



A short history of housing and housing policy in Denmark since 1945

Vestergaard, Hedvig

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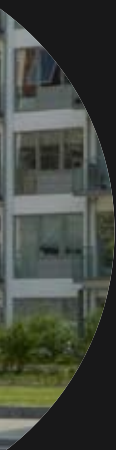
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HOUSING

in Denmark



Centre for Housing and Welfare
FUTURES OF CITIES
51st IFHP World Congress



HOUSING IN DENMARK

RK

HOUSING IN DENMARK
Hans Kristensen

Translation: OVRZ / Mette Aarslew

Picture editor: Peder Duelund Mortensen

Photos: Jens V. Nielsen

Graphic design: Tegnestuen Jens V. Nielsen

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PREFACE

The Danish housing stock has improved considerably over the past fifty years or so and, on average, Danes have good dwellings with ample space. However, there are still hard-pressed groups in the Danish housing market, just as there are great differences between the impact of the various housing types on the welfare and financial situation of individual residents. This book looks at the evolution of various housing types and their residents in the period from the end of World War 2 to the present time, broken down by ownership type and physical design. The review is based on a social science approach focusing on economic and sociological aspects as well as aspects of political science. The pictures serve to illustrate the architectural trends in the various types of housing.

The information given in the book is based on several books and reports, most of which are listed in the bibliography at the end of the book. The statistical data is mainly taken from those books and reports, but also from a database set up by the Centre for Housing and Welfare. The BRF Mortgage Institute has compiled most of the data on housing price trends. In some cases, the author has processed some of the figures to make them fit into the systematics applied in this book.

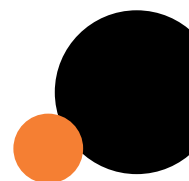
Many people from the relevant professions in and outside the Centre for Housing and Welfare have provided comments on and ideas for the book. I would like to thank all of them for their valuable contributions. I would like to convey special thanks to Hedvig Vestergaard, who wrote the chapter entitled "A short history of housing and housing policy in Denmark since 1945", and to Hans Skifter Andersen, who helped me with some of the statistical material. I would also like to

thank Peder Duelund Mortensen and Jens V Nielsen, who selected the pictures.

The book is part of the Centre for Housing and Welfare initiative to describe and analyse the importance of housing for residents and for future housing planning and housing policy in Denmark. The Realdania Foundation has not only provided the funding for the Centre's general work, but has also granted special funding for the publication of this book. I sincerely thank the Foundation for this.

Hans Kristensen

Head of Centre for Housing and Welfare
Realdania Research
September 2007



HOUSING IN DENMARK

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THE DANES

obsessions with their homes



Danes love their homes. Danes talk a lot about their homes. And Danes spend a large proportion of their income on their homes. Consequently Danes have good, large, but also expensive homes. The average housing unit is 109 m², and it is occupied by two people.

The situation was different 50-60 years ago. In the post-war period there was a housing shortage in Denmark, and it was very difficult for young people to find a home of their own when they wanted to start a family – and very close to impossible if they wanted a home without already having started a family. The cities were full of crowded flats accommodating two or three people per room. In addition, many of the housing units were without modern conveniences such as bathrooms or central heating. The housing problems were put on the political agenda before the war, but gained a more dominant position after the war as an important element in the development of the Danish welfare state. For example, a ministry of housing was established in 1947, but it was not until the late 1960s that the situation improved. This history of crowded, poor housing is probably one of the reasons why people who grew up in this period and who are now in their fifties and sixties prioritise good housing as much as they do.

Increased housing consumption has a self-fuelling effect. In the 1950s and 1960s the main concern was finding housing at all, but since then people have become more concerned with finding good – and increasingly better – housing. In the past few decades, the size of one's home, its location, equipment and furnishings have become a stage upon which one's personal life and family life are displayed. The home has become a yardstick for success and plays an important role in people's lives and minds. When people in Denmark have exhausted the standard topics of weather and work, they can always ask questions about where people live, what their home is like, where they lived before and where they want to live in the future.

Many other explanations for the Danish preoccupation with the home have been given – especially if the home is a

detached house. One of them is the North Atlantic climate in Denmark, with winter temperatures around freezing, strong winds and a great deal of precipitation. In the five months from October/November to March/April, the weather forces Danes to spend most of their time indoors. The Danish climate does not provide the same opportunities for winter sports as those enjoyed by Norwegians and Swedes, nor does it permit city and café life outdoors during the entire year as in southern Europe. Instead, Danes *hygge* (have a cosy time) indoors. Since World War 2, this national sport has required an increasingly larger floor area in each individual housing unit. If we compare interiors in a typical home in the 1950s with contemporary interiors, the old rooms seem overcrowded, both with people and furniture.

Another, more prosaic explanation of the increase in housing consumption over the past 50-60 years is that housing has been heavily subsidised as an important element in the creation of the welfare society. The reason was – and to some extent still is – that it fosters general welfare and provides good conditions, not least for children, if families live in healthy, contemporary housing facilities. Both rental housing and owner-occupied dwellings were subsidised. In the decades immediately after the war, owner-occupied dwellings were subsidised both directly and indirectly in the form of low-interest government loans, the right to deduct interest paid on housing loans from taxable income and relatively low taxation of owner-occupied homes. Tax deductions were cut considerably in 1987, and they are currently only about half of their original size. Direct subsidies are provided for rented housing in the form of housing benefits for old age pensioners and people with low incomes, just as the construction of social housing has generally been subsidised. All these subsidies – all of which are funded through taxation – may be seen as a kind of forced consumption, which most people consider a well-earned right, even a basic benefit of the Danish welfare society.

HOUSING CONDITIONS

in Denmark compared with conditions in other European countries

For many years Danes have considered housing conditions in Denmark to be much better than housing conditions in most other countries. This perception can be held up against various indicators that make international comparisons possible. By and large, the Danish perception proves to be correct, although the differences are probably smaller than what most Danes think.

A very basic indicator for comparison is the size of the dwelling measured as the number of square metres per resident.

SIZE OF DWELLING PER PERSON IN VARIOUS EUROPEAN COUNTRIES

| Country: | m ² per resident: | Proportion of dwellings with WC and bath |
|-------------|------------------------------|--|
| Denmark | 51 | 95% |
| Sweden | 44 | 100% |
| UK | 44 | 99% |
| Netherlands | 41 | 100% |
| Germany | 40 | - |
| Austria | 38 | 98% |
| France | 38 | 98% |
| Finland | 36 | 99% |
| Ireland | 35 | 94% |

The first column in the table shows that Denmark has the highest average number of square metres per resident. However, the reason for this high average is that, in Denmark, housing area is calculated as the exterior gross floor area, which means that the thickness of exterior walls and, for

flats, a portion of the staircase area is included. In order to obtain truly comparable figures, the Danish figure must be reduced by about 15%, which means that Denmark is on a par with Sweden and the United Kingdom.

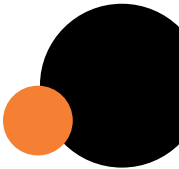
The second column shows that, according to official statistics, 5% of Danish dwellings do not have their own toilet and bath. Although the actual percentage may be smaller because of unregistered installations, the percentage is relatively high compared with the percentages in the other EU member states, in which there is no similar shortage of these facilities or in which the percentage is only 1-2%.

Other indicators of housing conditions can also be used. A recent European survey conducted by the European Union makes it possible to compare housing conditions in Denmark and other European countries. In Denmark, 63% of the population are homeowners. This is only slightly above the average of the EU-15 member countries. The average number of rooms per person in Denmark is also a little higher than in the other countries.

With regard to the age at which young people leave their parents' home, there are considerable differences between countries in northern and southern Europe, one reason being differences in the availability of dwellings. In Denmark, young people move away from their parents at a relatively young age: almost 60% of young people aged 18-24 have left their parents' home, which is more than twice as many as the EU-15 average.

Because of its location in the Nordic region, Denmark has cold winters and greater need of heating than many other countries in Europe. Heating is expensive, but very few people cannot afford to pay for it. This is partly because of a good welfare system, but may also to some extent be ascribed to high insulation standards and efficient heating systems in Danish housing.

Compared with the other EU-15 countries, Denmark has a somewhat better score on the percentage of dwellings



**COMPARISON OF HOUSING CONDITIONS IN DENMARK
WITH THE AVERAGE IN THE EU-15 MEMBER STATES (2004)**

| | All households | | | Lowest income quartile of households | | |
|--|----------------|------|---------------------|--------------------------------------|------|---------------------|
| | Denmark | EU15 | Relative difference | Denmark | EU15 | Relative difference |
| Number of rooms per person | 2,0 | 1,9 | +5% | 1,8 | 1,6 | +13% |
| Percentage of young people(18-24) who have left home | 59 | 29 | +103% | | | |
| Percentage who cannot afford to pay for heating | 2 | 7 | -71% | 2 | 14 | -86% |
| Percentage with more than minimum standards*) | 70 | 66 | +6% | 68 | 54 | +26% |
| Percentage who are owners | 63 | 60 | +5% | 50 | 45 | +11% |

*) At least one room per person and perceiving none of the following deficits: (1) shortage of space; (2) rot in windows, doors or floors; (3) damp/leaks; (4) lack of indoor flushing toilet.

Source: First European Quality of Life Survey: Social Dimensions of Housing. Luxembourg: European Foundation for the Improvement of Living and Working Conditions.

that meet the minimum standards for dwellings defined in the EU survey.

Not only the affluent groups in society benefit from the relatively high housing standards in Denmark. A comparison of the housing conditions of the poorest part of the population (the lowest income quartile) in the 15 countries surveyed shows that, in Denmark, the above-average housing standards especially apply to low-income households. A larger proportion of people in this group are homeowners, and the

housing units are generally larger than in comparable groups in other countries. Moreover, they normally have no difficulty paying the heating bills.

Seen in this international perspective, Danish housing policy has been successful. It has ensured not only high general housing standards but also good housing conditions for the poorer part of the population. The following section gives a brief outline of Danish housing policy since the end of World War 2 in 1945.



the Danish **tradition**



1. Brumleby, social housing, 1853-72
2. Hornbækhus, social housing, 1923
3. Sundvænget, owner-occupied single family houses, 1925
4. Sølystvej, owner-occupied single family house, 1938
5. Bellavista, freehold flats, 1932-37
6. Blidah Park, rented private-sector housing, 1933-34
7. Atelierhusene, social housing, 1943

HOUSING SINCE 1945

a short history of housing and housing policy in Denmark since 1945

GENERAL

Moderate public interest and social responsibility for the provision of housing developed gradually in Denmark during the twentieth century in the form of building and housing associations, special schemes to support the construction of housing for families with many children, subsidised social housing and, in several parts of the country, council housing for particularly vulnerable groups. After World War 2, the public sector's involvement was extended to cover almost all housing irrespective of ownership, through tax rules, funding schemes and general social and housing policies. However, local social authorities can only allocate dwellings in social housing. Moreover, several local authorities have sold off council housing, either to cooperative housing associations or to private non-profit housing associations.

At the end of World War 2, Denmark was still an agricultural country in which nearly 50% of the population lived in rural areas. In the subsequent decades, employment in industry grew dramatically and rapid urbanisation followed. Cities grew particularly fast from 1960 to 1980. Vast, new suburban areas with single-family houses were built around big cities and market towns alike. Non-profit housing organisations were also active and built many very large, modern (concrete) housing estates. Housing standards improved considerably in those years, both with regard to new single-family houses and new rented housing units. In the period from 1975 to 2000, large-scale urban regeneration took place, thus also improving the standard of older dwellings. Despite rising housing prices in the past ten years, the number of new buildings is nowhere near the figures seen around 1970.

Danish housing policy has been through various phases in the more than sixty years that have passed since the end of World War 2. In the following outline of developments in housing policy, we will look at the build-up phase, ie 1945-1966; the expansion phase, 1966-80; the management phase, 1980-2001; and finally the change – or perhaps phasing-out – phase that started in 2001.

1945 – 1966

PRESSURE ON THE HOUSING SECTOR TO BUILD MORE DWELLINGS AS FAST AS POSSIBLE

When World War 2 began in 1939, dwellings were rationed, and rent freezes and rent control were introduced in Denmark. In the war years, the demand for housing exceeded the supply, and housing prices went up. Local authorities were under pressure to provide social housing. Housing associations were formed in all major towns and cities. Town and city councils often played an important role in this new trend.

After the war, the anticipated drop in housing prices never came. Politically, there was no desire to bring an end to rent control, as increasing unemployment and social unrest were expected. In 1945 the Ministry of the Interior estimated that the total housing shortage was 50-60 thousand dwellings. Between four and five thousand families were homeless and given shelter by the local authorities. The Social Democrats advocated better planning and control in order to solve the housing problem, and in 1947 a separate Ministry of Housing was established.

The 1946 Housing Subsidy Act provided loans for all types of housing, but it was in particular social housing associations and companies that were prepared to develop new dwellings, and they came to play an important role, as they were in the best position to solve society's housing problem most effectively.

The 1951 Rent Act expanded the already existing rent regulation provisions, and the already existing ban on giving tenants notice was extended to cover the entire housing stock. One of the consequences of the many years with low rents was that older, privately owned rented housing facilities turned into slums, which resulted in demands that the worst dwellings be condemned or renovated. In the 1960s and 1970s, residents – then a mix of people from the lowest income groups and young university students – took issue with this policy.

