

Indebted owners and self-governed tenants

During the Danish housing boom, 2003–2007, residential property prices rose by 66%, according to the Association of Danish Mortgage Banks, thus creating a true housing bubble. Danes, with personal debt equal to about 267% of income, are the most personally indebted people in the world, after the Dutch, based on figures from Eurostat.

Denmark, and particularly the housing sector, has been seriously affected by the financial crises. House prices fell by around 17% from 2007–2012, according to the Economists' House Price Indicator. Many Danes who invested in housing, not to live in but to let, are burdened by decreased values and mortgages.

As flats become increasingly difficult to sell without loss, many owners are now waiting for brighter days and so they offer their flats on the rental market – which could lower rents, in the best of all worlds. But, the standstill in the market for owner-occupied dwellings boosts demand for rental housing, causing rents to go up.

The Danish rental market consists mainly of two equally sized sectors, the private rental and the non-profit, social, sector – both with some 20% of the total stock.

The non-profit, social, housing sector, *almene boliger*, comprises 560,000 dwellings and houses some one million Danes. The sector is organised in 650 housing associations with a large degree of self-determination, representing tenants in some 7,000 housing estates. They all organise their own housing queues, but municipalities can dispose of up to 25% of vacant dwellings when a new project is planned for. The housing associations are supervised by the local municipalities.

Dwellings are allocated via waiting lists on a “first in line” principle. There are no formal income limits, but priority is given to people with special housing needs. This reflects the underlying ideology that non-profit social housing is intended for everyone regardless of income or social status.

Those who already have homes within the system have priority over new candidates. But if you are a newcomer to Copenhagen it can take 15 to 25 years of queuing before you are offered a flat.

Rents in the non-profit sector are in principle estab-



PHOTO: MAGNUS HAMMAR / LUT

lished by the tenants themselves, at the estate level. The rent is set according to actual costs. This means that the rent is kept affordable by balancing it with the costs of the housing estates' ordinary activities.

The sector is subsidized through tax exemptions while acquisition of new stock is financed through a combination of state subsidized loans (88%), interest free loans from local governments (10%) and a tenant contribution (2%).

The private rental market is more widespread in major cities, e.g. 26% of the total stock in Copenhagen. Rents in flats built in and before 1991 (88%), are mainly regulated, while rents on dwellings constructed after 1991 are

exempted from rent control.

The system is based on the idea that landlords should not be allowed to profit from renters. The majority of the regulated flats have capped rents set according to operating costs, maintenance, inflation, plus a maximum of 7% of the property value in 1973 – a system disliked by many private landlords.

Flats from before 1991 may also be exempted from rent control, if they have been subject to major renovations exceeding 33,000 euro. According to LLO, the Danish tenant's union, these renovations are not always ‘major’, but more often of a mere cosmetic character, with ‘renovated’ kitchens and bathrooms going from bad to less bad – but the landlords often ask for two-fold rent increases.

If there have been no renovations and if the new rent is substantially different to that for comparable flats in the same residential area, both the landlord and the tenant are entitled to ask the Rent Tribunal for the rent to be adjusted.

Deposits are paid by tenants in both sectors; one-month rent for the non-profits, and usually a 3-month deposit in the private sector. Additionally, landlords in the private sector often require another 3-months advance payment of the rent



The Danish Tenant's Union, Lejernes Landsorganisation (LLO), founded in 1917, has almost 50,000 members, www.lejerneslo.dk

Find out more about LLO: www.iut.nu/members/members.htm#Denmark



PHOTO: MAGNUS HAMMAR / IUT

In 2013 Copenhagen was ranked second, in the list of 'world's most bicycle friendly cities'. Also, more than 30 percent of the Danes commute by bicycle.

– so to cover up for the rent during the 3-month period of notice.

Danish tenants are comparably secure. Tenants in the non-profit sector can stay even if they win the lottery or get a better paid job – incomes are only checked upon application. They also enjoy unlimited tenure.

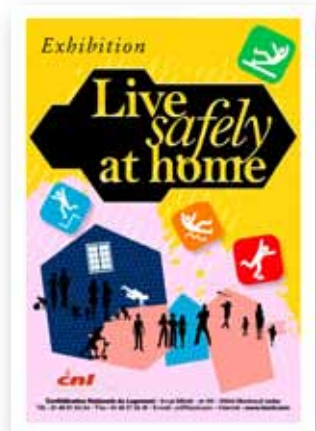
Tenants in the private rental sector often sign contracts for two years, but there are no fixed terms.

The tenant must be informed of any rental increases in writing, with three months' notice. The

landlord must give a reason for the increase and the tenant has the right to object.

Right-to-Buy was initiated in 2002, for tenants in the state subsidised sector. Eight years later, in 2010, only 62 flats had been purchased by the sitting tenants. In 2011 a new offer was announced, but the majority of Danish tenants do not seem to fancy this idea, and again there is no rush.

Text Magnus Hammar / IUT



France, CNL:

“Live Safely at Home”

The French tenant's union CNL has launched the project and campaign Live Safely at Home, which aims at raising awareness of domestic accidents.

According to CNL, 20,000 people die every year from injuries caused by domestic accidents, in France only, and worldwide millions are injured. Preventing injuries and deaths resulting from domestic accidents is one of the major concerns for CNL, and CNL invites other IUT members to make use of this campaign and collaborate in order to make our homes safer. The campaign includes a 13-panel exhibition.



Contact CNL:
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