THE DANISH SOCIAL HOUSING MODEL AND ENERGY EFFICIENCY

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Agenda

1. Danish Housing Market in general
2. Danish Social Housing Model
3. New Social Housing and Energy Efficiency
Danish Housing Market in general

5.7 million people - 2.8 million dwellings
Average number of square meters per person

Source: Housing Statistics in the European Union 2010,
## Household expenditure on use of the home

Household yearly consumption to housing, electricity and fuels According to income levels 2013

<table>
<thead>
<tr>
<th>HOUSEHOLD INCOME</th>
<th>DKK.</th>
<th>IN PCT. OF TOTAL CONSUMPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>TOTAL CONSUMPTION</td>
<td>HOUSING</td>
</tr>
<tr>
<td>Average</td>
<td>311,000</td>
<td>73,000</td>
</tr>
<tr>
<td>Under 150,000 DKK</td>
<td>147,000</td>
<td>38,000</td>
</tr>
<tr>
<td>150,000-299,999 DKK</td>
<td>176,000</td>
<td>55,000</td>
</tr>
<tr>
<td>300,000-499,999 DKK</td>
<td>257,000</td>
<td>63,000</td>
</tr>
<tr>
<td>500,000-799,999 DKK</td>
<td>342,000</td>
<td>75,000</td>
</tr>
<tr>
<td>800,000 DKK or over</td>
<td>508,000</td>
<td>105,000</td>
</tr>
</tbody>
</table>
Housing segments in Denmark

- Relatively large rental sector
  - 22% social
  - 18% private
- Relatively few homeowners
  - 52% owners
  - 8% co-operatives

Source: Statistics Denmark
Housing stock by year of construction
(number of dwellings per year)

- Owner occupied
- Co-operative
- Private rented
- Social housing
Who lives where?

- **Social family housing**
- **Housing for young**
- **Housing for the elderly**
- **Private rented**
- **Owner-occupied**
- **Co-operative**

The chart shows the distribution of housing types over the years, with different categories indicating the percentage of each type of housing over time.
### Composition of residents aged 18+ years (share of residents per cent) 2014

<table>
<thead>
<tr>
<th></th>
<th>Owner-occupied housing</th>
<th>Co-operative housing</th>
<th>Private rental housing</th>
<th>Social housing</th>
<th>All</th>
</tr>
</thead>
<tbody>
<tr>
<td>Child family</td>
<td>45</td>
<td>24</td>
<td>26</td>
<td>31</td>
<td>37</td>
</tr>
<tr>
<td>Single</td>
<td>11</td>
<td>33</td>
<td>34</td>
<td>39</td>
<td>23</td>
</tr>
<tr>
<td>Old-age pension</td>
<td>19</td>
<td>23</td>
<td>14</td>
<td>24</td>
<td>19</td>
</tr>
<tr>
<td>Disability pension</td>
<td>3</td>
<td>3</td>
<td>5</td>
<td>11</td>
<td>5</td>
</tr>
<tr>
<td>Early retirement pay</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Age 18-25</td>
<td>8</td>
<td>13</td>
<td>26</td>
<td>15</td>
<td>13</td>
</tr>
<tr>
<td>Student</td>
<td>1</td>
<td>8</td>
<td>14</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Higher education</td>
<td>31</td>
<td>35</td>
<td>25</td>
<td>14</td>
<td>27</td>
</tr>
<tr>
<td>Employed</td>
<td>66</td>
<td>57</td>
<td>54</td>
<td>39</td>
<td>58</td>
</tr>
<tr>
<td>Unemployed</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>Immigrant from non-western countries</td>
<td>3</td>
<td>5</td>
<td>5</td>
<td>17</td>
<td>6</td>
</tr>
</tbody>
</table>

### Residents disposable income (aged 18+ years), 2014

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>0.10-fractile</th>
<th>0.90-fractile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Owner-occupied housing</td>
<td>245,000</td>
<td>87,000</td>
<td>388,000</td>
</tr>
<tr>
<td>Co-operative housing</td>
<td>178,000</td>
<td>71,000</td>
<td>292,000</td>
</tr>
<tr>
<td>Private rental housing</td>
<td>162,000</td>
<td>52,000</td>
<td>275,000</td>
</tr>
<tr>
<td>Social housing</td>
<td>155,000</td>
<td>64,000</td>
<td>241,000</td>
</tr>
<tr>
<td>All</td>
<td>209,000</td>
<td>69,000</td>
<td>343,000</td>
</tr>
</tbody>
</table>

Source: Calculations based on register data from Statistics Denmark.
2. The Danish Social Housing Model

The aim of the Social Housing Sector is legally defined

“Social housing organizations have the aim of providing available and appropriate dwellings for all in need hereof at a reasonable rent and to give tenants the right to influence their own living conditions”.