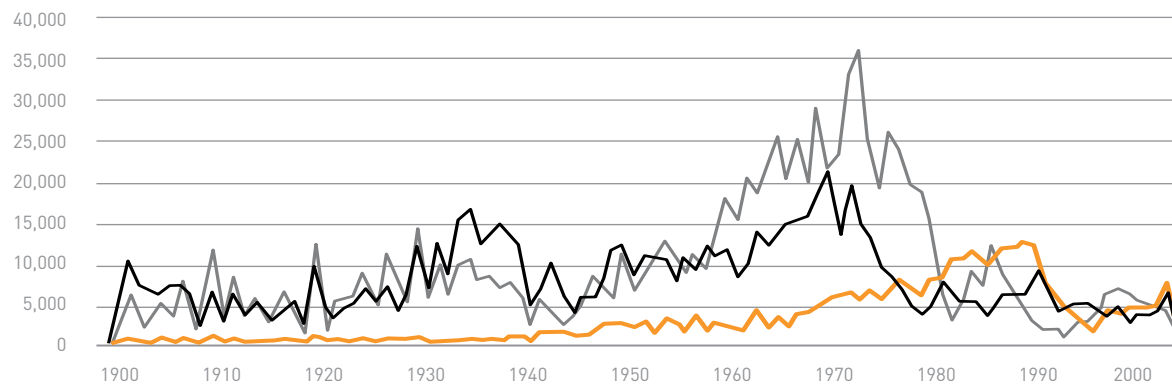
TRENDS IN THE CONSTRUCTION OF DWELLINGS IN DIFFERENT TYPES OF BUILDINGS

Dwellings broken down by year of construction (2004)

Source: Housing database established by the Centre for Housing and Welfare

- Detached
- Semi-detached
- Blocks of flats

Number of dwellings



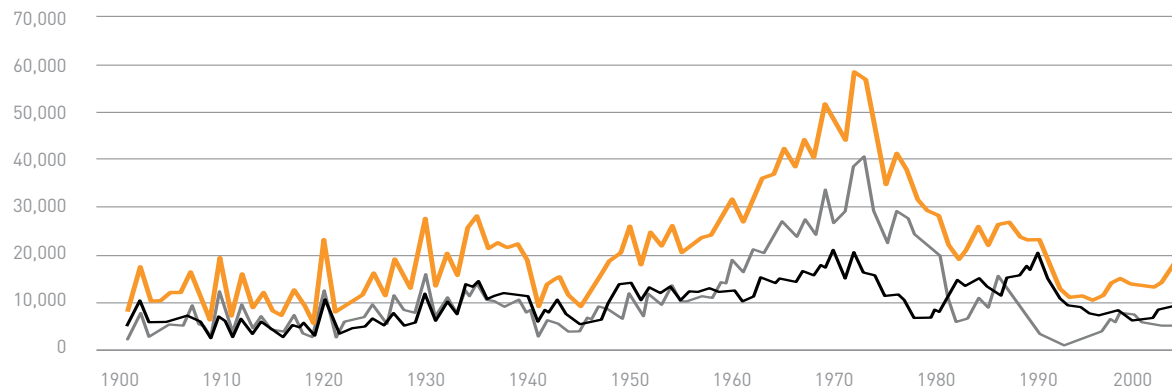
DEVELOPMENT IN HOUSING CONSTRUCTION SINCE 1900

Dwellings broken down by year of construction (2004)

Source: Database established by the Centre for Housing and Welfare

- Rented
- Owner-occupied
- Total

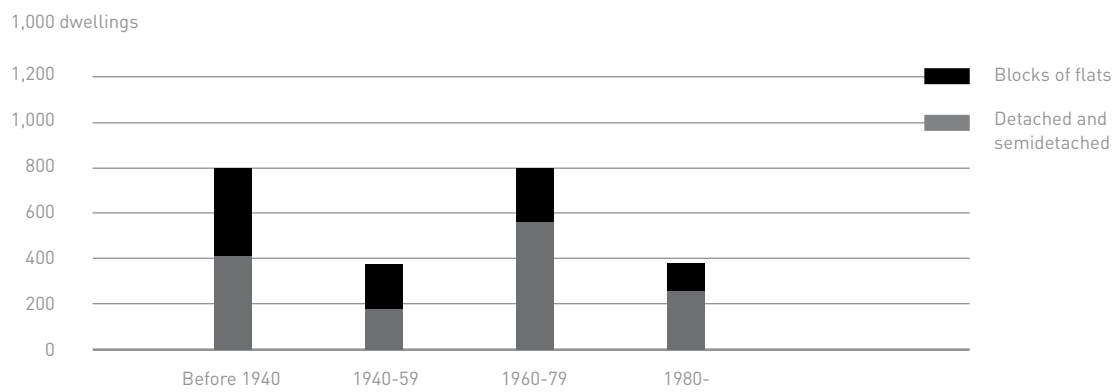
Number of dwellings



DWELLINGS BY TYPE OF BUILDING AND YEAR

Dwellings constructed during different periods broken down by type of building

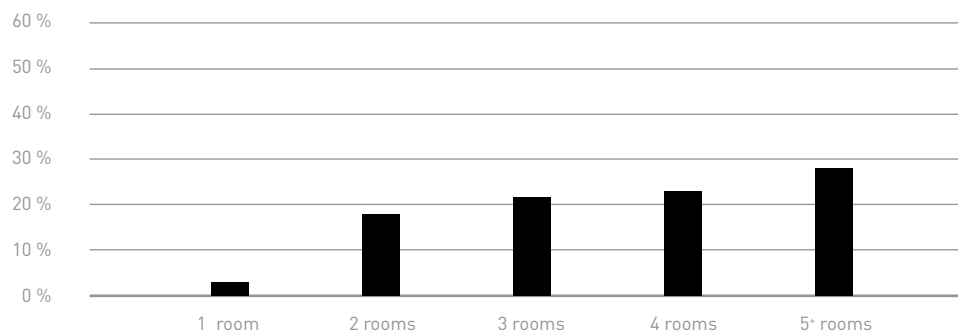
Source: StatBank Denmark (2005)

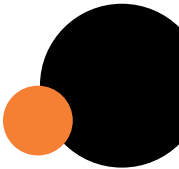


DWELLINGS BY NUMBER OF ROOMS

Dwellings broken down by size

Source: StatBank Denmark (2005)





Affluence and wages grew dramatically in the 1960s, and more and more people could afford to improve their housing situation by buying a house of their own. Affluent wage earners in the cities began to leave their rented apartments. It became difficult to find tenants for new social housing estates, and a growing proportion of the new buildings constructed in the 1960s were single-family houses. The right to deduct interest payments from taxable income was an indirect subsidy. Continued inflation, low property taxes and increasing marginal tax rates made it financially advantageous for people with fixed incomes to own their home. The advantage was greatest for people with high taxable incomes.

Before 1940 there was, all other things being equal, no financial advantage associated with owning rather than renting one's home, but in the 1960s and periods of the 1970s, buying one's home was the best investment anyone could make. As long as there were price increases, inflation and a negative real interest rate, things could not go wrong for new homeowners, even if their own capital, the down payment, was low, the nominal interest was high, and it was necessary for families to spend less on other things for the first few years. This trend continued relatively unchanged up to the mid-1970s, when an economic recession in the wake of the first oil crisis led to increasing unemployment, house price stagnation, compulsory purchases and a decline in the number of new houses built.

Starting in the late 1960s, the housing shortage was no longer the top item on the housing policy agenda in Denmark. The new big bone of content was – and still is – housing prices and the allocation of housing subsidies. The issues in this debate focus on who should benefit from a possible phasing-out of rent regulation, whether direct and indirect housing subsidies are allocated fairly, and whether they should be phased out, abolished or redistributed.

A housing agreement was adopted in 1966 with broad political support. According to the agreement, the market

for rented housing was to be normalised over an eight-year period. A housing benefit scheme was introduced to compensate tenants who could not afford the higher rents. Furthermore, it became possible to sell old, privately owned rented dwellings as freehold flats, which meant that tenants could buy their own dwellings and benefit from future increases in their value.

1966 – 1980

THE HOUSING SECTOR DELIVERS SOLUTIONS – UNPRECEDENTED BUILDING ACTIVITY

The assumptions underlying the 1966 housing agreement proved mistaken: interest rates did not drop, construction and site prices grew, and no housing reserve distributed evenly in terms of geography and types of housing ever developed. The sale of rented dwellings in old rented properties as freehold flats was highly criticised because it ensued material increases in the value of the properties for the benefit of their owners. In 1972, a stop was introduced to the possibility of dividing old properties into flats and selling them off individually. However, despite these problems, the period of 1966 to 1975 was the time in which more dwellings were built per year than ever before. The new buildings were both private, owner-occupied buildings (mainly single-family houses), and social housing. Although the social housing units were – and still are – the largest and best-equipped social housing units ever built, it was difficult to find tenants for the new dwellings on the outskirts of towns and cities, and financial support from mortgage credit institutions, local authorities and the state became necessary. People preferred single-family houses, and it was not only the middle classes that moved into them: many people with working class backgrounds chose this type of housing as well. Large areas around all small and large towns and cities in Denmark were zoned for single-family houses to such an extent that critics talked about 'single-family housing lava' rolling out, devastating the landscape.

In 1975 six political parties in the Danish parliament made a four-year housing agreement that replaced the 1966 agreement. The purpose of this agreement was to ensure that 40,000 new dwellings would be built each year, including 8,000 dwellings in social housing. The new agreement was affected by the recession and incipient unemployment that followed in the wake of the oil crisis in 1973. The agreement also permitted residents' councils in major private-sector rented housing estates, just as it allowed tenants to set up a cooperative housing association to buy the property at the price offered by a prospective non-resident buyer if the owner wanted to sell it. This pre-emptive right and support for new cooperative housing associations that was introduced in the early 1980s resulted in an increase in the number of private cooperative housing associations.

Until the end of the 1970s, the renewal of city districts with old rented properties typically implied wholesale demolition of entire areas and the construction of new buildings. This approach changed in the late 1970s due to increased opposition to it in the population. The new approach focused on preserving buildings and urban regeneration. However, urban regeneration, which in fact was housing regeneration, did not start in earnest until a new urban regeneration act was adopted in 1983. Initially, most projects were located outside the Greater Copenhagen area; it was not until the mid-1990s that the Vesterbro district of Copenhagen saw its first urban regeneration projects.

1980-2001

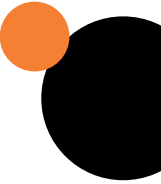
THE HOUSING SECTOR PRESENTS PROBLEMS IN THE FORM OF BUILDING DAMAGE, EMPTY FLATS AND COMPULSORY PURCHASES

The situation of social housing estates, in which there were vacant flats in the mid-1970s, did not stabilise. In the early 1980s it was not only difficult to find tenants for them; they were also characterised by building damage, physical decay

and social problems. To this should be added the segregation that became increasingly characteristic of the housing market. Low-income households, often consisting of single people and single parents, came to dominate social housing estates together with socially marginalised people, refugees and immigrants, whereas working families with children from the working and middle classes had moved into single-family homes.

The first step in turning this trend was initiatives to eliminate building damage, physical decay and the declining financial situation of the housing associations. However, after some years it became evident that additional measures were needed in the deprived social housing estates. The mix of residents was skewed, social problems were evident, and there were complaints about noise and crime. A contributory factor to this development was that resourceful residents used the seniority system in the social housing estates to move to older, quieter and often cheaper properties, whilst at the same time new residents came in via the local authorities' housing allocation systems. In 1993 an interministerial committee, the City Committee, issued a thirty-point action plan to combat financial, physical and social problems in more than five hundred housing estates by 1998. This plan, which included rent reductions, curbed developments but did not reverse the trend.

In 1986 the taxation rules were changed so that the value of the interest deduction available to homeowners was reduced. At the same time, a number of austerity measures, together nicknamed 'the Potato Diet', were adopted, resulting in stricter requirements to the cash position of property buyers and borrowers. The effect of these austerity measures manifested itself in earnest in 1987, when demand in the housing market fell drastically, and falling prices, bankruptcies and compulsory purchases brought housing construction to a standstill. This situation lasted until 1993, when interest rates dropped and it became easier to borrow money with



property as collateral. Since then housing prices have gone up, a trend that was slow at the outset but then gained pace. The escalation of prices has been most dramatic in major cities, whereas increases have been modest in more peripheral parts of the country.

2001 -

CRACKS IN THE HOUSING POLICY – DEMOLITION OR CONVERSION?

In 2000 there was uncertainty about the problems and challenges faced in Danish housing policy. Major fact-finding work aimed at the abolition of rent regulation had come to nothing. Many pointed out that continued subsidisation of all housing types was not a viable policy. The Social Democratic government wanted more private funding of urban regeneration projects.

A new Liberal-Conservative government closed down the Ministry of Housing and Urban Affairs in November 2001 following an election campaign in which both the Liberals and the Social Democrats promised not to touch rents in rented housing. The ministry's areas of authority were transferred to a number of other ministries. Government regulation of the housing and construction sector is now organised in a manner very similar to how things were done before the first Ministry of Housing was established in 1947. The Government's manifesto stated that the government would propose a reform that would make it possible for residents in social housing to buy their home either as a freehold flat or as part of a cooperative housing scheme. This new scheme ran on an experimental basis in 2005-2007. The collaboration and regular negotiations that had taken place between the National Association of Housing Companies and central government were brought to a near-standstill in connection with the change of government in 2001 and not resumed until 2006.

Recent years have been characterised by continuous worsening of social and ethnical segregation problems in the

social housing sector and by increasing demand for owner-occupied dwellings in and around major cities. The prices of houses and flats have increased drastically, even though there has been a major upsurge in housing construction.

Developments in recent years seem to suggest a phasing-out stage in Danish housing policy. However, in reality it is probably a transformation process in which the new larger municipalities formed at the beginning of 2007 will assume responsibility for local urban development and housing policies in coming years.



1. Alléhusene, 1949-53
2. Kingohusene, owner-occupied single family houses 1957-61
3. Tingbjerg, social housing, 1950-1970
4. Owner-occupied single family house, 1960s
5. Albertslund Syd, social housing, 1963-68
6. VM Husene, freehold flats and cooperative housing, 2005
7. Tietgenkollegiet, rented private-sector housing, 2006



housing since 1945



In the period from 1945 to the end of the 1970s most urban regeneration was in form of slum clearance with demolition of old buildings and construction of new ones, but from the 1980s a more considerate approach to urban renewal took over with preservation of existing buildings and urban areas. From the mid-1980s a process of renewal of large, post war housing estates began, first primarily as physical upgrading of buildings, but later various social initiatives were included as well. Today urban renewal includes a strong element of urban revitalisation and restructuring for new lifestyles in the older parts of the cities.



1. Inner Nørrebro district, slum clearance, 1970s
2. Godthåbsvej, urban renewal, 1990s
3. Viktoriagade, urban renewal 1994
4. Holmbladsgade, urban revitalisation, 2003
5. Avedøre, renewal of post-war housing estates, 2001
6. Hedeparken, renewal of post-war housing estates, 2001
7. Sankt Hans Torv, urban revitalisation, 2000

urban regeneration



HOUSING TYPES

HOUSING TYPES

social, demographic and architectural characteristics of different housing types in Denmark

The Danish housing stock can be divided into categories in many different ways. In the following, the main categorisation is by ownership type, ie whether a dwelling is individually owned, owned under a cooperative scheme or rented from a social housing company or a private landlord. In the review, the ownership type will be combined with the physical form of dwellings: e.g. single-family house, terraced house and flat in multi-storey building. The various organisational and financial conditions applying to the various ownership types have had a great impact on the social and demographic composition of residents.

