Commodifying Danish housing commons

Larsen, Henrik Gutzon; Lund Hansen, Anders

Published in:
Geografiska Annaler. Series B. Human Geography

DOI:
10.1111/geob.12080

2015

Document Version:
Peer reviewed version (aka post-print)

Link to publication

Citation for published version (APA):

General rights
Copyright and moral rights for the publications made accessible in the public portal are retained by the authors and/or other copyright owners and it is a condition of accessing publications that users recognise and abide by the legal requirements associated with these rights.

• Users may download and print one copy of any publication from the public portal for the purpose of private study or research.
• You may not further distribute the material or use it for any profit-making activity or commercial gain
• You may freely distribute the URL identifying the publication in the public portal

Take down policy
If you believe that this document breaches copyright please contact us providing details, and we will remove access to the work immediately and investigate your claim.
COMMODIFYING DANISH HOUSING COMMONS

by

Henrik Gutzon Larsen and Anders Lund Hansen


ABSTRACT. Housing was a backbone of the Danish welfare state, but this has been profoundly challenged by the past decades of neoliberal housing politics. In this article we outline the rise of the Danish model of association-based housing on the edge of the market economy (and the state). From this we demonstrate how homes in private cooperatives through political interventions in context of a booming real estate market have plunged into the market economy and been transformed into private commodities in all but name, and we investigate how non-profit housing associations frontally and stealthily are attacked through neoliberal reforms. This carries the seeds for socio-spatial polarization and may eventually open the gate for commodification – and thus the dismantling of the little that is left of a socially just housing sector. Yet, while the association-based model was an accessory to the commodification of cooperative housing, it can possibly be an accomplice in sustaining non-profit housing as a housing commons.

Keywords: commodification, neoliberalization, welfare state, housing, commons, social justice
Introduction

‘Housing, housing and yet more housing’ was the election slogan of Urban Hansen, the social-democratic lord mayor of Copenhagen from 1962 to 1976 (quoted in Gaardmand 1993, p. 119). Like in many other countries, housing was a key component of the Danish welfare state, which struck roots in the late 1930s and unfolded in the post-war decades. In Sweden, once a bastion of the social-democratic welfare state, housing politics has been radically liberalised since the early 1990s (Clark and Johnson 2009; Hedin et al. 2012; cf. Christophers 2013). In Denmark, for better or worse often the Nordic straggler, the explicit and effectual neoliberalization of housing politics came with the rise to power of a liberal-conservative government in 2001. Yet, in spite of similarities, the Nordic countries are different in many ways – also when it comes to housing politics (Ruonavaara 2012; Bengtsson 2013).

As a contribution to unfolding debates on neoliberalizing urban politics, specifically emerging critical analyses of enclosures and commons in relation to housing (notably Hodkinson 2012a, 2012b), we will in this article investigate the case of Danish housing. This provides insight into how, also in a Nordic (‘post’) welfare context, housing policy reforms over the past decades have been ‘central to the political and ideological strategies through which the dominance of neoliberalism is maintained’ (Rolnik 2013, p. 1064). Our approach pays heed to Peck, Theodore and Brenner’s (2013, p. 1096) call for ‘place-based investigations of how power relations and regulatory ideologies, practices and institutions condition the evolution of urban regions’, while recognizing that such place-specific investigations must be ‘attuned to the multi-scalar and multi-sited nature of neoliberal urbanism.’ History is in this respect of critical importance. Our analytical focus is thus on the past fifteen years. But to understand these developments, we need to extend the analysis back to political struggles and compromises during the previous round of liberalist hegemony, in the decades around year 1900, and the rise of the classic Danish welfare state during the mid-twentieth century. While this makes for a place-based and historically specific analysis that is interesting in its own right, we find that the Danish case also provides more widely applicable warnings as well as hopes for those who strive for what we approach as ‘housing commons’.

It could be said to be a misnomer to approach housing as a commons; most would, after all, favour some sort of enclosure of the space they call home. Affordable (and available) housing, it would seem, might better be approached as a public good – if not simply as a commodity (cf. Bengtsson 2001). But like De Angelis (2007) in general, and Hodkinson (2012a) specifically, we consider the term a politically progressive way to approach an issue like that of housing. Contemporary urban politics is thus often analysed in terms of enclosure (e.g. Lee and Webster 2006), while commons suggest ways of resistance. Like Harvey (2012, p. 73), we find that a public good becomes a common ‘when social forces appropriate, protect, and enhance it for
mutual benefit’; in effect, there are processes of ‘commoning’ (see also Linebaugh 2008). As Harvey (2012, p. 73) suggests:

At the heart of the social practice of commoning lies the principle that the relation between the social group and that aspect of the environment [page 264] being treated as a common shall be both collective and non-commodified – off-limits to the logic of market exchange and market valuations.

While recognizing that housing politics in most countries mainly are correctives to market forces, we approach housing politics during the rise and reign of the classic Danish welfare state as processes of partial commoning, which in the recent decades wholly or partially have been superseded by processes of commodification.