The Danish Social Housing Model

3 main pillars:

**Non-profit.** Rents equal operating, maintenance and capital costs. The sector is regulated and there is no room for speculation.

**Tenant democracy.** All housing organizations are managed by tenant democracy, where each individual housing estate elects its own tenant board at a yearly tenant meeting. The tenants have the majority in the board of the entire organization, but often representatives of the municipality have a seat.

**Stable financial model.** Subsidies are associated to the construction costs, but not the running costs of the housing areas.
- a look back in history and into the future

1853 "Brumleby" – Doctor’s Organisation

1933 Non-profit – Long term State loans

1966 Financing model of to day - Central Funds

1970 Danish social housing democracy

To day: Energy-0 Social Housing
The Danish Social Housing Model

The regulation of the Social Housing Sector in Denmark is strict.

Apart from the overall aim everything from financing to the size of the individual flats, construction and to the individual activities that housing organizations can engage in is regulated.

As the sector underlies municipal supervision there is also a strong relation to the municipalities, which have a right to dispose over every fourth letting.

The municipalities are responsible for evaluating for the need for new construction, which also makes Social Housing part of local urban development.
The Danish Social Housing Model

How to make affordable social housing

• Government subsidies for social housing construction “Bricks and Mortar”

• Individual housing benefits – to ensure that households on low incomes are able to obtain sound and fit dwellings
Financing Social Housing in Denmark “Briks and mortar”

- The local municipality makes the commitment to grant public subsidies for the construction of social housing.
- The acquisition costs are financed by:
  - 10\% municipal basic capital
  - 2\% tenants’ lease premiums
  - 88\% mortgage loans
- Resident payments amount to 3 per cent annually of the acquisition costs
  - adjusted annually for 45 years – State pay the reminder
Resident payments and state subsidy

- State loan repayment subsidy
- Resident payments on loan
- Resident payments to state
- Central Fund
- Local Fund
- Fund for new construction

Year

DKK per m² per Year

0 1 4 7 10 13 16 19 22 25 28 31 34 37 40 43 46 49

Resident payment on mortgage loan and to state and funds
Repayment of the mortgage loan (depends on the interest rate)
Financing Social Housing and Government Subsidies (in PV)

- **Financing**
  - Municipal basic capital: 10
  - State loan repayment subsidy: 4
  - Municipal LBF (Fund): 4
  - Young people subsidy: 3
- **Payments in Present Value**
  - Municipal State: 12
  - Resident payments on loan: 74
  - PV- Youth Housing: 59
  - Total: 100
Individual Housing Subsidies

Aim is to ensure that households on low incomes are able to obtain sound and fit dwellings.

Approximately ½ of all tenants receive individual housing benefits. Depend on household income, size of rent, type of household, size of the flat, etc.

The average supplement covers approximately:

- 15 pct. of the rent for non-pensioners without children
- 40 pct. of the rent for non-pensioners with children
- 60 pct. of the rent for pensioners
3. New Social Housing and Energy Efficiency

Social housing is front-runner according to energy efficiency – “bridge builder” to the rest of the housing market.

• Some examples:
  • The 1. energy demand in Danish building codes building regulation in 1961 – but in 1948 in social housing
  • Many New social housing is today built to 2020 energy demand
  • 1998: Calculate Life-cycle cost (LCC) in all new social housing
  • Best practice – “laboratory” of the Danish welfare and energy
New Social Housing and Energy Efficiency

The political agenda:

• Affordable new social housing
• Reduced energy consumption in new housing
Resident payments and state subsidy
Before and after 2009
THANK YOU!

Tenants’ democracy

Q&A

Balanced rent

Municipality control

Job creation

State financed

State regulated

Closed system

Growth

Elderly

State financed

Social obligations

Energy efficiency

Sustainability

Long term

Healthy system

Youth

Families

Non profit

Housing for all

Youth

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