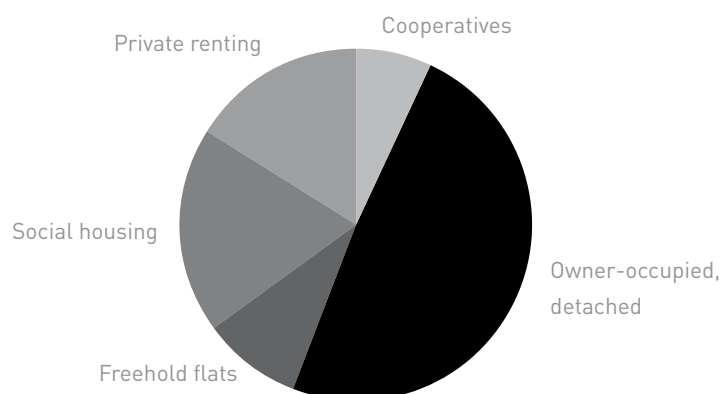
Previously, in major towns and cities, only the relatively affluent groups could afford to own their own homes, whilst people in low- and middle-income groups would typically be tenants. This picture has changed over the past 50-60 years, during which a large portion of the middle-income group have become homeowners. In rural areas, home ownership has always been predominant. It turns out that the type of ownership has an impact on the financial situation, savings and the mobility patterns of residents and on the degree of DIY work carried out in homes. Every so often it is claimed

in the political debate that people develop a special 'ownership mentality', a term sometimes used in a positive sense, sometimes negatively loaded. The choice of ownership type thus influences resident behaviour and conditions, just as financial position and general attitudes influence the choice. That ownership type is so important also has to do with the type and extent of public regulation and control of the different ownership types. The market is important as well, particularly for the sector of owner-occupied housing where turnover and prices are determined by market factors.

The following is a review of the five predominant ownership and housing types:

- Owner-occupied, detached or semi-detached single-family houses
- Social housing
- Private rental flats
- Cooperative flats
- Freehold flats

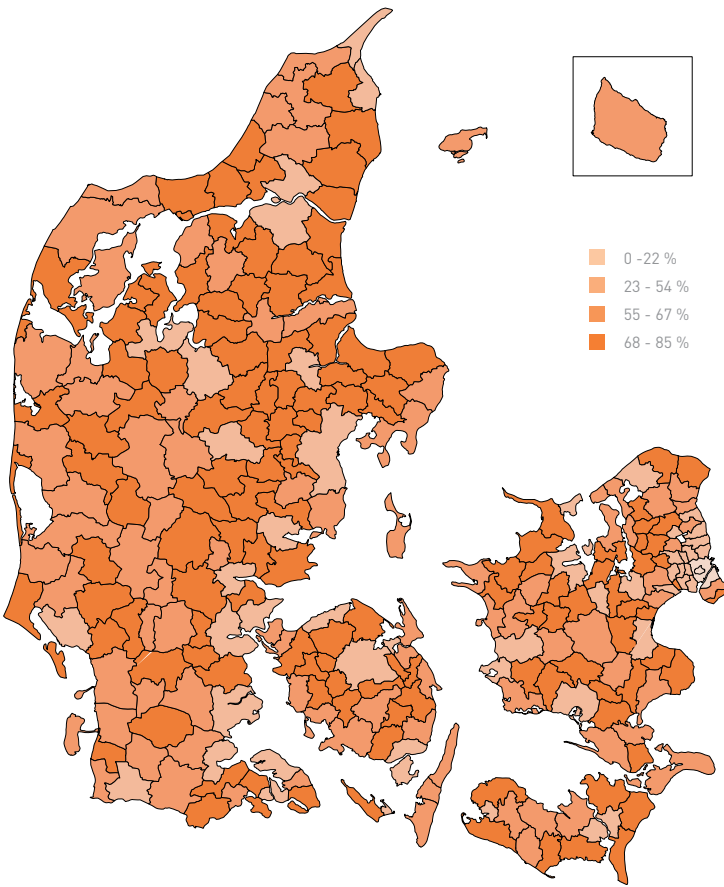
The review will be supplemented by a brief outline of various types of sheltered housing for the elderly.



THE DANISH HOUSING MARKET

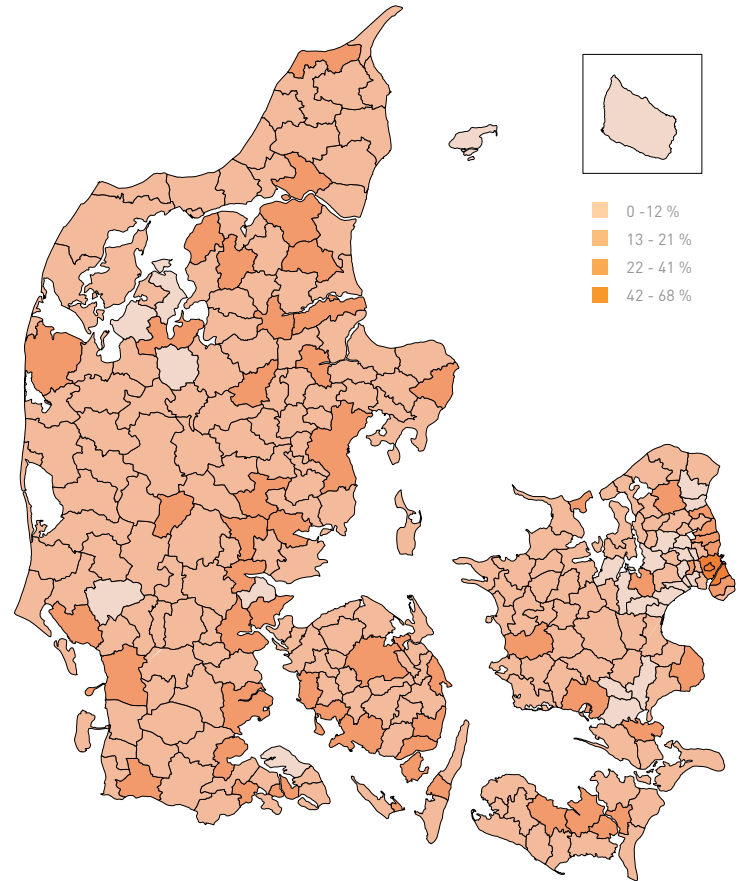
Dwellings by tenancy type (2004)

HOUSING TYPES



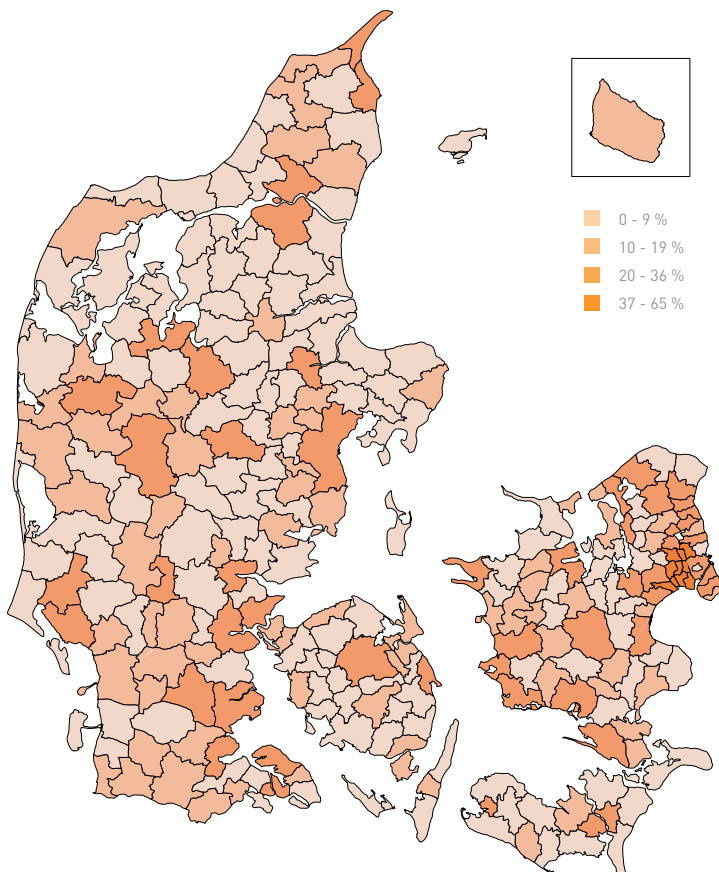
SHARE OF OWNER-OCCUPIED HOUSING AND FREEHOLD FLATS

In municipalities



SHARE OF PRIVATE RENTING AND COOPERATIVES

In municipalities



SHARE OF SOCIAL HOUSING

In municipalities



SINGLE-FAMILY HOUSES

owner-occupied, detached or semi-detached single-family houses

THE HISTORY OF SINGLE-FAMILY HOUSES

As the name suggests, a single-family house is a building for a family surrounded by a garden. The first single-family houses as we know them today appeared in the late nineteenth century as homes for the establishment on the outskirts of towns and cities. At that time, blue- and white-collar workers in the larger towns generally lived in privately owned rented housing. In small towns around the country they lived in townhouses.

Single-family houses soon became a very popular, though often unobtainable, type of housing among blue- and white-collar workers. After World War 1, areas with single-family houses grew both in the capital and in small and large towns throughout the country. One-third of the single-family houses that exist today were built before 1940.

In the post-war period, favourable loans were offered in the form of low-interest government loans for the construction of modest single-family houses in an attempt to combat the housing shortage at the time.

The really big wave of single-family house construction came in the 1960s and continued in the 1970s. Real disposable incomes grew steadily, and the right to deduct interest payments, combined with a relatively high inflation rate and a negative real interest rate, enabled ordinary blue- and white-collar workers to buy their own home. When construction activity was at its highest in the late 1960s and early 1970s, about 40,000 new single-family houses were built each year. Since then annual growth has been considerably lower: the lowest point was reached in 1993, when only 1400 new single-family houses were built.

Currently, about 8000 new single-family houses are built each year, whilst existing single-family houses are being converted and extended. In the five years from 2000 to 2004, new construction activities added approximately 2.9 million square metres to the stock of single-family houses. During

that same period, the already existing stock grew by almost the same number of square metres (2.7 million) as a result of extensions to existing homes.

SINGLE-FAMILY HOUSES: AGE, SIZE AND ARCHITECTURE

| | |
|---|--------------------|
| Number of single-family houses | 1,100,000 |
| Proportion of all dwellings | 42% |
| Single-family houses by year of construction: | |
| Before 1939 | 34% |
| 1940 – 1959 | 13% |
| 1960 – 1979 | 40% |
| 1980 – | 13% |
| Average size of single-family houses | 139 m ² |

Today there are 1.1 million single-family houses in Denmark out of a total 2.6 million dwellings. Single-family houses are thus the most common type of housing. One-third of all single-family houses in Denmark were built before World War 2, whilst about 50% were built in the period from 1940 to 1980, and only 13% were built after 1980. The floor area of an average single-family house is 139 m², but size varies depending on the year of construction. Houses from the early twentieth century have floor areas of about 100 m², whereas houses from 1960 to 1980 are closer to the 139 m² average. Houses built in the past few decades have floor areas of 150-160 m² – and sizes are growing.

The architecture of Danish single-family houses is highly diverse. Although there has always been great architectural variation, a number of typical housing types have characterised various eras: the classic villa, the Better Building Practice house, the bungalow, the master builder house and the package-deal house. Such houses are found in any town in Denmark, but generally one or two of them dominate each

single-family house area, because the development of each area took place over a short span of years during which a specific architectural 'fashion' was in vogue.

WHO LIVES IN SINGLE-FAMILY HOUSES?

| | |
|---|-----------|
| Number of people | 2,500,000 |
| Average household | 2.5 |
| Percentage of households that include children | 36% |
| Percentage that consist of people who are active in the labour market | 79% |
| Percentage that consist of people who are not active on the labour market | 21% |

About 2.5 million people in Denmark live in single-family houses. An average household consists of 2.5 persons, of whom 0.6 person is a child. Two-thirds of the people living in single-family houses are married couples or other couples. Somewhat surprisingly, there are children in only one-third of these houses, which reflects the age profile of the group of people who live in single-family houses: the average age of the people in this group has increased over the past few decades. The typical single-family-house household is a married couple whose children have moved away from home. The number of young people aged 30-35 who live in single-family houses has gone down. Several families are unable to fulfil their dream of a house until the main breadwinners reach their forties.

A prerequisite for being able to buy a single-family house is generally that the buyers are employed. Nearly 80% of all owners of a single-family house are in active employment, and a large proportion of the remaining 20% are old-age pensioners. The only deviation from this pattern is seen in outlying parts of the country, where single-family houses are

so cheap that even unemployed people or people living on social benefits can afford to buy them.

The question of who lives in single-family houses can also be answered by asking the opposite question: who does not live there?

First and foremost there are very few young people under the age of 30. In Denmark young people leave home at a young age. Fifty per cent of all 20-year-olds have moved away from home, and at the age of 25, more than 90% have done so. Young people typically move into rented housing. Less than 20% move directly into an owner-occupied dwelling, and most of them move into a freehold flat. The proportion increases to about 33% when these young people form couples, at which time the majority of them opt for a single-family house. These figures reflect the national average, which is greatly influenced by the fact that it is much easier to buy a single-family house outside the country's two largest cities, Copenhagen and Aarhus.

Another group rarely found in single-family houses is single elderly people. Whilst two-thirds of couples over the age of 60 live in single-family houses, only one-third of widows and widowers in the same age group do so, and even fewer unmarried and divorced elderly people.


Finally, very few immigrants and refugees live in single-family houses, even though they would typically be families with (many) children, ie the type of family that would normally choose a single-family home.

HOW MUCH DO SINGLE-FAMILY HOUSES COST?

Housing cost (average: 139 m²) DKK 190,000/year

Since 1993, single-family house prices have risen continually in most of the country, but especially in Copenhagen, Aarhus

SINGLE FAMILY HOUSES



and a number of towns in eastern Jutland. During this same period, interest rates have fallen, which to a certain extent has compensated for the price increases – whilst at the same time helping drive them up. Also during this period, real incomes have increased by 2-3% annually, which has pulled in the same direction. Despite all these factors, it has become more expensive for first-time buyers to acquire a single-family house in the areas referred to above.