Following Hodkinson, Watt and Mooney's (2013, p. 12) recent suggestion, we will in this article apply a perspective in which ‘the commodification of housing is not regarded simply as following some kind of pre-determined iron law of history but instead as something that is made and can thus be un-made by human beings.’ To this end, the first section traces the contours of Danish housing politics from the second half of the nineteenth century till round about year 2000. As Dikeç (2007) points out, it is essential to consider how established political traditions affect forms of neoliberalization. In Danish housing politics this can be said to be the ‘association-based model’ (Jensen 2005) of housing on the edge of the market (and the state), which in turn is one of the historical compromises between liberalist and socialist forces in Danish (welfare) politics. The rest of the article investigates in greater detail the significant if often stealthy changes to Danish housing politics over the past ten to fifteen years. We here focus on private cooperatives (andelsboligforeninger) and non-profit housing associations (almene boligselskaber), which since the 1960s have replaced private rental housing as the main alternative to owner-occupied housing (Table 1). This shift can be interpreted as a partial de-commodification and commoning of housing as an integral part of the wider construction of the classic Danish welfare state. But the 2001 assumption of power by a liberal-conservative government has accelerated the market-orientation of Danish housing politics. This has left the private cooperatives thoroughly commodified, while the non-profit housing associations stand as a battered and embattled bastion of non-marketized housing, which still imbues Danish cities with a fragile measure of social justice.

**The rise of the association-based housing model**

The structure of modern Danish housing emerged in context of the intense social changes that gathered force in the second half of the nineteenth century. Like in other European countries, this was a period characterized by emerging industrialization, rapid urbanization and profound
political changes. The urban population thus jumped from some 20 per cent in 1840 to at least 42 per cent in 1901 and reached 67 per cent in 1950. This development was heavily skewed towards Copenhagen, which, with conspicuous disrespect for the rank-size rule, accounted for between 40 and 45 per cent of the total urban population in the same period (Christensen and Thøgersen 2006). Not only did this cause severe crowding in parts of the old city; it also led to the creation of new neighbourhoods outside the abolished ramparts. In the new Copenhagen district of Vesterbro, for instance, the population swelled from around 2,000 to 65,000 in the years 1850 to 1900 and culminated with 84,000 inhabitants in 1920 (Dengsøe 2000). At a time dominated by liberalist laissez-faire politics with little patience for regulation and urban planning, this rapid development was profit-oriented in nature, with grim living conditions for the urban poor and the emerging working class as an all too frequent result (Knudsen 1988). Against this background it is hardly surprising that housing politics became a crucial political battlefield. In fact, even if housing first became a prominent target of state interventions in the 1930s and after World War II, it can be argued that housing reform already from around World War I became a cornerstone in the process that eventually led to the Danish welfare state (Bro 2009).

Reflecting the liberalist hegemony, but also the composition of political forces, reforms of Danish housing were typically based on various types of non-state associations, which usually harboured a degree of collective ownership but generally did not take the form of public housing or fundamentally challenge the market economy. This association-based model has lasted until the [page 265] present where non-profit and cooperative associations remain the main alternatives to private rental and owner-occupied housing (Table 1). Like in other West European countries, such associations for improving the living conditions of the working class emerged as philanthropic housing projects and building societies based on self-help principles. But even in Copenhagen, where such projects received some municipal support, building societies in 1890 merely accounted for some five per cent of tenements and were at best only residual measures in the still liberalist state (Bro 2009).

Cooperative associations were the topic of heated debate in the labour movement and the associated Social Democratic Party (Socialdemokratiet) in the decades around 1900 (Bryld 2003). (Here, and below, we use the current rather than historical Danish names for political parties.) In relation to housing, this criticism was based on the Marxist analysis that the housing question should be seen as an integral part of capitalism, which could not be remedied by petit bourgeois strategies of ownership; rather, poor housing had to be addressed through building regulations, public planning, rent regulations and, particularly, public housing. Such demands figured prominently in its politics when the Social Democratic Party entered parliament, in 1884, and this pitched the party against the Liberal Party (Venstre, Danmarks Liberale Parti) and the Conservative Party (Det Konservative Folkeparti). Yet, in a parliament that was still
institutionally skewed to its disadvantage, the Social Democratic Party had very limited success. Instead, and often in some alliance with the Social-Liberal Party (Det Radikale Venstre), it tried to pursue social reforms and public housing through ‘municipal socialism’ in the urban centres (Kolstrup 1996), but results in terms of actual public housing were minor (Bro 2006, 2009). By the early years of the twentieth century, however, the Social Democratic Party gradually abandoned its opposition against workers cooperatives, and the labour movement was on the basis of a bank and building crisis in 1908 instrumental in establishing Arbejdernes Andels-Boligforening (Workers’ Housing Cooperative) in 1912 and Arbejdernes Kooperative Byggeforening (Workers’ Cooperative Building Society) in 1913. Such cooperative associations came to play a significant role as the Social Democratic Party rose to power (Grelle 2012).

