

The Swedish Model – up till now

The rented sector in Sweden differs from the rest of Europe in two ways: there is no social housing and there is no rent regulated stock, but a ceiling on rents. One in five households rents a publicly owned home, and one in five rents in the private market. In Stockholm almost every second home is a rental unit. Improved housing laws together with massive construction of public housing and a growing tenant movement in the 1950s, 60s and 70s made renting secure and affordable – up till now.



An economic depression followed after WW I, with unemployment and a housing crisis. Things went from bad to worse when state housing subsidies were abolished in 1922 and rents were set free in 1923. Bad housing, overcrowding and evictions paved the way for the Swedish Union of Tenants and the Association of Housing Co-operatives, HSB, both formed in 1923. Rent tribunals were introduced in 1939 for all towns exceeding 30,000 inhabitants.

Swedish industry was intact in 1945, unlike most of devastated Europe, and was soon operating at full steam. There were plenty of jobs around, families grew in size and moved into the cities, and the housing shortage became onerous. The housing policy laid down in 1947 was a changeover from a selective to an all-purpose policy, going from single efforts to solve acute housing problems to measures that would solve the housing situation for the entire population.

The municipal housing companies, as public utilities, became the main executors of this new policy, given the task of building homes on a non-profit basis and financed by favourable loans from the state. This new all-purpose policy implied, contrary to the policies in most other countries, that no homes should be reserved for less well-to-do households.

This policy became part of the Swedish Model and the welfare state. The Swedish Model included centralized negotiations and often “collective agreements” between labour and employers’



Children with the banner of Hyresgästföreningen (Swedish Union of Tenants) Göteborg in front of a HSB-house. From the mid 1930's.

organizations without government interference. The same model was also established when it came to setting of rents.

Rents had been regulated since 1942, but were gradually deregulated between 1957 and 1968, when rent setting according to a utility value system, the “tenant’s value”, was introduced. This system, which has survived up till today, determines the rent according to the dwelling’s condition, reflecting its size, quality, year of construction and standard. New rents are set in accordance with comparable rents in the neighbourhood, somewhat similar to the Mietspiegel in Germany and Austria.

Another Swedish feature was that the rents in the large municipal housing stock served as a norm for all rents, including the private rental sector.

Since 1957, the rents for the municipal housing stock have been collectively negotiated between the representatives of the Swedish Union of Tenants (SUT) and the municipal housing companies. And as rents in the municipal housing stock also have served as a rule for rents in the private stock, this has given much power to the SUT over rents Sweden.

A new law was introduced in 2011, which included a paragraph saying that the municipal companies should act in a ‘business-like manner’ – meaning in principle that they should make a profit, and that this profit could be transferred to the cash-box of the municipality.

Furthermore, the annual local rent negotiations between the Swedish Union of Tenants and municipal housing companies should from now on also include the third party, the private landlords – all three on an equal basis. Also, when setting rents, more consideration was to be given to the location of the dwelling.

This new policy of rent setting has sparked fears among tenants that rents would now increase considerably. But, the SUT with its 530 000 members, has managed to withstand the pressure from the private landlords and rents in Sweden only increased by 2.2% for 2013

However, there are major challenges. The housing shortage in Stockholm, Malmö and Göteborg is acute, from an individual perspective – and an obstacle for economic growth, says the Chamber of Commerce. Stockholm Municipal Housing Service alone has 400,000 people queuing for a flat. This housing shortage has made the price of



Turning Torso in Malmö, built and administrated by HSB, has 147 rental flats in 54 floors, was originally planned for tenant co-op ownership. But when the 190 meter 'torso' stood finished in 2004 costs had skyrocketed, and potential buyers stayed away. HSB had to change their plans, and all flats became rentals. Today, one-bedroom flats of 77 m² are leased for 1,500 euro/month, which includes a concierge and various services.

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flats go up by 12% over the last year in the whole of Sweden, while the average price per square meter is now €7,400 in Stockholm. As comparison, average salaries for key-workers, like teachers and nurses are around €2,500 per month.

Average rent is at present €760 per month for a 2-bedroom flat in Stockholm. But there are great variations. Newly constructed similar flats can cost twice as much in central Stockholm.

Social exclusion and segregation are growing problems, often as a result of housing shortage and unaffordability.

Costly renovation and energy refurbishment are other challenges. Between 1964 and 1975 1.4 million flats which were built during Sweden's Million Homes Programme. This stock mainly consists of the same sort of panel houses that were built in Europe and elsewhere at that time, and as everywhere these houses are in urgent need for renovation.



PHOTO: MAGNUS HAMMAR / IUT

Panel houses in Fittja, one of the many suburbs in Stockholm that was built during the Million Homes Programme.

The Right-to-Buy from 2007, offered to municipal and private tenants alike, has resulted in a further decrease in the number of rental flats available, particularly in the three major cities. Altogether 160,000 flats have been favourably sold to sitting tenants since 2000, of which three out four have been sold in Stockholm. The tenants in a house can buy the whole house, and form a tenant-owned cooperative. It takes a two third majority for the transfer to take place, but it is an offer few can resist as you can sell the next month with sometimes a 50% profit.

Lack of housing is strongly blamed, by market oriented forces, on the rent-setting system in Sweden, and there is active lobbying for a freeing of rents. But few speak up about the alternative, the inevitable introduction of social housing in Sweden – resulting in new and high costs for the state.

Text Magnus Hammar / IUT

Find out more about Swedish rental housing via www.iut.nu/members/find_out_more.htm and about Swedish Union of Tenants via www.hyresgastforeningen.se

 **Hyresgästföreningen**