

# Planprocessen i Sverige – aktuell debatt och reformförslag

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*Anna Granath Hansson: The Planning Process in Sweden – current debate and reform proposals*

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The housing shortage in the Swedish growth regions, generally believed to originate from limited construction of new housing and the rent regulation, is deemed to be the largest threat to continued economic growth in Sweden, and leads to an unsatisfactory welfare level of many citizens. The center-right government of 2010–2014 emphasized reform of the town planning process as the major means to overcome the housing shortage. The new red-green government has continued reform on their agenda, but to date no concrete reform proposals have been put forward. The article outlines the problems related to municipal housing strategies, the town planning process and municipal land allocation and the reforms that have been implemented or are being investigated. Lastly, possible future town planning reform is discussed in light of recent political development.

*Keywords:* housing shortage, housing policy, town planning reform, municipal land allocation, regional cooperation

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## The Swedish housing shortage

The housing shortage in Swedish growth regions, notably in Stockholm and Gothenburg, has been vividly debated over a longer period. In Stockholm the housing shortage is deemed to be the largest threat to continued economic growth (Stockholm Chamber of Commerce 2014), impacting all types of households, not only the financially weak. The housing shortage is generally believed to originate from limited construction of new housing and rent regulation, which limits access to the current rental stock.

The Swedish National Board of Housing, Building and Planning presented an investigation (Boverket 2013) concluding that ineffective use of the existing housing stock, rather than limited construction of new housing, has the largest impact on the housing shortage. As a consequence a deregulation of the rent system was proposed. However, a broad political will across the political spectrum to preserve the rent regulation, makes reform impossible. Instead, the poli-

tical focus has been on construction of new housing as a means to overcome the housing shortage. Existing obstacles to construction have been intensely debated and include various factors from different fields; the town planning process, municipal land distribution, production cost, construction law, corporate and real estate taxation, lack of infrastructure and financing. The center-right government of 2010–2014 emphasized reform of the town planning process. Real estate developers and construction firms (e.g. NCC 2012 and Skanska 2014), as well as research institutions (e.g. Kalbro et al. 2012 and 2013) and interest organizations (e.g. Swedish Property Federation 2013, Swedish Association of Local Authorities and Regions 2014) have also been active in the public debate and in proposing changes.

The aim of this article is to give an overview of the main problems in the Swedish town planning process, summarize the current status of reform and present the ongoing debate. The municipal land allocation

system is also commented on, as it is closely linked to the town planning process.

### Reforming Swedish town planning

In the last 20 years there has been a marked shift in Swedish housing politics from a state controlled and heavily subsidized housing construction sector to one working under market conditions. This shift from supply oriented housing politics to one based on demand, has transferred risks from municipalities to housing consumers, developers and banks, although municipalities still have major influence over housing construction through their land ownership and planning monopoly. The shift has resulted in new rules in the market, which have not been met by either new ways of working in many municipalities (the Swedish Agency for Public Management 2012) or, to date, by major changes in legislation adapting it to the new situation.

The center-right government of 2010–2014 identified a number of processes considered to be in need of reform. As of June 2014, 65 state investigations had resulted in 112 proposals for reform. Many of the proposals are still under discussion and have not yet been implemented. Others have been turned down by Parliament. The most recent attempt to reform the town planning process was a government bill of June 2014 encompassing a wide range of reform proposals.

### The identified problems

The following major problems were identified by the former government and have either been subject to recent reform or are subject to a search for solutions:

1. Many municipalities do not have a well-founded **strategy** for residential construction and hence are not well prepared for swift town planning. Moreover, there is a lack of regional cooperation, especially evident in the three larger city regions.
2. **The town planning process** is complicated and the detailed plans are often very precise, which prolongs the process and decreases flexibility over time.

3. The right to **appeal** against local plans is far-reaching in terms of who can appeal and there are three instances that can try a case, often leading to long processes.
4. The County Administrative Boards assign a large number of so-called **national interests** to protect certain areas, which prevent the land from being used for housing.
5. There are a number of necessary **regulations** that, due to their formulation and strict application limits the construction of new housing, e.g. concerning noise and protection of areas close to water.
6. **Municipal building regulations** may go further than the state regulations, creating different conditions for housing development in different municipalities.
7. The process of negotiating **development agreements** between municipalities and developers often lack predictability and transparency.
8. Many municipalities have land banks and use these to steer housing construction in their municipality through **land allocation**. The process of allocation often lacks transparency and clear price setting methods.

Each problem is discussed below in greater detail.