Table 1. Tenure structure of Danish housing 1960-2012 (per cent of housing units)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Owner-occupied</td>
<td>46</td>
<td>54</td>
<td>53</td>
<td>51</td>
</tr>
<tr>
<td>Private cooperatives</td>
<td>1</td>
<td>2</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>Private rental</td>
<td>39</td>
<td>25</td>
<td>20</td>
<td>19</td>
</tr>
<tr>
<td>Non-profit associations</td>
<td>10</td>
<td>15</td>
<td>19</td>
<td>22</td>
</tr>
<tr>
<td>State and municipal*</td>
<td>5</td>
<td>4</td>
<td>2</td>
<td>–</td>
</tr>
</tbody>
</table>

* State and municipal housing is for 2012 included in the figure for non-profit associations. Source: Jensen (2013, p. 54)

World War I heralded the decline of the liberalist hegemony. Although neutral, Denmark was also hit by wartime scarcities and the interwar crises. The socioeconomic consequences of this, and the gradual expansion of parliamentary democracy, facilitated the Social Democratic Party’s ascent to power – and its transformation into a reformist party. Yet the party never achieved an absolute majority, and the Danish variant of the Scandinavian welfare state was founded on political compromises between the major political parties (Petersen et al. 2011, 2012). This was also the case when it came to housing politics. Rather than the model of public housing, which for instance was pursued by its Swedish sister party, the Social Democratic Party had to resort to the association-based model, which was more acceptable for the liberalist-minded parties (Jensen 2005). This implied that state guaranteed loans to housing associations and the possibility of exempting such associations from municipal real estate taxes became the favoured housing policies. Yet, if revealing of the logics governing housing markets, many centrally located associations were dissolved when rising property values made it profitable for members to pay off state guaranteed loans and sell the property (Vestergaard 2004). The first
attempts to counter this and other speculative loopholes was a 1919 government circular that created a foundation for funnelling public support to associations that were almennytige, which literally means ‘commonly useful’ but is better translated as ‘non-profit’. This helped to establish a principle of collective ownership in which surpluses had to be used for publicly supported housing purposes. Yet it was first as part of the 1933 political compromises, which lay the foundations for the post-war welfare state, that the principles of the non-profit housing associations were fully established (Jensen 2005).

Non-profit housing associations – and some independent municipal housing associations – played a significant if often heatedly contested role in housing politics and the unfolding of the welfare state following World War II (Hansen and Henriksen 1980; Vestergaard 2004). For our purpose, it is sufficient to acknowledge how the two alternatives to owner-occupied and private rental housing – non-profit housing associations and private cooperatives – both rose from the cooperative movement to become the association-based model of housing. Crucially, however, property ownership in a non-profit association belongs to the association, or, as we will see, to its local branches. The residents are in this respect tenants of the association. This is not the case for private cooperatives, which rose [page 266] to prominence again from the 1970s; here, residents own a share in the common property and have a use-right to a dwelling. As we will see, this fundamental difference in the ownership structure is critical for understanding the commodification of the two housing sectors.

Commodifying Danish housing

The devil all too often lurks in the seemingly trivial detail. It was thus a sign of what was to come when the newly established liberal-conservative coalition government led by Anders Fogh Rasmussen in 2001 dismantled the Ministry of Housing and Urban Affairs (By- og Boligministeriet), which since its establishment in 1947 had been a pivot in the evolving welfare state, and placed housing under the jurisdiction of the Ministry of Economic and Business Affairs (Økonomi- og Erhvervsministeriet). It was also indicative that non-profit and private rental housing subsequently was transferred to the Ministry of Social Affairs (Socialministeriet). These manoeuvres were institutional manifestations of what Nielsen (2010) describes as ‘change without reform’ in Danish housing politics during a decade of right-wing rule. The political objectives were outlined in the government’s not so innocently entitled strategic plan, ‘More housing: growth and innovation in the housing market’ (Flere boliger: Vækst of fornyelse på boligmarkedet), in which the aim was summarised as ‘a long-term effort … to make the housing market work better under market conditions and to a greater extent than today support the economic growth of the society’ (Regeringen 2002, p. 5).

This was essentially a call for the neoliberalization of Danish housing politics; that is, if we consider neoliberalism as an aspiration ‘to create a utopia of free markets, liberated from all
forms of state interference,’ which ‘in practice entailed a dramatic intensification of coercive, disciplinary forms of state intervention in order to impose versions of market rule’ (Peck et al. 2009, p. 51). In our perspective, the government’s 2002 plan sketched a two-pronged attack on the association-based model. Dipping into the ubiquitous discourse of ‘social mixing’ (Lees 2008), a key aim of the plan was thus to achieve a ‘mixing of ownership types by converting non-profit housing associations to owner-occupied or cooperative residences’ (Regeringen 2002, p. 16). Segments of a housing sector on the edge of the market were, in other words, to be pushed into the quasi- or fully-fledged housing markets. At the same time, however, the plan also aimed to further the ‘market-orientation’ of the cooperative sector (Regeringen 2002, p. 19). In short, the plan – and the ensuing policies – was an element in a strategy to further the commodification of Danish housing, which in turn can be seen as a smooth or stealthy tactics in dismantling housing as a cornerstone of the welfare society.

