

Public Housing and Equality: *Swedish Housing Policy at a Crossroads?*

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Summary

HOUSING HAS BEEN A CENTRAL pillar of the Swedish welfare state ever since the reports of the so-called Social Housing Commission (Bostadssociala utredningen) – a national inquiry on the social aspects of housing – were handed over to Minister of Social Affairs Gustav Möller in the 1940s. Under the motto of »good housing for all«, the Swedish housing policy model has sought to make individuals independent of economic resources when it comes to being able to obtain housing. Housing has thus become a part of the overarching ambitions of equality in the welfare state, and a key strategy for obtaining equality has been a universal housing policy – something that makes Sweden stand out these days.

The universal housing policy was established in 1945 as a result of the Social Housing Commission. This universal policy does not classify tenants by means of income or other attributes. Instead, the same housing policy has been applied to everyone. The most important instrument in this policy has been municipal public housing companies (»Allmännyttan«), tasked with offering high-quality rental housing to the general public. Unlike many other countries employing needs-tested »social housing« models for households with lower incomes, people in Sweden, regardless of financial resources, should be able to compete for housing on equal terms. Low-income households should not settle for housing reserved for certain socio-economic groups, lower-quality housing or housing located in specific residential areas.

A study of Swedish public housing at the national and local level

This report initiates a study of the Swedish universal housing policy over time, focusing on the development of public housing and changes in its conditions. The main question is

whether today's public housing contributes to a more equal housing supply or whether it rather contributes to aggravating the inequality characterising the contemporary housing market.

The report is based on an extensive empirical material. Surveys have been conducted involving all municipal housing companies, and case studies have been conducted in a dozen municipalities, where representatives of public housing companies, municipal administrations and local politicians have been interviewed. It analyses historical and contemporary documents on housing policy, and a large statistical material concerning the housing stock and socio-economic developments has been collected and analysed. Statistics have been gathered for the period 2012–2017, a period not only reflecting the boom of housing construction in recent years but also the major demographic changes taking place in 2015–2016.

Particular attention is paid to developments in four Swedish municipalities: Gothenburg, Landskrona, Malmö and Norrköping. By this comparison, local variations in the role and function of public housing are visualised and examples include differences in how local politicians and company management interpret and utilise the discretion inherent in the legal and economic guidelines of public housing. Different interpretations result in different outcomes regarding housing supply but also for the socio-economic composition in public housing and other forms of housing.

Public housing played a key role in the Swedish welfare state

It should first be noted that the universal housing policy and municipal housing companies, which were to operate based on a cost price principle and given favourable loan terms, became invaluable for the materialisation of the social democratic welfare state, the »folkhem« (people's home). By means of the universal policy, favourable governmental loans and municipal autonomy, the so-called »million programme« was realised in the 1960s and 1970s. One million homes were built in ten years, which meant a huge boost in terms of access to – and standard of – housing for many people. Through municipal queues and the large supply of housing, most people were able to obtain an apartment in public housing.

A crucial aspect here, however, is that the universal housing policy has always been dependent on selective elements. Subsidies for low-income households (e.g., in the form of housing allowances) have been necessary for everyone to obtain housing in the Swedish housing regime.

Nothing, and everything, has changed

The analysis shows that public housing has not always been as inclusive as intended. There are many indications that the model was never fully sufficient for solving the housing needs of groups on the periphery of the housing market – and even less so today.

The municipal housing companies and their contexts look quite different today compared to when the model was established. Housing and fiscal policy, but also demographics and welfare, have changed drastically over the decades. This means that the conditions that existed when the model was launched in 1945 look completely different in 2020. The 1970s and 1990s appear particularly significant in relation to changes in municipal housing companies, but legislation in 2011 on commercial principles has also been decisive for the ability of public housing to meet the housing supply for all households, regardless of income.

At the same time as most things have changed, however, we see that one thing remains the same – the universal housing policy and its overarching aim of »good housing for all«. The goals are thus the same, but the conditions for achieving these have changed radically.