### The lack of planning for housing purposes

Many Swedish municipalities do not have a well-founded strategy for residential development. Limitations in the organization, lacking identification of land suitable for housing and ineffective use of land allocation possibilities make them less well prepared for swift town planning. On top of this there is a lack of regional cooperation, especially evident in the city regions.

It has been proposed in the debate that regional influence over town planning should be increased and the municipal planning monopoly reduced. In the city regions encompassing several municipalities, especially, this would create a stronger pressure on some municipalities to accept new housing and facilitate the construction of infrastruc-

ture to support housing development (e.g. Cars et al. 2013, Housing Crisis Committee 2014).

Two amendments to existing legislation have been made in 2014 to strengthen the importance of housing in municipal planning. First, the Law on Housing Provision was changed such that all municipalities must have a program for municipal goals for housing construction, including a plan for implementation of the goals. Second, a new provision was added to the Planning and Building Act stating that the comprehensive plan has to contain information on how the municipality plans to satisfy the long term demand for housing.

In addition, one parliamentary committee has investigated how regional planning can be strengthened and another will identify necessary steps to intensify town planning for residential purposes and to increase the number of municipal land allocations.

### **Detailed town planning and a time-consuming planning process**

Swedish town planning is regulated by the Planning and Building Act from 1987. There are two main plans; the comprehensive plan, which shows the intended use of land for the whole municipality (not binding), and the detailed plan, which regulates the design of the settlement in a certain area within the municipality (binding). The municipalities have a planning monopoly. Building permits are based on the detailed plan. There are very limited opportunities for granting a building permit unless it is based on a detailed plan.

When the Planning and Building Act was introduced in 1987 the decision process on a development project was envisioned to have two phases. The detailed plan was supposed to deal with general questions, giving the basis for a more detailed building permit. Since then, there has been a shift in the way the town planning law is implemented. Today, detailed plans are often very detailed and include design programs. Thus they have taken on the role of a first permission procedure, with the intention to realize a defined project. Usually the most important decisions have been made before the planning

process has even started. Building permissions are deemed to be a weak tool for the municipality to steer a project, partly because of the possibility to appeal. Hence, building permits have in many cases become a pure formality, as all important decisions have been made during the detailed plan process. Making important decisions at a very early stage in the process also creates inflexibility over time, and changes are often needed later on in the process (Kalbro et al. 2012).

The former government discussed the possibility to reduce the importance of the detailed plan in favor of the comprehensive plan. The broad concepts about the structure of the built environment, coordination between municipalities, coordination between municipalities and state bodies and environmental issues would be discussed and decided upon at the comprehensive plan level. This would increase predictability and transparency and would not steal time in the detailed plan process. A proposal was also made to allow some building permits to be granted directly, on the basis of the comprehensive plan (Prop. 2013/14:126). Representatives of academia (e.g. Cars et al. 2013) and industry (Housing Crisis Committee 2014) commented, however, that in such a case the comprehensive plan should be up-to-date and more ambitious and analytical than it usually is today. More area regulations would also need to be added. The proposal to limit the use of the detailed plan was turned down by Parliament.

### **Appeals**

After a detailed plan or a building permit has taken effect, anyone who is affected by the plan and has complained against the plan in writing at the latest during the exhibition of the plan can make an appeal against it. There are no costs to appeal or any leave to appeal. The first appeal instance is the County Administrative Board, followed by the Land and Environment Court and the Land and Environment Supreme Court.

The County Administrative Board in Stockholm receives 50–100 appeals against local plans every year. When all county ad-

ministrative boards are taken into account, the average handling time for an appeal against a detailed plan is 91 days and for an appeal against a building permit 170 days, but local variations are great (SOU 2013:34).

Critics to the system, especially in the industry (e.g. Skanska 2014) have pointed out that the current order often leads to lengthy and costly processes that add to the unpredictability of the planning- and construction process. To meet this criticism, the former government introduced new goals for the handling of appeals at the county administrative boards: 75 % of appeals were to be settled within three months and 90 % within five months.

A government committee was also set up to investigate possible changes to the appeals process. The committee presented its proposal in March 2014. So far no government bill on the topic has been presented.

### **National interests**

The county administrative boards are responsible for protecting areas of national interest. These areas can be nature or cultural heritage areas that should be preserved or areas of importance to society, e.g. for energy supply or communications.

The national interest areas are chosen by various expert state bodies. Coordination between these bodies is weak, leading in some cases to overlapping and contradictory regulations. Combined with a rapidly expanding number of national interests, this has led to large areas being subject to major restriction when it comes to construction. Voices have been raised to reduce the number of national interests. Some debaters have also proposed that housing should be considered to be a national interest (e.g. Bokriskommittén 2014). The former government has initiated an investigation on what can be done to overcome the problems described here.