**Private cooperatives: compromised by capital**

The rapid commodification of private cooperatives took many by surprise. Moreover, as Mortensen and Seabrooke (2008, p. 319) note, the ‘cashing-out or “liquidation” of housing cooperatives signals the abandonment of a view of housing as primarily a social concern for many.’ As we will see, this is a succinct analysis of a housing sector that has changed decisively over a decade of liberal-conservative policies coupled with a spectacular (and speculative) inflation of property prices. Yet Schwartz and Seabrooke arguably push the point too far when they conclude that ‘the rapid transformation of Danish housing cooperatives’ marks a shift ‘from a system based on socialist principles to a system based on capitalist principles’ (Schwartz and Seabrooke 2008, p. 255). As we have seen, private housing cooperatives emerged in the laissez-faire politics of the nineteenth century, and while they helped to provide better housing for segments of the working and lower middle classes, cooperatives in their original form did not challenge the liberalist system. At best, private cooperatives were responses to the housing question, which Friedrich Engels ([1872] 1979) at the time would have denounced as ‘bourgeois socialism’.

Still, cooperatives were historically a step towards the formation of non-profit housing associations, and, particularly from their reassertion in the 1970s and 1980s, private cooperatives afforded a means to counter speculative landlords and provided some with affordable housing. To a large degree, cooperatives became ‘the housing between’ rental and owner-occupied housing (Werborg 1996). Moreover, by way of state and municipal loan assistance and exemptions from real estate taxes, private cooperatives somewhat paradoxically during the 1990s ‘developed into the most publicly subsidized form of housing – or, translated to the inhabitants’ perspective: the housing form where they for many years got absolutely most housing for their [page 267] money’ (H.T. Andersen 2006, p. 28). Apart from its relative af-
fordability, the ‘social’ ambience of the sector has frequently also been linked to an underlying if vaguely articulated ‘cooperative ideology’ (andelstanken), which Bruun summarizes as emphasizing ‘the importance of equalizing class, power, and economic differences, in this way epitomizing an ideology of sharing with society as a whole’ (Bruun 2011, p. 70). But, as Bruun pointedly observes, cooperatives are ‘enclaves’ in the wider society; beyond what the individual cooperative may draw up in its statutes, the only formal collective responsibility is the members’ mutual liability for loans. This high degree of formal separation between private cooperatives and the state has not insulated the sector from neoliberal policies; rather, in the booming property market during the mid-2000s (Erlandsen et al. 2006), it has by way of indirect state interventions facilitated the rapid commodification of private housing cooperatives, which consists of approximately 9,000 associations with some 210,000 residences, a little less than eight per cent of total housing units (Ministry of Housing, Urban and Rural Affairs 2012).

The government’s 2002 ‘battle plan’ for the commodification of housing aimed at a market-orientation of private cooperatives. On the one hand, this was to involve the gradual reduction and phasing out of state support for the construction of new cooperatives. This was achieved by 2005. One the other hand, and more decisive if at first appearing rather mundane, the government would ‘consider whether individual members of a cooperative should get the possibility to obtain mortgage-like loans [realkredit(-lignende) lån] with security in their share’ (Regeringen 2002, p. 19). Even in the Danish original, ‘mortgage-like loans’ is an awkward but highly revealing phrase. In a private cooperative, only the association can formally take out a loan with security in the property; indeed, this is the regular way for a cooperative to purchase its property. A member can strictly speaking only take out a loan with security in the value the lender expects his or her share of the cooperative (and use-right to a dwelling) can carry on the market. Theoretically, this has always been possible, but most private cooperatives have traditionally prohibited their members from ‘mortgaging’ their shares (Träff and Juul-Nyholm 2011). But true to its plan, the government in 2004 passed legislation that explicitly overrules whatever statutory prohibitions a cooperative may have against its members taking out loans with security in their share (Ministry of Economic and Business Affairs 2004). This was a crucial turn in a process that made dwellings in cooperatives a private (and ‘mortgageable’) commodity in all but name.