Public housing both counteracts and contributes to housing inequality

The universal housing policy and today's public housing are not always capable of guaranteeing a housing supply for low-income households. The changed conditions have led to a model of public housing which is essentially a hybrid organisation with dual – and sometimes contradictory – demands regarding social benefits and business principles. One conclusion, however, is that the demands regarding profit and goals concerning increased attractiveness do not necessarily conflict with the objectives of a universal housing supply. Swedish public housing can continue to provide an equal housing supply and thereby contribute to more equal welfare and growth. But this is not always the outcome.

The analysis shows that the new hybridity of public housing looks different locally throughout Sweden. In most cities, municipal housing companies constitute a housing policy tool corresponding to the historical goal of good housing for all. In other places, typically smaller municipalities, public housing has increasingly become a form of housing for low-income households. In a few other municipalities, public housing is used to attract higher-income households, while excluding low-income households by means of income requirements

and expensive new housing construction. All in all, this ambiguity and local variation lead to public housing at the same time both counteracting and contributing to housing inequality, depending on local organisation, local politics and local circumstances.

Social housing the Swedish way?

Despite increased demands regarding business-like conduct, we see that the profile of public housing has developed differently from other forms of housing. In general, it turns out that municipal housing companies primarily house low-income earners, thus more and more reminiscent of »social housing« (i.e., the form of housing Swedish politicians have sought to avoid at all cost since the post-war period). Neutrality in terms of form of housing has for a long time been a guiding principle for the Swedish housing policy, but this political notion has apparently had limited success. Obviously, the Swedish model has stuck to ideals it has had a hard time living up to.

However, the development of public housing into a form of housing for low-income earners is not a problem in itself. This is a natural development of an increasingly unequal distribution of income and a lack of housing with lower rents. As income disparities in Sweden increase, the greater the pressure on the public housing companies. And if households with low incomes are not welcome in public housing, where should they live? However, we see that the role of public housing as a form of housing for low-income households is in many cases intimately linked to segregation. Public housing is increasingly linked to one side of the segregated cities, which also means increased stigmatisation of this form of housing.

Suggestions for possible solutions

We cannot meet the social challenges of 2020 in relation to housing with a set of tools forged in 1945. The question then is whether these tools need to be refurbished or if we need a brand new toolbox. It is possible to outline three future scenarios for the Swedish housing policy and the role of public housing in the housing regime. The first is to go on as today with a vaguely defined model of public housing. The second is to introduce a Swedish model of selective social housing. And the third to reinvent the universal model with its necessary selective features.

Going on like today is not an alternative as this creates unsustainable local differences in housing inequality and

excludes many households that should normally be able to obtain housing in the Swedish housing market. In many cases, local strategies in relation to public housing are in conflict with national housing policy objectives, which leads to the Swedish housing regime facing a growing inequality problem. This is the state of the current Swedish housing policy, which is why the current situation and development should be addressed urgently.

The other two scenarios represent possible ways forward. The first scenario is to set up a social housing sector, which involves establishing dedicated housing reserved for low-income households. Here, subsidies for new production of housing, linked to prioritising low-income groups, can be used. One argument for this scenario is that groups today finding themselves outside the housing market would actually have access to housing. Arguments against this scenario include that it will be costly for the public finances, that there will be difficulties regarding target groups, that it may serve as an incentive for not getting employed and that it could contribute to stigmatising both buildings and residents. By extension, there is also the risk that the introduction of a – nevertheless small – social housing sector today will in the long run contribute to weakening the universal housing policy.

The alternative would be to reinvent the universal housing policy with its necessary selective elements – that is, to update the universal model to current circumstances. Here, the basic principle is to subsidise households rather than the construction of housing. By vigorously reforming the housing allowance, sharpening a regional responsibility for housing supply, applying public guarantees for the risk of unpaid rents and reforming the distribution systems by means of priorities and other alternatives to time in municipal queues, the universal housing policy with its necessary selective elements may function as once intended. Also, in this scenario, there are risks in terms of creating less incentives for getting employed. However, a key notion in this scenario is that building new subsidised housing for people with very low incomes is an inefficient strategy. There is already a large stock of affordable housing that needs to be better utilised and made available to those with large needs and a low ability to pay. A larger reform of the universal housing policy would probably be less costly for state finances than an investment in subsidised housing construction for low-income households. In addition, it would entail a smaller risk of segregation and stigmatisation of low-income households.