The average annual cost of a newly acquired dwelling was about DKK 190,000 in Denmark in 2006. This average conceals great regional differences: in the Greater Copenhagen area the annual cost is DKK 200-300,000, whilst the cost in small towns in the rest of the country is about half of that, ie DKK 100-150,000.

If we look at the differences between housing costs and household income, there are great regional inequalities in terms of the possibility of settling down in the house of one's dreams. A couple with two medium-range incomes will typically have a gross household income of DKK 500-700,000. If they have no capital from the sale of another dwelling or an inheritance, they will be able to buy a dwelling costing around DKK 2 million if they want to enjoy a relatively standard lifestyle. In the Greater Copenhagen area, that amount will buy them a two- or three-room freehold flat, but not a house. In the least attractive areas in this region, house prices start at about DKK 3 million, whilst the prices in more attractive areas are DKK 4.5-5 million for twenty- to thirty-year-old houses with a floor area of 120-130 m². New owners of such houses will pay between DKK 200,000 and DKK 300,000 a year for their homes. In small towns outside Copenhagen, income levels do not differ much from income levels in the Greater Copenhagen area, but housing cost levels do. The typical price of a dwelling outside this area is between one and two million kroner, which means an annual housing cost that is about half of the cost paid in the Greater Copenhagen area. Outside Copenhagen, even people with low incomes can own a house.

Price trends in the Greater Copenhagen area have caused concern about whether there will be a shortage of attractive housing for medium-income groups in the future. The housing debate has frequently focused on the problems police officers and nurses have in acquiring much-coveted homeowner status. If they want a house of their own, they have to move 60-70 km away from the capital to find affordable price levels, with the result that they have to commute between their home and workplace for at least an hour both morning and evening. Given this situation, some people choose to look for a local job, and for this reason some public-sector service functions in the Copenhagen area have difficulty recruiting new employees. In the Aarhus area and in the towns to the south of Aarhus, pay levels are by and large the same as in the Greater Copenhagen area, but house prices are 20-30% lower. If people are willing to add a distance equivalent to a 30-minute commute, they can find a house that is another 20-30% less expensive. Thus the problem is not so severe in those areas of the country.

THE FUTURE OF SINGLE-FAMILY HOUSES

Everything seems to indicate that single-family houses will remain the most popular type of housing in Denmark. This is where people have the greatest degree of freedom, since – unlike other housing types – single-family houses present few constraints in terms of how people can decorate and use their homes. For many people, the single-family house becomes a key element in their 'life project', setting the framework of first family life and then serving as a 'hall of memories'.

Apart from that, there is no single universal future scenario for single-family houses. The outlook in coming years depends on the location of the individual houses. It is very likely that demand and thus prices will go up in growth areas, although growth rates have flattened recently. It is also likely that many new single-family houses will be built

in those areas, and that they will become bigger and bigger. The average size of new single-family houses is now 156 m². In fact, the average floor area has increased by about six square metres every ten years. More remote areas with little or no growth will probably experience stagnation or falling demand. However, this situation may change in some small conurbations if the trend towards acquiring a 'second home' continues and if it becomes possible to convert single-family houses zoned for standard, full-year use into weekend and holiday homes.

The post-war baby boomers are approaching retirement age. More than half live in single-family houses and will probably continue to do so until a ripe old age. One reason for this is that most baby boomers have private pension schemes (in addition to general state pension) and consequently a good financial position in old age; another reason is that people who own their own homes may 'save down', ie take out a second mortgage for general consumer spending. In this way their general financial position in old age will be even better. To date, almost all elderly people who can afford it prefer to remain in their own homes, at least until their spouse dies or a member of the household needs extensive care. One explanation of the low percentage of people who move out of their houses at this age is that it may be difficult for people to move from a 140 m² single-family house to a 70 m² unit, partly because it is not easy to continue one's daily single-family-house life in a relatively small sheltered housing unit, and partly because the furniture and knickknacks of a whole lifetime take up a lot of space and are difficult for people to give up. However, from 2020 and onwards, large numbers of single-family houses currently owned by baby boomers will be put on the market. The time that follows is very likely to see a high level of remodelling and extension activity in these houses once the new owners have taken over.

When a young family takes over a house from older generations, it is very common for them to start on major

conversion and renovation projects as soon as they can afford it. The first thing to be replaced is normally the kitchen, but many bathrooms are also being modernised now. They also often change the layout and organisation of rooms in the house, putting in a kitchen and nook area, combining small children's bedrooms into larger rooms, converting basement rooms into home offices, etc. Later on, extensions are added, typically 30-50 m² in size. Even now, the extent of conversion, renovation and maintenance of single-family houses almost equals the extent of new building activities. This trend will probably become even more manifest when the houses of the baby boomer generation change hands in 10-15 years. The "single-family house of the future" will thus to a great extent be a modernised "single-family house of the present".



single-family houses



3



7



8

1. Builder's building, 1920s
2. Modernist house, 1930s
3. Ermelundshusene, dense, low-rise housing, 1949
4. Package-deal house, 1960s
5. Individual villa, 1990s
6. Sjølundsparken, dense, low-rise housing, 1980
7. Nøddehaven, dense, low-rise housing, 2005
8. Design villa, 2006

SOCIAL HOUSING

THE HISTORY OF NON-PROFIT SOCIAL HOUSING

The idea of providing good, healthy housing for the weak groups in society (servants, blue-collar workers and low-status white-collar workers) emerged in the mid-nineteenth century. One of the reasons was the cholera epidemics that raged at the time because of a combination of very poor housing and equally poor sanitary conditions. A number of philanthropic societies were formed to organise the construction of lower, more open housing estates than the relatively high and dense private-sector housing estates (tenement houses) typical of the time. In addition there were a number of housing associations formed by trade unions or employers which also built open, low-rise housing for their members.

In the period between World War 1 and World War 2, building associations, cooperative societies and philanthropic societies remained the only providers of social housing. In 1933 the first Danish act on subsidies for non-profit housing associations was adopted to provide housing for "the-low-income groups in the population". After World War 2, housing became a key political issue in connection with the build-up of the welfare state, and in 1946 a type of subsidies and organisation very close to the current system was determined for social housing.

The number of non-profit social housing associations grew in the following decades as a result of the urgent need to provide housing and the desire of more and more local authorities to have a number of social housing units they could use to solve various social problems. The construction and operation of the social housing estates are the responsibility of relatively small departments, which are in principle autonomous financial units.

The social housing sector had its heyday in the 1960s and 1970s. In that period, about 10,000 new social housing units were constructed each year, and they were – and still are – the largest and best-equipped dwellings ever built. Many of them have floor areas of 110-120 m², four to five rooms,

two bathrooms and large balconies. The problem with the buildings from that period is that they are located in very large estates in which the mix of residents has become socially and ethnically problematic over the past few decades.

Today the social housing sector comprises 7,909 departments (individual estates), which are organised in 771 housing associations throughout the country. Each department has a board elected by the residents and in charge of the ongoing operation of the estate. The majority of the departments are associated with a housing association which carries out much of the administrative work. Housing associations are also managed by a board elected by residents.

SOCIAL HOUSING: AGE, SIZE AND ARCHITECTURE

| | |
|---|-------------------|
| Number of social housing units | 540,000 |
| Percentage of all housing units | 21% |
| Social housing by year of construction: | |
| Before 1939 | 2% |
| 1940 – 1959 | 24% |
| 1960 – 1979 | 38% |
| 1980 – | 36% |
| Average size of social housing units | 77 m ² |

There are a total of 540,000 social housing units in Denmark. More than half of them were built after 1970. On average, social housing units are thus much newer than all other housing types in the Danish housing market. Only 2% of social housing units were built before World War 2.

An average social housing unit has a floor area of 77 m², which is lower than the average floor area of other housing types. Only 4% of all social housing units have a floor area of more than 110 m². Most of the (few) large social housing units were built in the late 1960s and early 1970s. In that period,

social housing was competing with single-family houses for the position as the ideal family dwelling. Since the mid-1980s, there has been a cap on the size of social housing units, the maximum floor area being 110 m².

Three quarters of all social housing units in Denmark are in multi-storey buildings, whilst most of the units in the remaining quarter are in terraced houses, clusters or semi-detached houses. There are a few ordinary single-family houses, but they only make up 2% of the total number of social housing units. Multi-storey buildings were predominant in the social housing sector in the period from 1945 to 1975. In the first decade after the war, the buildings were traditional brickwork buildings laid out as single or parallel blocks of flats. In the following 15-20 years, social housing construction was heavily industrialised at the initiative of the housing ministry at the time. Many large housing estates with 1000-2000 units were built, and buildings became increasingly high and long. The architectural ideals favoured uniformity and an 'honest', raw industrial style in which concrete was by far the most dominant material used.

There was a reaction to this period's style in the mid-1970s. Since then, dense low-rise buildings have been preferred. More than fifty per cent of social housing units built since 1980 are located in terraced or cluster estates including dense low-rise estates. New social housing is also laid out as dense low-rise buildings, but in recent years various variants of multi-storey buildings have been built in the Greater Copenhagen area and in major cities elsewhere in the country.

WHO LIVES IN SOCIAL HOUSING?

| | |
|---|---------|
| Number of residents | 914,000 |
| Average household | 1.9 |
| Percentage of households with children | 23% |
| Percentage of residents active in the labour market | 49% |
| Percentage of residents not active in the labour market | 51% |

Approximately 900,000 people live in social housing units. On average, each unit houses 1.9 persons, which is slightly below the 2.2 person average of all housing types in Denmark.

The predominant type of household in social housing is single people without children. This group makes up no less than 54% of all residents. Only about one third of residents are couples, and less than half of these couples have children, whilst 11% of residents are single parents.

If we see these figures within the context of the original philosophy of social housing as providing "good, healthy dwellings for ordinary (working class) families", it is obvious that the situation has changed since. In 1970, when the non-profit social housing sector had its most expansive period, the resident mix broken down by single people and couples was by and large identical with the mix in the entire housing stock. In the intermediate decades, most couples have moved into owner-occupied single-family houses. In the same period, family patterns have changed, and there are now more single people than before. In 1970, single people accounted for 28% of all households, whilst the current percentage is 44%. A vast number of single people have moved into social housing.

There are several other characteristic features of the sector in terms of the mix of residents. Firstly, there is a clear overrepresentation of the elderly (aged 67+), whereas people of working age are underrepresented. Secondly, the

SOCIAL HOUSING

sector has to an increasing extent provided housing for immigrants and descendants of immigrants. In Denmark as a whole, immigrants and their descendants make up 8% of the population. In the social housing sector, they make up 23% of residents. However, there is no even spread of immigrants on the various social housing estates, as most of them are concentrated in the large industrial estates from the 1960s and 1970s. In some estates, the proportion of immigrants is close to 100%, but these estates are rare exceptions.

Finally, there is social selection in the housing market, which means that social housing will generally have an overrepresentation of residents who are unemployed, living on transfer income or have retired from the labour market. Together, these groups make up more than fifty per cent of all residents in the social housing sector, but only a little more than one-third of the population as a whole. The group of people claiming benefits is particularly overrepresented in social housing.

WHAT DOES IT COST TO LIVE IN SOCIAL HOUSING?

Housing cost (average, 77 m²) DKK 46,000 / year

The average rent in social housing is about DKK 600/m²/year. For an average social housing unit (of 77 m²) the annual housing cost is thus about DKK 46,000. There is no major difference in rent levels between the Greater Copenhagen area and the rest of the country.

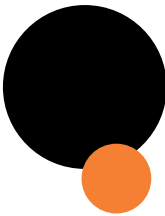
The most obvious comparison of housing costs would be with rented private-sector housing. In this sector, the average annual housing cost per square metres is about 37% higher than in social housing. However, since rented private-sector housing units are generally larger than social housing units, the rent level is in fact close to 50% higher, which indicates

that social housing units should be very attractive to tenants. The reason why this is not the case is the bad image of social housing as housing for 'immigrants and social losers' and the fact that there are still some very cheap private rented dwellings on the market. The higher average rents in rented private-sector housing do not really reflect the very wide spread in rent levels, since there are both very expensive and very inexpensive flats in this sector.

THE FUTURE OF SOCIAL HOUSING

Social housing units make up one-fifth of all housing units in Denmark. This fraction grew larger until the beginning of this century, but this upward trend has stopped. To a much greater extent than any other housing type in Denmark, social housing is a focal point for political attention and political control. The sector is regulated in the minutest detail, the reason being that social housing is still partially dependent on subsidies and support from central and local government for the construction of the housing estates and the payment of interest on mortgage loans. To this should be added indirect subsidies in the form of rent allowances for tenants in low-income groups. This 'external' control and regulation has remained basically unchanged for several decades.

However, in recent years there have been a few exceptions to this pattern. In 2001 the government led by the Social Democrats was replaced by a liberal government. For reasons of ideology, the new government wished to sell some of the social housing units to tenants, just as it was done in the United Kingdom in the 1980s and has been done in the Netherlands since the 1990s. In addition to being part of the new government's ideology, this policy was also to ensure greater variation in the resident mix, as it was expected to result in a mix of ownership types. Because of very strong opposition to the sale both from social housing associations and from local authorities, the plans ended in a temporary pilot scheme that has had no noticeable effect.



Since then, a ministerial report has suggested a discussion of the principles to govern the future organisation and funding of the social housing sector. The report outlines three possible scenarios: a social housing sector that remains controlled by rules and regulations and in which the government remains in control; a liberalised social housing controlled by market forces; and a target- and agreement-governed social housing section in which the local authorities determines objectives and frameworks in consultation with the social housing associations. Both local authorities and social housing associations clearly prefer the target- and agreement-governed scenario.

But the future is not only determined by housing policy, regardless of whether it remains within the auspices of central government or whether it is to a greater extent delegated to the local authorities in the way set out in the target- and agreement-based scenario. Developments in the housing market and in people's housing preferences are also important in terms of shaping the sector's future. In this respect, the social housing sector has a major problem, as it is well known that social housing is to an increasing extent occupied by the socially and financially weakest groups in society, and that local authorities use the housing estates as an integral part of their social policy and initiatives. Because of this image people are reluctant to move into social housing estates, particularly in those parts of the country where the prices of owner-occupied dwellings are so low that even low-income families can afford buying their own homes. In these local housing markets, there are empty dwellings for which no tenants can be found. However, the number of empty dwellings is relatively low.