Already before the new law came into force on 1 February 2005, banks started to offer loans with security in cooperative shares; there was, as a newspaper article enthusiastically put in, a ‘boom’ in such loans where members sought to utilize what was then estimated as DKK 26 billon of ‘equity’ in the cooperative sector (Jørgensen 2005). A few months later, the newspapers could report that loans for some DKK 2.5 billion had been registered during the first three months of the new regime (Villesen 2005). This was facilitated by the fact that municipalities at the same time significantly increased estimates of the taxable value of property. In cooperatives,
which are exempted from property taxes, members seemed to have scored a ‘jackpot’ (Skovgaard 2005). This apparent paradox relates to how individual private cooperatives can chose to set the maximum price of its shares according to three models: the initial cost of the property, the public estimate of the taxable value of the property or the property’s commercial value as estimated by a real estate appraiser. In the same order, the three models generally allow a higher maximum price. This has opened venues for members of private cooperatives (Träff and Juul-Nyholm 2011, p. 278):

In practice, these different options mean that [a cooperative] has significant latitude in determining the value of a property – and thus the maximum price. Particularly if one is creative and operates on a short-term. Many associations have utilized this, either by using the notoriously erroneous public estimates or by help of more or less biased real estate appraisals. Because of this, the maximum price [andelskronen] has many places come to exceed the market price, which in turn has caused a de facto liberalization of pricing in the short term.

Already in 2006, a survey found that the most used model was that of the public estimate, while there was an increasing tendency for cooperatives to use the commercial value (Erhvervs- og Byggestyrelsen 2006). With tax value estimate increases on the average of 55 per cent in Copenhagen and around half of that in some other regions (Skovgaard 2005; Ministry of Housing, Urban and Rural Affairs [page 268] 2012), members of cooperatives were in 2005 faced with the possibility of significantly enlarging the ‘equity’ to be ‘mortgaged’ for consumption, or simply to increase the price of shares, which could be realized and used for entry into the booming owner-occupied sector.

It is hardly surprising, then, that members of many cooperatives have been induced to revalue their shares. Because of the decentralized nature of the private cooperatives, it is difficult to establish exactly how much prices have been inflated. But the 2006 survey estimates that price of traditional cooperative housing had more than doubled from DKK 1,973 to 4,550/m² over the period 1998–2000 to 2003–2005 (Erhvervs- og Byggestyrelsen 2006). More recently, and thus better capturing the changes since 2005, Copenhagen Municipality (2012) estimates that the price of cooperative housing in the municipality has quadrupled from DKK 2,415/m² in 1999 to DKK 9,846/m² in 2011 (1999 adjusted to 2011 prices).

‘The market economy overtakes the cooperative ideology’ (Thornland 2008, p. 4). This was the headline introducing a thematic section on private cooperatives in the March 2008 issue of the association of estate agents’ magazine. The association was not mourning the passing of the vaguely defined notion of solidarity that many traditionally had associated with cooperative housing; rather, inside the magazine the deputy director cheerfully told his members that owners
of shares in cooperatives ‘are forced onto the free market to get their cooperative apartments sold’ (quoted in Westphal 2008, p. 8). Conveniently, just as the bubble in owner-occupied housing was bursting, the estate agents had found a new market. And the liberal-conservative government had with spectacular success achieved its goal of giving the cooperative sector a market-orientation. For members of cooperatives that bought their share before the price inflation, this has potentially been highly lucrative. But those who bought cooperative dwellings at the inflated price, or borrowed excessively with security in a share at that price, may well have landed themselves in technical if not actual insolvency.

But the commodification of cooperative housing has effects beyond the individual association and its members. Private cooperatives may only account for relative small share of total housing, but the sector can be substantial in urban areas. In Copenhagen Municipality, to take a prominent example, cooperatives in 2012 made up 33 per cent of all housing units (Copenhagen Municipality 2012). The sector can thus play a decisive role in determining social-geographical patterns. Focusing on the neighbourhood of Inner Vesterbro, where cooperatives by 2006 approached 60 per cent of the housing units, Larsen and Lund Hansen (2008) conclude that cooperatives act as a ‘stealthy’ mechanism of gentrification. Here, as we can also expect more generally, cooperatives in their market-oriented form can function as a mechanism of ‘exclusionary displacement’ (Marcuse 1986) in the sense that low-income groups, which previously could find housing in the sector, are now barred from entry. In less than a decade, the cooperative housing sector has, as a commentator recently put it, become ‘compromised by capital’ (de Waal 2011).

**Non-profit housing: stealthy and frontal attacks**

With almost 20 per cent of the total housing stock, organized in about eight hundred housing associations and eight thousand branches with a total of more than half a million units, the non-profit housing sector provides shelter to nearly one fifth of the population and is a cornerstone in the Danish welfare state. Non-profit housing can be characterized as ‘collective private property’, organized in independent housing associations that traditionally have received public support from the state and municipality for construction and repayment of loans. Since 1947 the municipalities have the right of disposition over one fourth of the sector’s housing units. Historically, the local and central state has supported both ‘bricks’ (direct subsidies to construction) and ‘people’ (housing allowances). It should be noted, however, that there are subsidies to all housing sectors and that indirect subsidies like tax deduction to owner-occupied and cooperative housing are greater than subsidies given to the non-profit sector (Erlandsen et al. 2006). The Danish non-profit housing sector has traditionally catered to a diversity of socio-economic groups, but by the 2000s there was an overrepresentation of low-income, unemployed, immigrants, one-person and single parent household living in non-profit housing (Ministry of Social
Affairs 2006). The vast majority of units were built in the post-1945 building boom and are, like in many other European cities, particularly located in and around the large cities (Andersen 2012). The sector is organized through a well-established multi-scalar tenants’ democracy – one of the ‘distinctive features’ of Danish non-profit housing, also in a Nordic context (Madsen 2006, p. 33).

