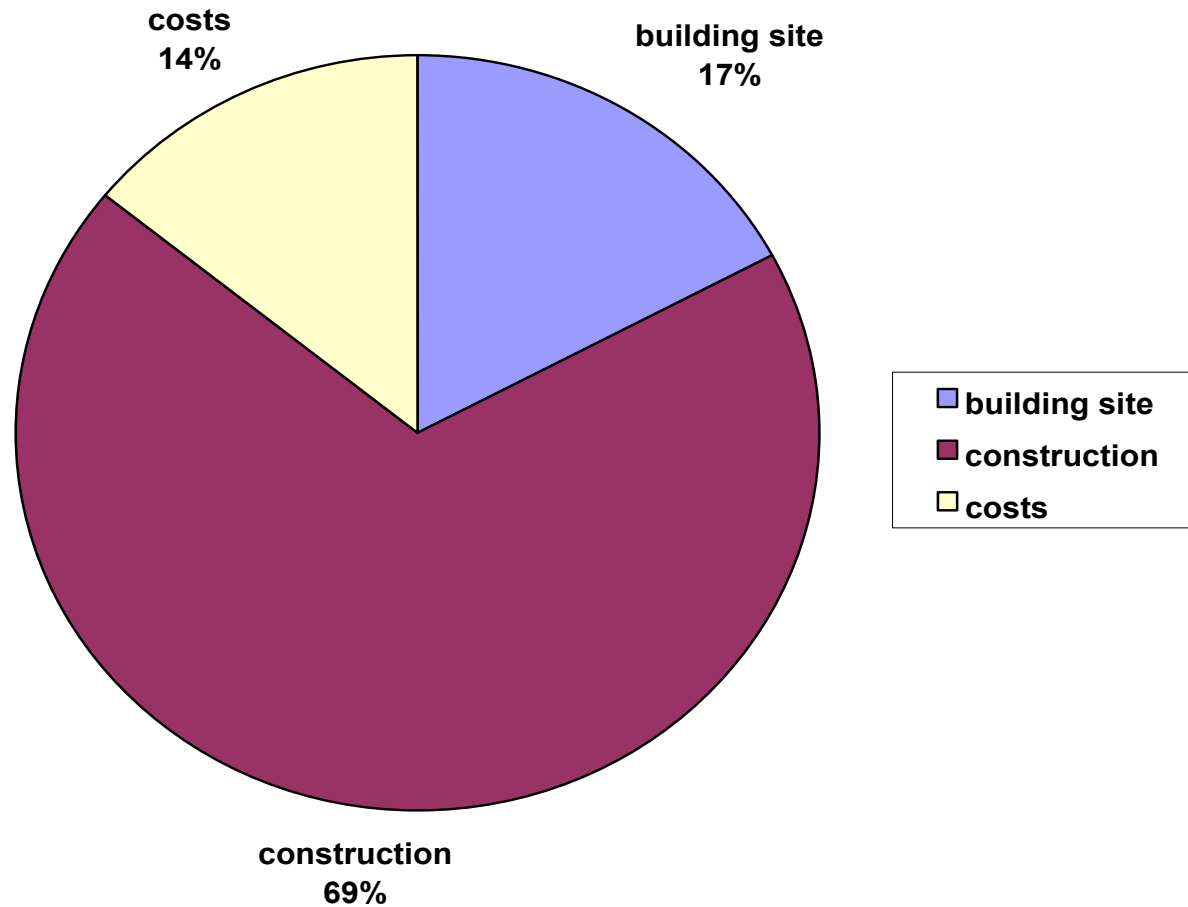
Mortgage 84 -91 per cent

Municipal capital 7-14 per cent

residents share 2 percent

Average permitted building costs per m² DKK 15.075

2. Distribution of building costs (2004)



3. Current housing issues - problems and challenges, 2000

- Concentration of socially deprived and ethnic minorities on social housing estates
- Difficulty in providing housing for maladjusted persons
- Lack of physical accessibility
- Inefficient house building of low technical and architectural quality

3. Current housing issues - problems and challenges, 2000

- Poorly functioning rent market and utilisation of the housing stock
- Lack of maintenance, deprivation and decay
- Low equity in the owner-occupied housing stock
- Lack of political initiative !

3. Current housing issues - problems and challenges, 2001- 2004



Lack of political initiative!

- Housing policy affects the outcome of elections, 1998 and 2001
- Conservative/liberal government propose to sell social housing to residents - 2001/02
- Experiment with a sale of 5000 housing units - 2004

4. Housing policy trends

- Housing and building policy is dispersed
- Housing is an unpopular subject among politicians in DK
- Housing is seen as a area with low productivity and a drawback for economic growth

- Political initiative: Non-profit residents right to buy

5. Future housing challenges in DK

- New immigration from the accession countries, 010504
- The ageing population
- The shrinking public budget situation
- The impact of migration to the city centres like Århus and Copenhagen
- Structural reform of regions and municipalities
- Empty business spaces
- Investments in nano-, bio- and IT technology