In the Copenhagen and Aarhus areas, the pressure on the housing market is so great that there is no problem finding tenants for social housing units, not even units in new social housing estates in which rents are generally much above average levels. A main explanation of this is that private-

sector housing is even more expensive, that it is almost impossible to get a unit in a cooperative housing association without having very good connections, and that the prices of owner-occupied flats and houses are so high that even some medium-income families cannot afford them.

The decline in social status of social housing over the past 25-30 years has fuelled the relatively negative impression of the sector as a whole that is typical of people looking for a dwelling, even in Copenhagen and Aarhus. Consequently a social housing unit will often only be a stop on the road for financially and socially well-functioning (new) residents. As soon as they can afford it, they will move on, typically into an owner-occupied dwelling. This deliberate choice of not staying in social housing is reinforced by the general attitudes of our day and age, which celebrate individuality and homes as a way of expressing individuality. In this respect, owner-occupied dwellings – particularly single-family houses – give people much greater opportunities to furnish and change their homes in accordance with their personal needs and requirements.

All in all, the social housing sector is in great danger of ending as a housing sector in which only the socially weakest groups live on a permanent basis. This will both increase and maintain the housing market segregation that is already manifest in today's housing market. The social housing sector's own response to this problem is to increase its competitiveness by raising social housing standards.

That is why it suggests that, over the next twenty years, a massive renovation and conversion programme should be implemented to make the housing units in the sector suitable for future use, thus countering the trend towards a social housing sector whose only aim is to provide housing for socially weak groups in society. However, the funding – and thus the realisation – of the plan is opposed by the government.



multi-storey buildings



2



5



6



7

Social housing:

1. Bellahøjhusene, 1951-56
2. Fortunen Øst, 1963 / 2006
3. Hedeparken, 1967
5. Solbjerg Have, 1978
4. Engen, 1989
6. Blækhuset, 2003
7. Karen Blixen Parken, 2005



dense, low-rise building



Social housing:

1. Bakkehusene, 1923
2. Atelierhusene, 1943
3. Søndergårdsparken, 1950
4. Selmersbo, 1983 / 1998
5. Sibeliusparken, 1986
6. Egestrædet, 1997



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RENTED PRIVATE-SECTOR HOUSING

THE HISTORY OF RENTED PRIVATE-SECTOR HOUSING

Rented private-sector housing as we know it today dates back to the second half of the nineteenth century when industrialisation led to rapid urbanisation. Rented private-sector housing comprised small, cheap working class dwellings of 20-30 m² with no modern conveniences and large, well-equipped 150-250 m² flats for well-to-do members of the establishment. The construction of rented private-sector housing continued throughout the twentieth century, albeit at fluctuating levels depending on economic trends and the profitability of building this type of housing. For long periods of time during and after World War 1 and World War 2, rent regulations made it unattractive to build and rent out housing, and it was during those periods that social (non-profit) housing took over.

In the period after World War 2, almost 40% of the housing stock was rented private-sector housing. The sector peaked in the mid-1960s, when there were more than 0.5 million rented private-sector housing units. The dwellings were far from uniform, ranging from very poor-quality – and cheap – flats to large, top-of-the-market flats. Since then the number of rented private-sector housing units have been reduced for two reasons, despite continued construction of new housing in the sector: firstly, many large flats were sold as freehold flats after the political housing agreement in 1966 and, secondly, numerous flats were sold to cooperative housing associations after the 1975 housing agreement.

The private-sector housing sector is changing its image from being known as a sector with cheap, bad flats into a sector offering upmarket housing. One reason for this is thirty years' intensive urban regeneration from 1970 to 2000, which especially focused on the more derelict parts of the rented housing sector. These initiatives have increased the quality of rented private-sector housing considerably. Another reason is that, in recent years, there has been an increase in the number of more exclusive and well located

rented private-sector housing units constructed for the more well-to-do segments of the population.

THE RENTED PRIVATE-SECTOR HOUSING: AGE, SIZE AND ARCHITECTURE

| | |
|--|-------------------|
| Number of rented private-sector housing units | 454,000 |
| Percentage of all housing units | 17% |
| Private-sector rented housing by year of construction: | |
| Before 1939 | 54% |
| 1940 – 1959 | 12% |
| 1960 – 1979 | 19% |
| 1980 – | 15% |
| Average size of rented private-sector housing units | 87 m ² |

There are currently 454,000 rented housing units in the private sector, or 17% of the total housing stock. More than half of these units were built before 1940, whilst only 15% date from the time after 1980.

The average size of private-sector housing units is 87 m², which means that, on average, they are larger than both co-operative housing units and non-profit social housing units. However, there is a greater spread in the size of these units than is the case of the two other types: there are more very small dwellings (17% of them having a floor area of less than 50 m²), and there are more large units (18% with a floor area of more than 110 m²). The largest rented dwellings are found in the private sector, where 11% of the units have a floor area of more than 130 m². The majority of rented private-sector housing is multi-storey buildings, but one quarter is single-family and terraced houses. The geographical spread is very similar to that of social housing, ie an even spread across the country. However, there are two exceptions: in the City

of Copenhagen and in Frederiksberg Municipality there is a relatively large proportion of rented private-sector housing (a little less than one-third of all housing units in those areas), whereas those suburbs of Copenhagen that were built in the 1960s and 1970s have a clear underrepresentation of rented private-sector housing (but a very clear overrepresentation of non-profit social housing).

In terms of architecture there is a great deal of variety in private-sector housing units. The most interesting variation is seen in the three-quarters of the units that are located in multi-storey buildings. These buildings share many architectural features with social housing, apart from the discrepancies due to the age differences between the buildings in the two sectors, in that more than half of the units in the private sector were built before 1940, which is the case with only 2% of social housing units. Consequently the private-sector buildings feature examples of the various architectural styles appearing from the end of the nineteenth century up to World War 2, ie classicist, national romantic, functionalist and modernist buildings.

WHO LIVES IN RENTED PRIVATE-SECTOR HOUSING?

| | |
|---|---------|
| Number of residents | 760,000 |
| Average household | 1.6 |
| Percentage of households with children | 15% |
| Percentage of residents active on the labour market | 59% |
| Percentage of residents not active on the labour market | 41% |

Roughly 760,000 people live in rented private-sector housing units. The average household size is 1.6, and 15% of the households include children.

The percentage of residents who are active on the labour market is 59%, which is slightly higher than the percentage of people living in non-profit social housing but approximately the same as for cooperative housing. The income profile of the families living in rented private-sector housing is very similar to the profile of families living in non-profit social housing, whereas income levels are slightly lower than the income levels in cooperative housing and much lower than in owner-occupied housing. The profile is influenced by the fact that there are relatively many one-person households in this sector, just as is the case in social housing.

HOW MUCH DOES IT COST TO LIVE IN RENTED PRIVATE-SECTOR HOUSING?

Housing cost (average: 87 m²) DKK 71,000

The average rent in rented private-sector housing is currently DKK 820/m²/year. For an average 87 m² dwelling, the annual rent is thus DKK 71,000. However, there are differences between rent levels in the Greater Copenhagen area and the rest of the country. In Copenhagen the corresponding cost of an average rented private-sector housing unit is nearly DKK 80,000 a year.

If we look at rents over the past twenty years, we can see an interesting trend: whilst the average rent for older private-sector housing units was previously 30-40% below the rent for similar social housing units, rents in the two sectors are now on the same level. Rents for relatively new private-sector housing units, which used to be on the same level as rents in similar social housing, are now considerably higher.

In summary, it is still possible to find the cheapest rented dwelling in private-sector housing, as this sector still has some small flats that have not been modernised. However, it

RENTED PRIVATE SECTOR HOUSING

is becoming increasingly difficult to find them, both because urban regeneration has increased the quality considerably and because other types of modernisation of old flats have pulled in the same direction. To this should be added the increase in recent years in the number of larger and more luxurious rented flats. The housing stock in this sector is thus changing fundamentally.

THE FUTURE OF RENTED PRIVATE-SECTOR HOUSING

Until a few years ago, private-sector housing units were slowly moving towards extinction. Their numbers fell and they were not attractive to investors. This situation has changed. Certain (liberal) political quarters have expressed a clear wish for the sector to continue and, in addition, fluctuations in the economy – combined with a wide range of new and modernised old attractive flats – have created a renewed demand for rented housing units.

The sector's most important rival at the moment is not non-profit social housing or cooperative housing, but owner-occupied freehold flats. The annual cost of these flats is higher, but the prospect of capital gains in the long term reduces the actual cost considerably. However, access to a freehold flat requires accumulated capital or a high credit rating. The competitive advantage of rented housing units is that tenants only have to be able to pay the rent each month. The reason why social housing is not a serious competitor despite lower rents is the sector's problematic image, which again is associated with the social responsibility the sector has in terms of providing housing for vulnerable groups. Some tenants are willing to pay a higher rent in order not to live in a housing estate where social, psychological and ethnical problems are part of daily life.





1. Housing street, Vesterbro, 1890s
2. Dronningegården, 1943-58
3. Dalgas Have, 1991

privat rental flats



privat rental flats



1. Dianas Have, 1992
2. Charlottehaven, 2001
3. Horisonten, 2006
4. Bispebjerg Bakke, 2006

COOPERATIVE HOUSING

THE HISTORY OF COOPERATIVE HOUSING

The concept of cooperative housing dates back to the late nineteenth century, when some of the social housing projects of the time were set up as cooperative housing schemes, usually based on membership and a continual build-up of savings in a housing association which would later arrange for the construction of the dwellings and subsequently transfer them to the members under a collective ownership scheme. The concept was used, albeit to a limited extent, up through the twentieth century, both inside and outside the non-profit social housing sector.

The heyday of cooperative housing was after the adoption of the housing agreement by the political parties in 1975. According to the agreement, all private-sector housing properties that were put up for sale had to be offered to the residents first. If a majority of the residents could agree to set up a cooperative housing association and pay the market price for the property, they could take over the property. At the same time, a new scheme of subsidies for newly built cooperative housing was introduced, offering continual contributions to the payment of the interest and instalments on the loans the association raised to buy the property. Both types of social housing are exempt from payment of property tax. Because of these schemes, newly built cooperative housing was the most subsidised type of housing in Denmark for a number of years. The subsidies were phased out in the period from 2000 to 2004 and no longer exist.

COOPERATIVE HOUSING: AGE, SIZE AND ARCHITECTURE

| | |
|--|-------------------|
| Number of cooperative housing units | 186,000 |
| Percentage of all housing units | 7% |
| Cooperative housing units by year of construction: | |
| Before 1939 | 59% |
| 1940 – 1959 | 9% |
| 1960 – 1979 | 4% |
| 1980 - | 28% |
| Average size of cooperative housing unit | 81 m ² |

There are 186,000 cooperative housing units in Denmark. Cooperative housing units are older than units in the other categories: nearly 60% of these units were built before 1940 and about 30% after 1980.

The average size of a cooperative housing unit is 81 m², which is slightly larger than social housing units but considerably smaller than the average size of single-family houses. The vast majority of social housing units (two-thirds) have a floor area of 50-90 m²; only 8% of them have floor areas in excess of 110 m².

Like social housing and rented private-sector housing, cooperative housing predominantly exists in the form of multi-storey buildings. No less than 70% of all cooperative housing units in Denmark are located in the Greater Copenhagen area, and they dominate the housing market, particularly in the City of Copenhagen and the Municipality of Frederiksberg, where they make up one-third of the housing stock. In towns and cities outside the Greater Copenhagen area, the percentage is as low as 3-4%.

There are no common architectural characteristics of cooperative housing, just as there is no typical cooperative housing architecture. Most cooperative housing was originally rented private-sector housing built before World War 2 and consequently reflects the architectural style that is typical

of that kind of housing. New cooperative housing built in the period from 1980 to the late 1990s generally features the same architectural characteristics as the dense, low-rise non-profit social housing built in the same period. Some housing estates are laid out as 'mixed estates' where social and cooperative housing stand next to each other.

WHO LIVES IN COOPERATIVE HOUSING?

| | |
|--|---------|
| Number of residents | 256,000 |
| Average household | 1.5 |
| Percentage of households with children | 14% |
| Percentage of residents active on the labour market | 63% |
| Percentage of resident not active on the labour market | 37% |

A total of 256,000 people live in cooperative housing units. The average household consists of 1.5 persons. Households are predominantly couples and single people with no children (there are only children in 14% of the households). In cooperative housing, 63% of residents are active on the labour market and 37% have either retired or live on transfer incomes. The incomes of the families living in cooperative housing are somewhat higher than the incomes of families living in rented private-sector housing or in social housing, but considerably lower than the incomes of people living in owner-occupied homes. Judging by residents' activity on the labour market, there has been no distinct change in the mix of residents in social housing in the past few decades.


HOW MUCH DOES IT COST TO LIVE IN COOPERATIVE HOUSING?

Housing cost (average: 81 m²) DKK 40,000 – 60,000 a year

When a person takes over a cooperative housing unit, he or she pays for a share of the property and will subsequently pay 'rent' to the cooperative housing association. The money goes to payment of instalments on the joint loans taken out on the property and to shared maintenance and operations costs. Until about the year 2000, the typical price of a share in old cooperative housing was DKK 100-300,000, and the value of the dwelling was the original purchase price plus the cost of various improvements made. Most cooperative associations checked the transfer of units so as to avoid money being passed under the table from the new owner to the old. It could not always be avoided that people took advantage of the situation, and some new owners had to pay even very large amounts for 'taking over the curtains' or some other pretense.

Today, three different principles apply to the valuation of a cooperative housing unit: the original purchase price, the most recent public valuation of the property or an appraiser's assessment of the market price. The distribution between the three is 21%, 54% and 20%. The cooperative housing associations that have chosen to let the value of their units follow price developments in the ordinary market for owner-occupied flats (determined on the basis of an appraiser's assessment) have benefited from price increases in the regions of 150% over the past five years. This is a dramatic increase, but prices have not yet reached the level of owner-occupied housing. Associations in which the value of shares is adjusted on the basis of public valuations have also seen relatively high price increases in recent years.

The housing cost for an owner who has acquired a coop-



erative housing unit before the value of such units began to increase dramatically will of course depend on the age, size and location of the property. However, the monthly housing cost for a typical older two- or three-room flat in Copenhagen or Frederiksberg with a floor area of 60-70 m² and an original purchase price of DKK 200,000-300,000 will be DKK 2000-3000 plus interest and instalments on the share, which will be an additional DKK 1500-2000 a month. The total housing cost will thus be DKK 40-60,000, which is the same as that for a similar flat in a social housing estate.