[Page 269] During the 2000s there have been at least three main attempts to weaken and thus pave the way for the commodification of the non-profit housing sector: (1) ‘activating’ the Landsbyggefonden (The National Building Fund), (2) right-to-buy and (3) decoupling of local democracy. The first strike was the appropriation of the sector’s collective savings in Landsbyggefonden (LBF). LBF is an independent institution founded in 1967, which contains the statutory savings made by tenants living in non-profit housing and is regulated by law. Through a legislative change in 2002, the newly elected government changed the political practice of how to use the funds. The law’s subtitle, ‘activating the National Building Fund’, clearly suggests that new winds of political change blew through the non-profit housing sector (Ministry of Economic and Business Affairs 2002). According to the original law from 1967, the purpose of LBF was to promote a certain degree of self-financing’ in the sector, but the fund has in praxis been used for maintenance and renovation of the existing non-profit housing units. Support for new construction came from the state (Ministry of Housing 1997; LLO 2006). The aim of the 2002 law was to ‘activate’ LBF by – besides renovation – using the funds to finance new construction, residents counselling and accessibility for disabled residents (Ministry of Economic and Business Affairs 2002). These new elements had traditionally been supported by the (local) state. One consequence of the law was that part of the financing of such undertakings was transferred to LBF. Moreover, the non-profit sector by 2002 also included youth and senior housing, segments that formerly was financed by the (local) state.

The new political praxis can be characterised as a break rather than a continuation of earlier policies, even though the social-democratic coalition government of the 1990s had laid the foundations for these changes (Nielsen 2010). Ten billion DKK was appropriated and an estimated borrowing obligation of additional five billion DKK was established – restraining LBF’s activities until 2020 (Abrahamsen 2009; LBF 2013). These changes generated heated discussions within the sector, but did not spur much media attention.

Two additional regulatory actions related to LBF came in 2005 and 2006 (L70 and L81). In this period the question became politicized and contested (Nielsen 2010). A statement from Lejernes Landsorganisation (LLO), the Tenants Organization of Denmark, with the telling title ‘Stop stealing from the non-profit sector’ offer insight to the debate: ‘it was never the intention that tenants should support senior housing for wealthy homeowner’s retirement. A very large part of the funds [now] go to this’ (LLO 2006). Furthermore, the statement from the tenants’ organization points towards the fact that at the same time as ‘the government has made a signif-
icant contribution to homeowners’ gains through real estate taxes freeze and favourable loan types, they appropriate the savings in LBF’ (LLO 2006). As mentioned, public subsidies for homeowners are according to OECD economists far greater than those paid to the rental units (Erlandsen et al. 2006). The tenants’ organization drove home the point by stating ‘It is inequality politics and Robin Hood in reverse, with a vengeance’ (LLO 2006). Based on analysis of income levels and assets in different housing segments, this interpretation was essentially supported by a leading housing researcher (H. Andersen 2006, p. 3).

Activating LBF can be seen as a form of indirect ‘accumulation by dispossession’ (Harvey 2003). The state has made strict demands on the use of the savings by imposing duties on the savings of the non-profit sector that traditionally was carried by the (local) state. This manoeuvre has ‘relieved the pressure on the state finances’ and contributed to a general ‘undermining of the sector’s institutional platform’ (L. Jensen 2013, p. 54 and 59) – and thereby potentially paved the way for a dismantling and commodification of the sector.

The second strike came in 2004 with the introduction of a Danish version of Thatcher’s ‘right to buy’ scheme. Brian Mikkelsen, a leading conservative minister, at the time saw this as ‘ideology with freedom of choice’ (quoted in Wamsler and Due 2011). The liberal mayor for construction and engineering in Copenhagen, Søren Pind, went even further when he called the legislation ‘A battering ram straight in the heart of the non-profit housing movement’ (quoted in Møller 2002). The idea was to strengthen the ‘property rights in this housing segment’ (Erlandsen et al. 2006, p. 15) – a clear example of commodification of housing commons. The law was passed in 2004, but with provisions, which the non-profit movement thought would block any significant privatization. The government estimated that 5,000 units would be sold during the three-year trial period, but only 62 units were in fact sold during this period (Capacent and SBS 2007). Vice-president in the tenants’ organization explains this incongruity (J. D. Jensen 2006):

[Page 270] They had problems with finding legal ways to introduce this policy. One of the problems is that this sector is neither owned by local nor by central government, but by non-profit organizations formally run by the tenants. At this point they have introduced legislation that gives opportunities for the tenants to participate in privatization, if the tenants and the local government approve of the plan. But until now all attempts have been rejected by the owners (the non-profit companies and associations) who actually own the housing. The owners remain ready to go to court to defend this position.