### **Regulation**

A number of necessary regulations limit the construction of new housing due to their formulation and strict application. The main ones are ease of access, noise and protection of

areas close to water. It should be investigated whether these regulations can be modified in a way that fulfills the intention without creating unnecessary barriers to housing development. One example of such a change that has been implemented is that the requirement to install an elevator when building out attics has been removed, making it easier to create small apartments for young people.

### **Municipal building regulation**

The government bill of June 2014 abolished widespread use of municipal building regulations that are more restrictive than state regulations, typically in areas such as ease of access and energy efficiency. Further investigations are to be made into what possible changes can be made to the state building regulations to meet some municipalities' wishes for stricter building regulation, especially regarding energy efficiency. If deemed necessary, such changes shall be implemented in the whole country.

### **Development Agreements**

When a developer owns land and intends to develop a project according to the local plan, a development agreement is signed between the municipality and the developer. The aim is to divide the responsibilities and costs connected to the project between the parties. Until now there has been no law on development agreements, but all municipalities have been free to handle and negotiate the development agreements as they feel fit, on the basis of their planning monopoly.

The system has been criticized for being unpredictable and not transparent, e.g. regarding the contents of the development agreement and how negotiation is carried out. All municipalities have their own way of working, which forces developers to learn the system in every municipality in which they work.

In June 2014 the Swedish Parliament decided that municipalities must adopt non-binding guidelines for development agreements. Further, the basics of the agreement shall be included in the detailed plan description and in the public consultation.

A decision was also made to regulate by law the possibility for a development agreement to stipulate that a developer is to build or finance streets, roads, public places, water and sewage amenities and other amenities. Furthermore, it was prohibited to request that the developer should finance social infrastructure such as kindergartens, schools, etc.

### **Municipal Land Allocation**

Historically, until the 1990s, a political goal of municipalities was to have major influence over land for residential development, one result of which is that many municipalities now have large land banks. In Stockholm, Gothenburg and Malmö 50–70% of all housing construction in the years 2007–2012 took place on land allocated by the municipality (Caesar et al. 2012).

A land allocation is a sole right, within a certain time frame, to negotiate with the municipality on acquiring municipal land and carry out a residential development. There is no law on how the developer is to be chosen. Instead, many municipalities have a land allocation policy. The developer that shall get the right to a certain land parcel can be chosen in various ways, the main ones being either “direct allocation” (the municipality chooses a suitable developer and negotiates solely with that party) or public offering.

Good examples can be found of land allocation policies that provide developers with a good set of information about how land allocation is carried out. In many municipalities, however, policies are perceived as general, incomplete or unclear. In many cases the policies do not correspond to the way land allocation is actually carried out (Swedish Agency for Public Management 2012). According to a survey (Caesar et al. 2012), 75 out of 82 developers agreed to the statement that “good contacts with politicians and municipality personnel are of great importance to be allocated land for construction”.

The main criticisms against the current system refer to lack of transparency in handling routines and awards, as well as price setting methods. These make the process unpredictable and are suspected to limit competition in housing development. Moreover,

there is a lack of documentation, follow-up and evaluation of the process, which prevents the municipalities from effectively learning from previous experience.

On January 1, 2015 a law on guiding principles for land allocation came into effect. The law stipulates that the guiding principles shall contain the basis and goals of the municipality for land allocation, handling routines and necessary conditions for land allocations, and pricing principles. In consultations prior to the bill’s passing, the National Board of Housing, Building and Planning commented that the new law contains neither sanctions nor provisions for superintendence (Prop. 2013/14:126, p. 226), which will probably make it less effective.

### **The next step**

Parliamentary elections were held in September 2014, resulting in a new red-green minority government. Under the former center-liberal government there was an intense debate on housing issues. The problems faced by the sector were listed and subjected to investigations, and some basic reforms were made. Conditions appear to be in place for the new government to continue reform, as increased housing construction is on the agenda of all political parties. The new Prime Minister Stefan Löfven said in his government declaration that his goal is 250 000 new apartments by 2020. However, the new government is facing a difficult parliamentary situation. In this uncertain political situation it is clear that town planning reform will at least initially come to a stand-still. It is also probable that it will get major competition for attention from other issues on the housing reform agenda in the future. The first major test of interest in further town planning reform will be the reactions to the governmental investigation on regional planning, which was initiated by the former government and was presented in June 2015.

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