The housing cost for an owner who has acquired a cooperative housing unit after values have gone up in general is considerably higher. The total annual housing cost can easily amount to DKK 100,000-120,000, which means that it is on level with the cost of a similar owner-occupied flat.

THE FUTURE OF COOPERATIVE HOUSING

For a few decades, new cooperative housing was the most heavily subsidised type of housing in Denmark. From the point of view of the people looking for a housing unit, cooperative housing offered the best value for money. This situation has changed, although the exemption from property tax still applies. Cooperative housing will probably be able to attract (elderly) people who have had an owner-occupied flat or house before and who can take out (substantial) equity when they sell them and will only have to spend a small proportion on the payment of the cooperative housing unit. However, the long-term financial advantage of cooperative housing – particularly new estates – is not so certain. This is the reason why some newly built estates originally intended as cooperative housing have ended up being funded and put up for sale as owner-occupied units. All other things being equal, it is up to 10% less expensive for people to buy the units on standard ownership terms.

Many cooperative housing associations discuss the principles for assessment of the value of the cooperative

housing units. The choice between three different principles of valuation often depends on the resident mix in the housing association. In the associations in which the majority of residents intend to stay, and where residents adhere to the original idea that cooperative housing is a non-profit type of housing that associated the best of the owner-occupied and the rental systems, residents will generally prefer valuation based on the original purchase price. Such associations will often have many elderly residents. In the associations where the majority intends to move to a larger and more expensive dwelling, possibly an owner-occupied dwelling, residents will generally be in favour of an appraiser's valuation based on the market price. Such an approach will make it possible for current residents to move to new and better housing, but it will keep out potential new residents without savings. In some of the associations that have opted for this approach, the majority of residents are young couples who are aware that the average cooperative floor area of 81 m² will not be enough when they have children. Finally there is a third principle of valuation, which is the one chosen by most associations. According to this principle, the value of individual shares in the property follows the regular public valuation of the property. This principle lies between the two others and may be the compromise chosen in cooperative housing associations where there is disagreement as to which principle to apply.

The future of cooperative housing is uncertain politically. The original ideas behind this housing type and the preferential treatment it received financially have become diluted. As and when the price differences and the differences in possible financial gains between new – and revamped older – cooperative housing units and owner-occupied housing disappear, it may become difficult to defend the principle of exempting cooperative housing from property tax.



1. Street in the Nørrebro Park district, 1890s / 2000
2. Bryggens Have, 2006
3. Halv Tolv, 2000
4. VM Husene, 2005

cooperative housing

FREEHOLD FLATS

THE HISTORY OF FREEHOLD FLATS

Freehold flats (often called owner-occupied flats) were a 'new' type of housing that emerged after the 1966 housing agreement, which made it possible to sell flats in multi-storey buildings individually. In the first years after the adoption of the new legislation, there were no restrictions on the type of properties that could be sold in this way, the result being that many properties in a very poor state of repair were sold at prices far above what they would normally have fetched. A number of extreme speculative deals led to an amendment of the law in 1972, so that properties built before 1966 could no longer be sold as individual flats.

Today, hardly any older properties are being sold as individual flats, but several properties are being built with a view to the sale of individual flats.

FREEHOLD FLATS: AGE, SIZE AND ARCHITECTURE

| | |
|---|-------------------|
| Number of housing flats | 202,000 |
| Percentage of all housing units | 8% |
| Freehold flats by year of construction: | |
| Before 1939 | 42% |
| 1940 – 1959 | 11% |
| 1940 – 1979 | 33% |
| 1980 – | 14% |
| Average size of freehold flat | 79 m ² |

There are currently 202,000 freehold flats, making up 8% of the total housing stock. A third of the flats were built before 1940, and only 20% were built after 1980. The average size of freehold flats is 79 m², which is almost the same as the average size of cooperative housing units. On average, they are slightly larger than units in social housing and slightly smaller than units in rented private-sector housing.

Almost all freehold flats (89%) are in multi-storey buildings. The rest are typically located in large detached houses that have been divided into two or three individual flats.

In terms of architecture, the majority of the multi-storey buildings in which these flats are located are similar to the buildings with rented private-sector housing units. However, there are a number of interesting contemporary exceptions, as some architecturally experimental buildings erected in recent years and located at attractive city sites have been designed as owner-occupied flats.

WHO LIVES IN FREEHOLD FLATS?

| | |
|--|---------|
| Number of residents | 340,000 |
| Average household | 1,7 |
| Number of households with children | 13% |
| Number of resident active on the labour market (owners) | 78% |
| Number of residents not active on the labour market (owners) | 22% |

Somewhat surprisingly, only a little more than fifty per cent of these flats are occupied by their real owners. No less than 42% of the flats are rented out. (That is why the term 'owner-occupied' can be misleading). Of the owners who actually live in their flat, 62% are in employment, 11% are students and 19% have retired from the labour market. The tenant mix in rented freehold flats is similar to the general tenant mix. One reason for this may be that some of the residents are the original tenants in the properties who cannot be given notice, even though the property was officially converted into freehold flats long ago. This may also explain why the proportion of tenants in employment is very low (34%), as the tenants living in such flats are old people. A relatively large

share (19%) of the tenants are students. This may reflect the much-debated current phenomenon of well-to-do parents buying a flat and then letting it to their student children. This arrangement gives the parents a number of tax benefits and pushes prices of small freehold flats up in cities with many institutions of higher education.

HOW MUCH DOES IT COST TO LIVE IN FREEHOLD FLATS?

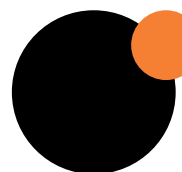
Housing cost (average: 79 m²) DKK 185,000 a year

On average, the price level for freehold flats is 50-60% higher than the price level for single-family houses in terms of the price per square metre. However, since the floor area of freehold flats is generally only about half the floor area of single-family houses, the average housing cost for freehold flats is not quite as high as the average cost of single-family houses.

THE FUTURE OF FREEHOLD FLATS

The boom in the housing market over the past eight to ten years has resulted in an increase in the number of new freehold flats. Most of the new flats are relatively luxurious and in good locations, and in terms of equipment they are very similar to single-family houses, the main difference being that they are somewhat smaller. These flats appeal to the wealthiest segments of the population. It has been assumed that a great many of the buyers come from a single-family house they have sold because their children left home. This market seems to be close to saturation, but many new and old, less upmarket freehold flats are still being sold to single people and first-time buyers stepping onto the first step of the property ladder.

The outlook for freehold flats is positive. Firstly, a large proportion of people looking for housing want to buy a flat or house to 'benefit from development', as this would enhance their future opportunity to climb the property ladder as compared with the opportunity offered by remaining in a rented dwelling. Secondly, the access routes to freehold flats are transparent, as the flats are traded in an open housing market. This is in stark contrast with the access routes to the financially most attractive dwellings in rented private-sector housing, where 'good connections' are necessary, just as they are necessary if one wishes to join a cooperative housing association. It is also more difficult to obtain a flat in the attractive non-profit social housing estates: in Copenhagen and Aarhus people may be on waiting lists for up to thirty years.





freehold flats



2



3



5

- 1. Aksel Møllers Have, 1946-47
- 2. Tuborg Nord, 2002
- 3. Gemini Residence, 2006
- 4. Torpedohallen, 1952 / 2003
- 5. Oxford Have, 2006
- 6. Østerbrogade, 2005



6

HOUSING FOR THE ELDERLY

OLDER DANES AND THEIR HOUSES

| | |
|-----------------------------------|-----------|
| Number of Danes aged 60+ in 2006: | 1,100,000 |
| Percentage of population in 2006: | 20% |
| Number of Danes aged 60+ in 2020: | 1,500,000 |
| Percentage of population in 2020: | 30% |

Types of housing for people aged 60+:

| | |
|-------------------------------|-----|
| Single-family house | 47% |
| Social housing | 22% |
| Rented private-sector housing | 14% |
| Cooperative housing | 7% |
| Freehold flat | 5% |
| Extra care housing | 5% |

Housing specially designed for older people (number of dwellings/residents)

| | |
|----------------------------|-----------------|
| Social retirement housing | 26,000 / 27,000 |
| Sheltered housing | 3,000 / 3,000 |
| Extra care housing | 47,000 / 45,000 |
| Cohousing for older people | 3,500 / 5,000 |

In 2006 about 1.1 million people in Denmark were more than sixty years old. This group makes up approximately 20% of the entire population. Both the number of elderly people and the proportion of the population they represent will increase in the coming decades, and 30% of the population will be 60+ by 2020.

Almost all elderly people live in ordinary housing: single-family houses, social housing, rented private-sector housing, etc. Only a very small proportion (8%) of the elderly live in housing that in some way or other is specially designed to

cater to their needs. Of these 8%, 3% live in social retirement housing or sheltered housing and 5% live in extra care housing. Sheltered housing is typically non-profit social housing that is particularly well suited for elderly people in terms of location and equipment, but with no care and support available on site. Extra care housing is housing with varying levels of care and support available on site.

In other words, the vast majority of the elderly remain in their ordinary home until they die. However, an increasing number of very old people move into extra care housing is increasing. In the segment of people aged 90+, about one-third live in extra care housing; only in the group of people above the age of 95 do more than fifty per cent live in extra care housing or care homes. It would thus be fair to say that a typical retirement dwelling in Denmark is an ordinary dwelling with no specific physical characteristics.

Most elderly people live in a single family detached or semi-detached house that they own (47%); 36% live in rented housing, mainly social housing. The trend in the housing types occupied by elderly people over the past few decades has been towards an increasing proportion of the elderly living in single family houses and cooperative dwellings, whereas there has been a decline in the number of elderly living in rented private-sector housing.

One important explanation of why most elderly people in Denmark prefer to remain in the home they have always had is that they can receive home help and be nursed in their own homes if they become frail. It is the local authority that grants help on the basis of the needs and requirements of each individual elderly person, but the type of housing is not taken into account in the allocation of care and support.

If we look at housing specially designed to cater to the needs of elderly people, there are currently two predominant types of housing: social retirement housing and extra care housing.

SOCIAL RETIREMENT HOUSING AND SHELTERED HOUSING

Non-profit social retirement housing is very similar to ordinary small dwellings in non-profit social housing estates. On average, they have a floor area of 65 m², the maximum floor area being 85 m². They have relatively large bathrooms as well as kitchens suitable for wheelchair users. They are also accessible to wheelchair users. The social administration of the relevant local authority allocates this type of housing to elderly applicants. Once a person has been allocated such a dwelling, an ordinary lease is signed with the housing association that manages the housing estate in question. Any home help and nursing required will also be allocated by the social administration of the local authority independently of the type of housing unit occupied by the claimant. A total of 27,000 people live in the 26,000 non-profit sheltered housing units in Denmark, which shows that the vast majority of the residents are single, widows or widowers.

Before the introduction of the current scheme of social retirement housing, several local authorities set up sheltered housing facilities, for example close to care homes. They are currently being changed into social retirement housing, but there are still 3000 sheltered housing units.

EXTRA CARE HOUSING

Formerly, old-age homes and in particular nursing homes were laid out as institutions that resembled hospitals. Several of the old institutions have been modernised and converted into contemporary extra care dwellings, but there are still several old-fashioned nursing homes: in 2006 there were 14,000 non-modernised nursing home places left, whilst there were 33,000 more contemporary extra care units.

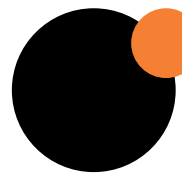
Extra care dwellings are now laid out as independent units with a (small) kitchen and a bathroom. In addition to the individual dwellings, there is a lounge for residents to meet in and in many cases also a large communal room with a kitchen shared by the residents of the individual units.

Staff are available to clean, serve food and provide personal care and support to the residents. Extra care dwellings are allocated by the social services of the local authority and subsequently let to each individual tenant on ordinary terms and conditions set out in a lease.

The allocation criteria are very strict in most local authorities. People have to be very frail physically or mentally to be considered for an extra care housing unit. The strict rules mean that the average period in which an elderly person lives in the extra care unit before they die is only one or two years. The high mortality rate is indirectly reflected in the fact that only 45,000 people live in the 47,000 extra care units available, which means that at least 2000 units are available for rent. The strict rules also mean that the vast majority of elderly people never go to a nursing home but stay, voluntarily or not, in their own homes until they die.

COHOUSING FOR OLDER PEOPLE

Cohousing for older people exists under different ownership schemes: non-profit housing, cooperative housing and owner-occupied housing. A common feature of all the schemes is that they have been set up by a group of older people who want to live in a closer-knit social community than they would normally find in a residential area. The degree of community differs, but will typically include occasional communal meals, communal meetings, various activities and the pursuit of a number of hobbies. Residents also often expect the community to provide some kind of help and support if they become ill or frail. In practice, such communities are unable to provide long-term care and, as is customary in Denmark, such care services are instead provided by professional home helps and district nurses. There are currently about 3500 dwellings with approximately 5000 residents in cohousing schemes for older people. By comparison, more than one million people aged 60+ have chosen to remain in more ordinary types of housing.





housing for the elderly



1. De Gamles By , extra care housing, 1919
2. Mariendalsvej, senior housing, 1992
3. Holte, social retirement housing, 2004
4. Tårnbæk, cohousing for older people, 1980
5. Egebakken, senior housing, 2000
6. Solgården, social retirement housing, 2004
7. Fælledhaven, social retirement housing, 2006





ISSUES AND PERSPECTIVES



Housing market and price formation



Renewal of worn-down housing areas



New types of housing

CURRENT ISSUES

in the Danish housing debate

For the past five to ten years, the public debate – and to some extent also the political debate – on housing issues has almost exclusively focused on two issues: the increase in housing prices and trends in social and ethnical segregation.

THE INCREASE IN HOUSING PRICES

In many debates on the increases in property prices, the starting point is the situation in 1993. Since then, the average price of single-family houses has gone up steadily. The total increase over the period is 153%. The rate of increase has been strongest in the past five or six years. Annual price increases of 20%, 30% or even 40% have regularly filled the headlines of Danish newspapers. If we look at the average increase without taking the general price development into account, we can see that the trend is less dramatic. From 2000 to 2005, when the largest increases occurred, the average increase in real prices was only 30%.

However, this percentage fails to reflect an enormous regional variation. In the Greater Copenhagen area, the average increase was close to 45% (in some places even much more), whereas there was no real increase at all in some remote areas of the country. In some areas, prices have even dropped. It is thus evident that there is a great deal of regional variation in the prices of comparable single-family houses. A house that costs DKK 5-6 million in the Greater Copenhagen area would be sold for about DKK 1 million in remote peripheral areas.