This reveals the contradictory realities of Danish non-profit housing: because of the private (if collectively) nature of the association-based model, non-profit housing associations seemed – rather paradoxically – able to resist attack from a government hailing the neoliberal virtue of
private property. Whether the right-to-buy scheme amounted to unconstitutional expropriation was thus a key element of the debate, and it seemed that the non-profit housing associations had a good case (Jensen 2005). But a 2007 Supreme Court ruling suggests that the non-profit housing associations’ position is precarious. The case concerned the wish by a local branch to implement the scheme. This was supported by the municipality and sanction by the ministry, but resisted – eventually in court – by the association of which the local branch was part. With a ruling supported by five of nine judges, the Supreme Court decided that the local branch could implement the privatization, as the property right lay with the branch rather than the mother association (Højesteret 2007). The material effects of this ruling are still to be seen. But it opens for piecemeal enclosures of the non-profit sector by individual branches within the movement.

The third strike that came in 2009 aimed at ‘decoupling of local democracy’. The residents’ democracy is a special feature of the non-profit sector in Denmark and is unique in an international context. The deputy director of the national organization of housing associations, Boligselskabernes Landsforening, explains the model this way (Madsen 2006, p. 33):

Residents have the majority in all decision-making bodies from the board of the individual branch to housing organizations’ executive committee. Residents’ democracy is a clear strength in the sector. Influence provides engagement and help to anchor decisions and implement them. Meanwhile, residents’ majority is a good basis for insight and influence on whether the housing associations provide a good service to the residents.

Organizational changes have been a major part of neoliberalism, and one of the preferred governance tools has been New Public Management (Connell et al. 2009; Peck et al. 2009). The Danish government on this occasion, thus, also played a neoliberal evergreen and the well-known lyrics of New Public Management was deployed to pave the way for better controlling the sector (Ministry of Social Affairs 2010, p. 7; emphasis added):

The principles behind the new management are (1) the governance of the sector should increasingly be based on the sector’s overall objectives, (2) establishing a constructive and forward-looking cooperation between municipalities and housing associations, and (3) maximum local flexibility, method freedom and deregulation in areas where special considerations do not contradict this.

As one would expect, there were no standing ovations from the tenants’ organization. Its response came already during the government’s committee work in 2008 through the press release
entitled ‘The Government Committee wants to weaken tenant democracy’ (LLO 2008). The organization contested the government’s politics, but a conflict of interest in ‘the sector’ is also revealed between the non-profit housing associations and the (local) state, on one side, and its tenants on the other (LLO 2008):

>[the committee’s] majority consisting of Ministry officials, the Housing Associations’ National Association and the Municipalities’ National Association has refused to give the tenants in the local branches right to choose management or hire/fire caretakers. The majority has, furthermore, refused to give each resident veto against forced modernization. They have, furthermore, […] [blocked] assistance to tenants from an external association and they have refused to provide the individual tenant greater insight to the administration and waiting list.

This conflict is not new, but it is clear that the law is designed to exercise top-down management, and consequently cater for the interest of state and [page 271] housing associations’ administrative requirements. It became easier to govern ‘unruly’ segments of tenants, for instance (‘poorly integrated’) immigrants – a group under constant attack during the 2000s where the right-wing government was ruling on the mandate of the xenophobic Danish Peoples Party (Dansk Folkeparti, see contributions by Koefoed 2015 and Simonsen 2015 in this theme issue). Many of the governments interventions in housing politics, including the strike against local democracy is connected to the so-called ghetto strategy that involved demolition and renovation of housing estates (with support from LBF), ‘social mixing’ (through prioritizing ‘resourceful’ tenants, restrictions for people on social benefits and by using the government’s new strict immigration laws), easier eviction procedures, zero tolerance against crime and more police and surveillance (Regeringen 2010).

The analysis of the attacks by the state against Danish housing commons in the 2000s support Dodson’s (2006, p. 1) conclusion that ‘the state retains a dominant capacity to imagine and define not only housing reality, but also institute this reality through the institutional and governmental relationships of social housing’. Through however different paths, there seems to be a connection between New York City’s revanchist production of neoliberal urban landscapes in 1990s ‘Giuliani Time’ (Smith 1998) and Denmark’s anti-welfare ‘utopia of free markets’ through commodification of, and revanchist strikes against, housing commons in the 2000s ‘Fogh Rasmussen Time’.

Conclusions

Neoliberalized states and financialized real estate interests are fighting hard to produce the city through the logics of exchange value. The few remaining urban commons are among the fron-
tiers of these battles – also in Nordic countries, once known for a measure of social justice. Private cooperatives have never been a housing commons. But for some decades they largely functioned outside the logic of market exchange, and in spite of weaknesses such as possibilities for nepotism in access, cooperatives provided reasonably cheap and available housing for many. This was abruptly brought to an end when members of cooperatives from 2005 were permitted to ‘mortgage’ their shares. In a swelling property market, this legislative change touched off a tsunami of commodification, which swept away the ineffective structures of the cooperative ideology and left the sector as just another (indirectly subsidised) part of the private property market. If private cooperatives used to be a sort of urban commons off-limits to market logics, this process can be seen as an enclosure; and enclosures, Polanyi ([1944] 2001, p. 37) reminds us, ‘have appropriately been called a revolution of the rich against the poor.’ The liberal-conservative government succeeded spectacularly in realizing the market-orientation of private cooperatives, and in the decades to come, this is likely to scar the geographies of Danish cities with increasing socioeconomic polarization. Moreover, while the institutional setup and historical trajectory is particular, the commodification of private cooperatives is a blaring example of the wider financialization of the built environment (e.g. Martin 2002; Toporowski 2010; Aalbers 2012).

Even if capitalist urbanization in such ways ‘perpetually tends to destroy the city as a social, political and livable commons’ (Harvey 2012, p. 80), there are still some circumscribing historical institutions in what increasingly appears as a ‘post-welfare’ state. Non-profit housing seems to be one of the remaining fragments of the Danish variant of the welfare state. But this housing sector, which Holt-Jensen (2009) on the basis of a comparative analysis of European housing describes as ‘the best imaginable housing-social system in Europe’, is also under attack. The tenants’ collective savings have been ‘activated’, as the law dubbed this appropriation, and used as a cash cow for government politics. A right-to-buy scheme masquerading as individual freedom of choice has been deployed, so far with little ‘success’, not least because of resistance from the well-organized non-profit housing associations. And, finally, the multi-scalar democracy of the associations is in the name of effectiveness and social mixing being challenged by legislative changes. The government’s original aim of slowly privatizing the non-profit housing associations has so far failed. But through backdoors like this, the aim of tuning the sector to market logics may well be achieved.

The association-based model of housing, from which both private cooperatives and non-profit housing associations derive, was a compromise typical to Danish (welfare) politics. On the one hand, the model enabled particularly the Social Democratic Party to include housing as a centrepiece of the Danish welfare state; on the other hand, its structure [page 272] of private associations assisted through tax rebates and specific subsidies made the model bearable (if never beloved) for the liberalist segments of Danish politics. Yet, when liberalist politics again
gathered force in what has become known as neoliberalism, the model demonstrated its weaknesses as well as strengths. In the context of a booming property market and neoliberalizing legal reform, private cooperatives in which members have a direct say – and an individual gain – in setting values, members were all too easily plunged into ‘the icy water of egotistical calculation’ (Marx and Engels [1848] 1998, p. 37). But non-profit housing associations have so far weathered the storm. The sector’s structure of ‘collective private property’ coupled with strong organizations outside the (local) state is undoubtedly key to this relative success. And in contrast to public housing owned by the (local) state, which in countries like the United Kingdom and Sweden has been significantly challenged by the rise of neoliberal state politics (e.g. Hedin et al. 2012; Hodkinson 2012a; Christophers 2013), this may help to explain why the somewhat peculiar housing model has proved remarkably resistant.

We should be cautious about drawing general conclusions from specific historical-geographical experiences, of course. But if we strive for commons of available and affordable housing, not to mention the additional dimensions that can be attached to ‘the right to housing’ (Rolnik 2014), the Danish case suggests that private associations can be an measure to counter neoliberalising urban politics. But, as demonstrated by the fate of the private cooperatives, it is essential that membership of such associations does not involve opportunities for private gains. The government’s attempt to impose a Thatcherian right-to-buy scheme on the non-profit housing sector became precariously close to do just that.

Non-profit housing associations are, in spite of faults and problems, the remaining bastion in securing a measure of social justice in Danish housing politics, which it will take a concerted effort of commoning to sustain and develop as collective and non-commodified. This debris of ‘Nordic welfare’ is an example of what Harvey (2014, p. 24) identifies as a housing system that ‘focuses on the production and democratic provision of use values for all’. Together with other forms of urban commons, it may be something to consider as inspiration for alternative urban imaginaries.

Acknowledgments
Research for this article benefitted from ENTITLE (Grand Agreement 28973) and FESSUD (Grand Agreement 26680) of the European Union Seventh Framework Programme and from CRUSH – Critical Urban Sustainability Hub of the Formas Research Council.

Henrik Gutzon Larsen
Department of Human Geography
Lund University
Sölvegatan 10
SE-223 62 Lund
Sweden
Email: henrik_gutzon.larsen@keg.lu.se

Anders Lund Hansen
Department of Human Geography
Lund University
Sölvegatan 10
SE-223 62 Lund
Sweden
Email: anders.lund_hansen@keg.lu.se
References