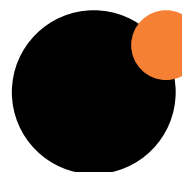
In fact, 1993 was a very unusual year, a year in which property prices reached a low after six years of falling prices. If we look at the homeowners who bought their homes before 1993, the 'gains' achieved vary a great deal because housing prices have gone up and down over the past 30-40 years, but the gains are definitely smaller than the gains achieved after 1993. The real gain obtained by a homeowner who bought his or her home in 1970 is only about 2% a year. This is equivalent to a long-term return on the investment that is somewhat

below what could have been obtained by investing in shares or other securities.

The debate has in particular focused on the difficulty for young families in the Greater Copenhagen area and Aarhus entering the market for owner-occupied housing, thus realising their dream of owning a single-family house. This is a problem that the housing market has not been able to solve and which Danish housing policy has only dealt with to a limited extent.

The debate on housing price trends has paid much less attention to the difficulties faced by homeowners in the remote peripheral areas where prices are not going up but in some cases actually falling. It may be difficult for homeowners in those areas to raise loans for major repair and maintenance work and to sell their homes in a market where there is little or no demand. It is difficult for those homeowners to move to another owner-occupied housing unit without having benefited from capital gains even though they have lived in their house for many years.

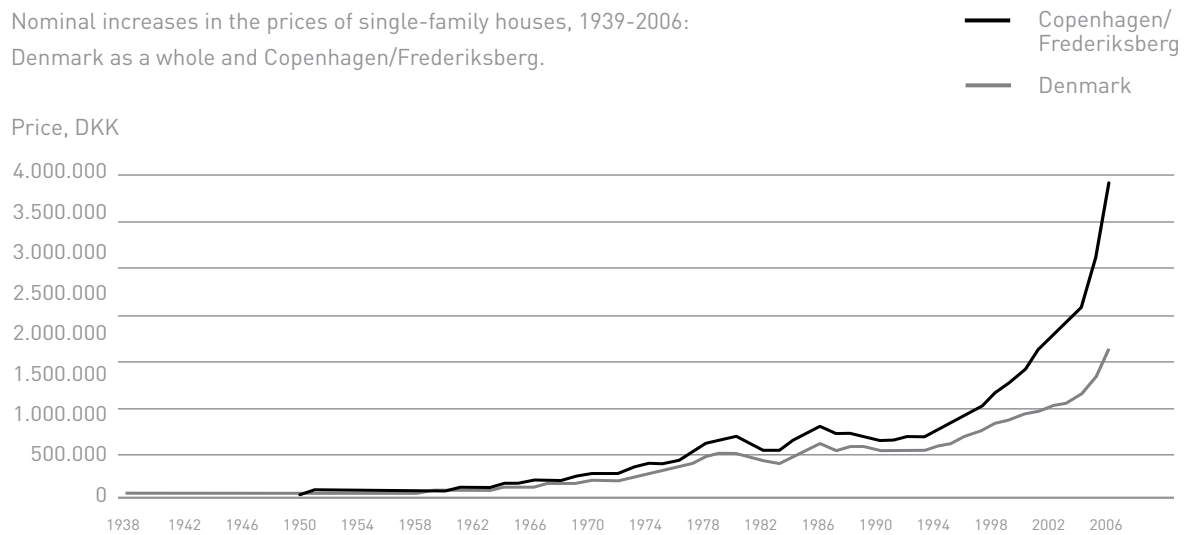
In recent years, price increases have been a hot issue in the news media and among homeowners because of the capital gains earned and the easy availability of new mortgages. The debate has in particular focused on the 'winners' in the housing market, ie those who benefit from the price trends. The absolute and indisputable winners are the people who bought a house in one of the country's growth areas in 1993. The average growth in real terms of their property capital was about 100% over the period up to 2005, which is about 8% a year. In the Greater Copenhagen area, the percentage is in fact closer to 12-15%. This group constitutes a minority among Danish homeowners, but the price increases have made tenants who want to become homeowners feel that the dream of buying one's own home becomes more and more unattainable. Tenants who do not share that dream often disapprove of the capital gains earned by the homeowners. Despite the debate and despite the frustration, nothing





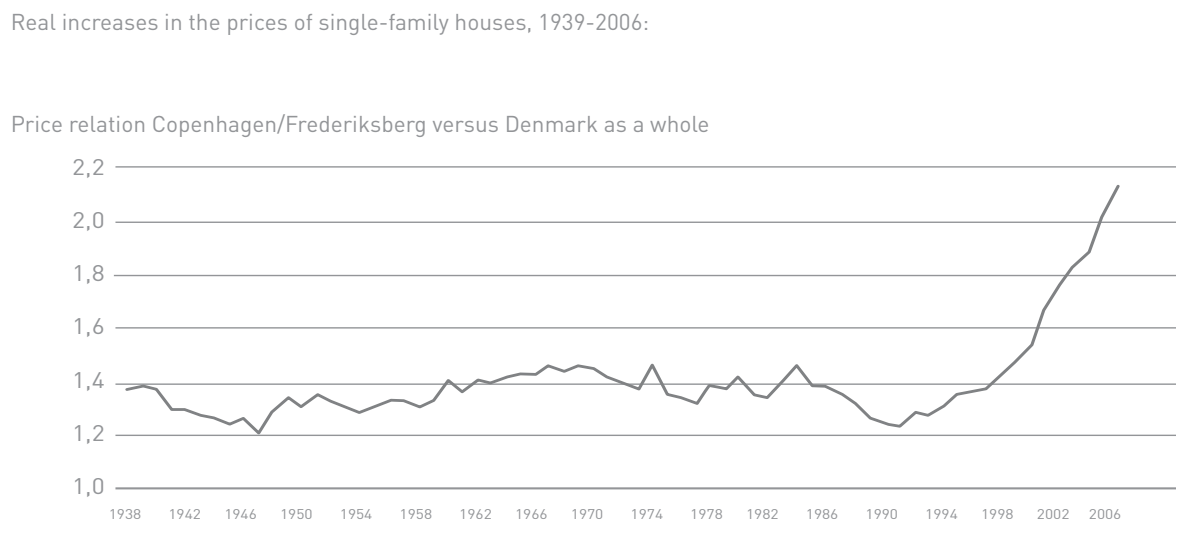
THE INCREASE IN HOUSING PRICES – NOMINAL INCREASES

Nominal increases in the prices of single-family houses, 1939-2006:
Denmark as a whole and Copenhagen/Frederiksberg.



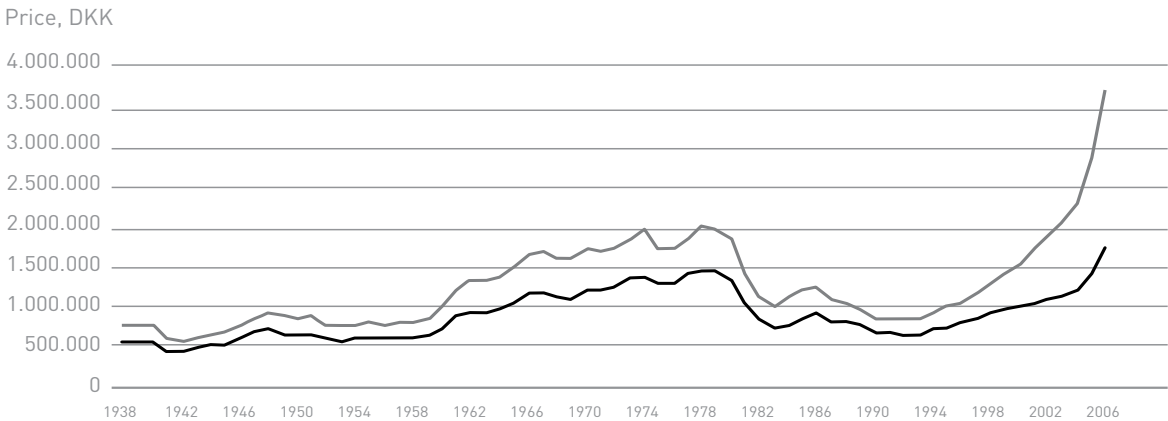
THE INCREASE IN HOUSING PRICES – REAL INCREASES

Real increases in the prices of single-family houses, 1939-2006:



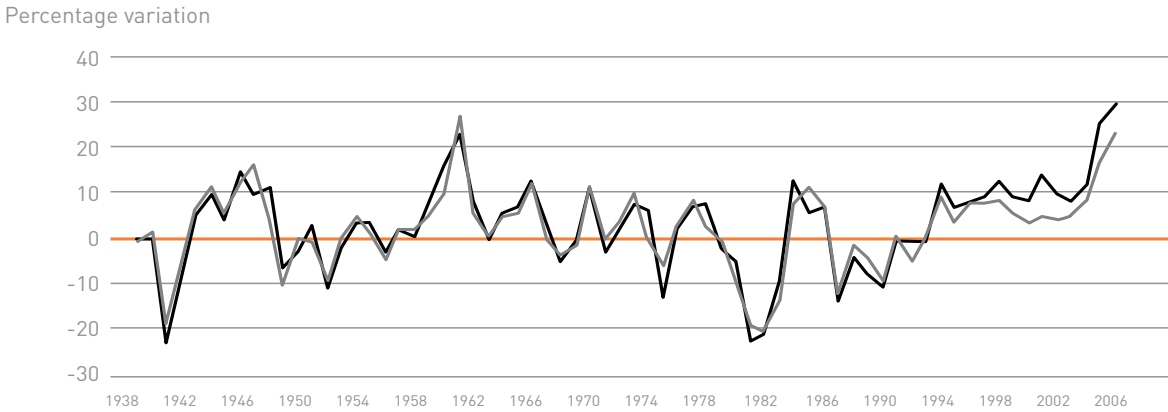
THE INCREASE IN HOUSING PRICES – AVERAGE REAL PRICES

Average real prices (year 2000 prices) of single-family houses, 1939-2006:
Denmark as a whole and Copenhagen/Frederiksberg.



THE INCREASE IN HOUSING PRICES – ANNUAL INCREASE IN REAL PRICES

Real annual price increase of single-family houses, 1939-2006:
Denmark as a whole and Copenhagen/Frederiksberg.

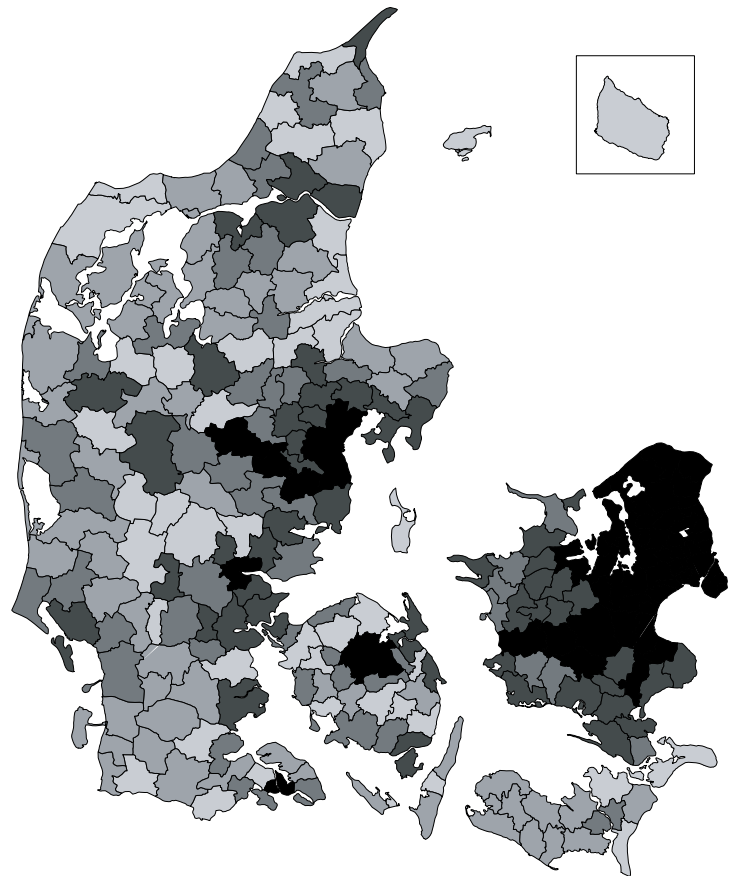


REGIONAL SALES PRICES

Sales prices per square metre for owner-occupied single-family houses in different areas of Denmark in 2002.

Source: StatBank Denmark

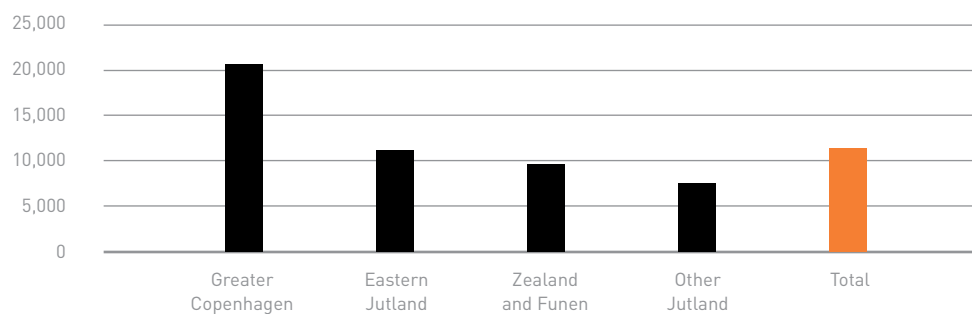
- 8,400 - 18,300 DKK/m²
- 6,500 - 8,400 DKK/m²
- 5,600 - 6,500 DKK/m²
- 5,000 - 5,600 DKK/m²
- 3,300 - 5,000 DKK/m²

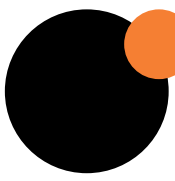


REGIONAL SALES PRICES

Sales prices per square meter for owner-occupied single-family houses in different parts of Denmark in the latter half of 2005.

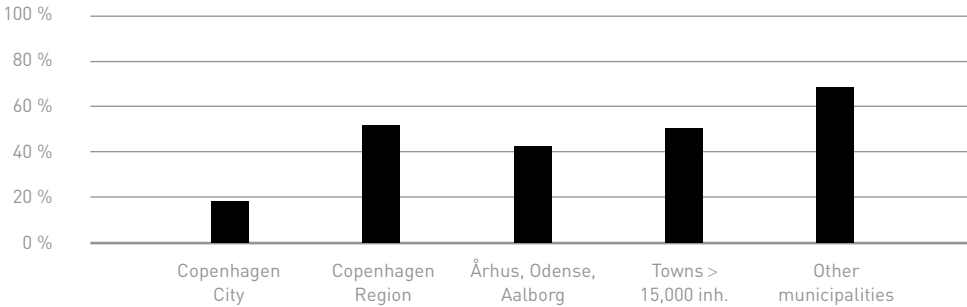
Source: StatBank Denmark





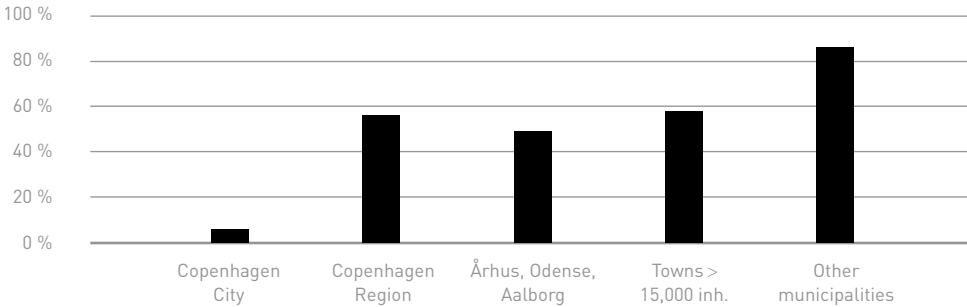
REGIONAL DIFFERENCES IN OWNER-OCCUPATION

Share of owner-occupied dwellings in various areas of Denmark in 2004.



REGIONAL DIFFERENCES IN BUILDING TYPES

Share of dwellings in detached or semi-detached buildings in various areas of Denmark in 2004.



seems to indicate that this type of capital gain will be taxed. None of the major political parties suggest such taxation in their manifestos. As appears from the above, the size of the gains over a long period of time can in fact be questioned. To this should be added that more than half of all voters are homeowners, many of whom would consider taxation deeply unfair.

SOCIAL AND ETHNIC SEGREGATION

Social and ethnic segregation has become a problem in some social housing estates. The general perception is that this is particularly true of the large, industrialised multistorey housing estates built between 1965 and 1979 because they are the homes of many socially and financially weak immigrants and non-immigrants. Statistics of residents basically confirm this perception. It is only in Copenhagen and Frederiksberg that the concentration of residents who are not active in the labour market is highest in multistorey buildings constructed outside the period from 1965 to 1979. Instead, they live in buildings from the 1980s which, however, are very similar to the buildings from the sixties and seventies in terms of architecture and quality. If we look at the main concentrations of immigrants, exactly the same pattern emerges.

In recent years it has become common to refer to areas with high proportions of people who are not active in the labour market and high proportions of immigrants as ghettos or ghetto-like areas. In order for this designation to apply, the areas must be of a certain size. If more than half of all adult residents in a major housing area are not active on the labour market, the area is called a ghetto area. One hundred non-profit housing associations with a total of 34,000 residents fall within this category. Ghetto-like areas are defined as areas in which at least 40% of all adult residents are not active in the labour market, and at least 40% of the residents are immigrants or descendants of immigrants from

non-western countries. There are an additional 61 housing associations of this type with a total of 16,000 residents. They are spread across the country but concentrated in major towns and cities.

For a number of years, enormous efforts have been made to improve the situation in such housing estates: renovation, social support and activity programmes and, on a temporary basis, rent reductions to persuade people to stay even after their financial situation allowed them to move to other areas. It turned out that social, financial and organisational initiatives combined with rent reduction were successful in stopping a negative trend in the resident mix in housing estates, but there were no examples of reversing the trend, ie turning it into an actual gentrification process. To do so, more resources and long-term social initiatives are necessary in the housing estates in question, combined with training and employment initiatives aimed at the many residents who have no education and no job.

SOCIAL AND ETHNIC SEGREGATION

Ratio of people in and outside the labour market in 2004

(residents in social housing / entire population).

| | |
|----------------------------------|---------|
| Part of the active labour force | 48 / 68 |
| Outside the active labour force: | |
| Old-age pensioners | 34 / 24 |
| Others | 18 / 11 |

Household incomes below and above DKK 300,000 in 2004
(residents in social housing / entire population)

| | |
|------------------------------------|---------|
| Household income below DKK 300,000 | 74 / 47 |
| Household income above DKK 300,000 | 26 / 53 |

Immigrants (and their descendants) and ethnic Danes in 2004

(residents in social housing / entire population)

| | |
|---------------------------------|---------|
| Immigrants (and their children) | 23 / 8 |
| Non-immigrants | 77 / 92 |

Trends in the ratio of immigrants living in social housing to all immigrants, 1981-2004

(proportion in 1981 / proportion in 2004)

| | |
|-------------------------------------|--------|
| Immigrants living in social housing | 5 / 23 |
| Immigrants in entire country | 3 / 8 |

Non-profit housing associations and housing areas categories as ghetto or ghetto-like areas in 2005

(associations / dwellings).

| | |
|-------------------|--------------|
| Ghetto areas | 100 / 34,000 |
| Ghetto-like areas | 61 / 16,000 |

GENERAL PROBLEMS

in the Danish housing market

Trends in housing prices and social segregation in certain non-profit housing estates are regularly debated in the news media. It is, however, an open question whether there are problems of a more general nature in the Danish housing market.

On one hand, the average supply of housing for the population in general ranks among the best in Europe and is constantly improving. And although many young people find it difficult to find suitable housing when they want to leave home, most of them manage to solve this problem faster than young people in the rest of Europe. The same picture of a successful long-term housing policy can be seen if we look at the housing situation of the financially weakest part of the population. Also in this respect, Denmark ranks higher than the average of the other European countries.

On the other hand, it is considered problematic that young families have difficulty finding a sufficiently large home in the country's growth areas. Several young families choose to live at commuting distances of an hour to 90 minutes from their workplaces, which means that families with two working parents are under great time pressure in their everyday lives. In general terms it could be said to be a housing policy failure that most Danes – owners and tenants alike – obtain better and relatively less expensive housing conditions when they reach middle or old age and their children have left home than the conditions they had when their children were young. For most people, the quality, size and cost of housing are spread suboptimally over their lifetime.

It is also a problem from a housing policy point of view that socially weak Danes and a large proportion of refugees and immigrants are concentrated in relatively few social housing estates. In those estates there is a new kind of qualitative housing shortage, although the estates are technically well functioning. The result is that some of the residents will be socially excluded in generation after generation.

In recent years' debate on the welfare society, these unresolved housing problems have been part of reason people have questioned the universal or solidarity-based welfare policy that focuses on the importance of maintaining a high degree of reallocation across groups in society in order to prevent the exclusion of the weakest groups. According to the universal welfare model, the incentive to take part in and pay for such reallocation will be lost for those who do not benefit from it. The thesis that has been fundamental in Danish welfare policy over the past 50-60 years is that only a very broad welfare model where 'everyone pays to everyone' can ensure true reallocation for the benefit of the weakest groups. In Denmark this discussion is complicated because it is necessary to decide to what extent and at what pace the housing subsidies granted over the past sixty years in the form of allowances, benefits and tax deductions should be phased out.

Such a decision is hardly politically feasible, unless there is an acute need for austerity measures and cost-cutting in the public sector. However, it would be better to prevent such a situation, as an unexpected change of a long-standing housing policy may have inexpedient implications for the most vulnerable groups and may even make more people vulnerable. For example, major fluctuations in the price of owner-occupied housing may create uncertainty and have unfortunate consequences for the economy and employment.


Most economists specialising in the housing sector are of the opinion that preventive efforts should include a gradual introduction of greater market control so as to ensure better utilisation of existing housing stock, while at the same time concentrating public-sector funding on subsidies for the financially weakest groups, ie a housing policy that optimises the distribution of market forces and public-sector intervention. Such a housing policy has been proposed and recommended several times over the past 30-40 years, but has proved difficult to implement politically. One important

reason for this is that the benefits are long-term only and that they will initially go to young people and others who will be buying their own home soon, whilst a majority consisting of affluent households will have to give up some of their privileges.

Although the general political climate is currently changing in the direction of a more market-driven approach, there is extensive scepticism in a broad segment of the population with regard to further reduction of housing subsidies. An important argument in favour of maintaining the subsidies is that the relatively low cost of housing and housing consumption resulting from the subsidies have generated high housing standards from which the vast majority of Danes benefit. If the subsidies are reduced, or even removed, housing and housing consumption will become more expensive, which almost inevitably would lead to a reduction in consumption in the long term. Young people would leave home later; families would choose smaller dwellings; more older people would be forced to move out of 'too large' dwellings, etc. All in all, there would be a number of changes that most Danes would consider a step backwards in terms of welfare.

HOUSING AND PLANNING

changing roles for central and local government



Housing policy is traditionally associated with central legislation and regulation of people's housing conditions and financial situation in connection with housing. In its widest sense, housing policy comprises building legislation that regulates the technical design and quality of buildings and dwellings as well as the allocation policies and social policies that relate to housing and having a home. In practice, issues of allocation policies and social policies have dominated the debate. As mentioned above, there is no immediate prospect of any radical initiatives in the government's policies in these general housing-related areas. The closing of the Ministry of Housing and Urban Affairs in 2001 actually made government housing policy more invisible. In the long term, the consequent spreading of regulatory authority in the field of housing policy will probably mean that housing policy defined by the central government will by and large disappear.

However, people's homes are still very important to individual citizens. Very much so. Never before have people spent so much money on their homes, never before have we seen so many articles in the news media about homes, and never before have there been so many different home improvement programmes on TV. The market seizes on much of this interest and fuels it through targeted marketing. However, there is only so much the market can do. Paradoxically, after more than ten years of rising demand for dwellings in growth areas, the supply of new dwellings is still so low that prices continue to increase. The general explanation is that the market does not work well enough. Some of this malfunction is due to the fact that there are too few available building sites in the growth areas. There is thus an acute need to identify new areas for housing construction and to issue guidelines as to the location of various types of housing. It may also be necessary to reconsider allowable plot ratios, etc in existing housing areas, just as it may be necessary to launch urban renewal and regeneration programmes. After

the 2007 local government reform, the local authorities are clearly in charge of such planning and control. At times, local planners and politicians have been focused on business development, and areas have been zoned for the construction of industrial, commercial and service facilities, just as the focus has been on formulating various strategies to attract developers of such facilities and, more importantly, to create jobs in the local area. However, in recent years the interest in housing construction – for example by providing sites with an attractive location and by converting and improving existing urban areas – has (once again) become manifest among local planners and politicians.

Local housing policy that forms part of an overall urban policy is not yet a fully fledged phenomenon. We will not see one common local authority housing policy, as conditions differ too much from municipality to municipality. The two extremes are, at one end of the scale, the Greater Copenhagen area and the Aarhus area, which are characterised by rapid growth, an influx of citizens, housing shortage and increasing housing prices, and, at the other end of the scale, the peripheral areas of the country where there is no growth and which people are leaving, so that there is a surplus of dwellings as well as stagnating or falling housing prices. An urban planning and housing policy adapted to local housing markets is needed.

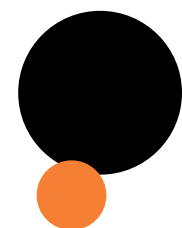
However, there are not only differences but also some shared features. No matter what the conditions are, an increasing number of local authorities are focusing on gaining better long-term control of demographic developments by providing housing for the most attractive citizens: working couples with children. Too narrow a focus on this group may be problematic, as they constitute only a very small percentage (20%) of all households, and as all other local authorities seek to attract this group as well. Municipal housing policies should thus include considerations as to what housing types

can be offered to couples without children living with them (32%) and single people (39%). Another shared feature of local housing policy is that the local authorities often focus narrowly on housing for the most affluent groups in society. Such a strategy overlooks the relatively trivial fact that affluent people very often start as 'poor' students who will not become affluent and thus attractive taxpayers until later in life. Considering the mobility patterns that are characteristic of the housing market, with many citizens choosing an area and a dwelling at an early stage in life which only few of them leave later in life, it is important to be able to retain young (and still 'poor') people, or to attract new ones. In terms of housing, this means that it is necessary to provide (rented) housing at affordable prices. The same type of housing must be provided for people who end up in an acute situation, for example following a divorce in which they need quickly to find housing in the local area in order to be able to remain in contact with their children. More or less the same applies to older people who lose their spouse or partner. A good local (municipal) housing market must offer housing for people in all the situations in life when they commonly move from one home to another.

In growth areas with high housing prices, the local authorities – in their capacity as employers – must ensure that affordable dwellings are available to low- and medium-income groups, as much of the local authority service system consists of people from these groups: childminders, home helps, nurses, office workers, technical staff, etc. If no affordable housing is available in the municipality or a neighbouring municipality, these groups may choose to or be forced to live so far away that commuting distances compel them to look for work closer to home. The first signs of such recruitment problems are currently being seen in the relatively affluent municipalities in the northern Greater Copenhagen area, where housing prices are high. The issue was taken up in

the municipal election campaign in Copenhagen in 2005, when the subsequently victorious Social Democratic mayor promised that 5,000 housing units with a monthly rent of DKK 5,000 would be built over the next five years. Realisation of this objective has proved difficult, but the first five-thousand-kroner housing units will be ready to receive tenants at the end of 2007.

In the years to come, most local authorities will probably develop housing policies that will initially focus on a thorough analysis of the current role of the housing stock and its current and future development. After consideration of the merits and shortcomings of the housing stock, it will be possible to prepare plans that set out what kind of new housing should be built and how existing housing areas should be renewed and regenerated. If we want urban planning and housing policies to be in harmony with the Danish ideals of equality and welfare, the housing stock and the new housing established will have to generate a varied housing market in terms of the size, location, price and ownership type of the dwellings, just as it must offer facilities for all age, income and social groups.



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HOUSING IN DENMARK

This book looks at the evolution of various housing types and their residents in the period from the end of World War 2 to the present time, broken down by ownership type and physical design. The review is based on a social science approach focusing on economic and sociological aspects as well as aspects of political science. The pictures serve to illustrate the architectural trends in the various types of housing.

The book is part of the Centre for Housing and Welfare initiative to describe and analyse the importance of housing for residents and for future housing planning and housing policy in Denmark.

