

# SABO ANALYSIS

HOW SABOS KOMBOHUS AFFECT LOCAL HOUSING MARKETS

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HANS-PETER BLOOM, BLEKINGE BIDREFORTAGE

## SABOs Kombohus creates a positive spiral in local housing market

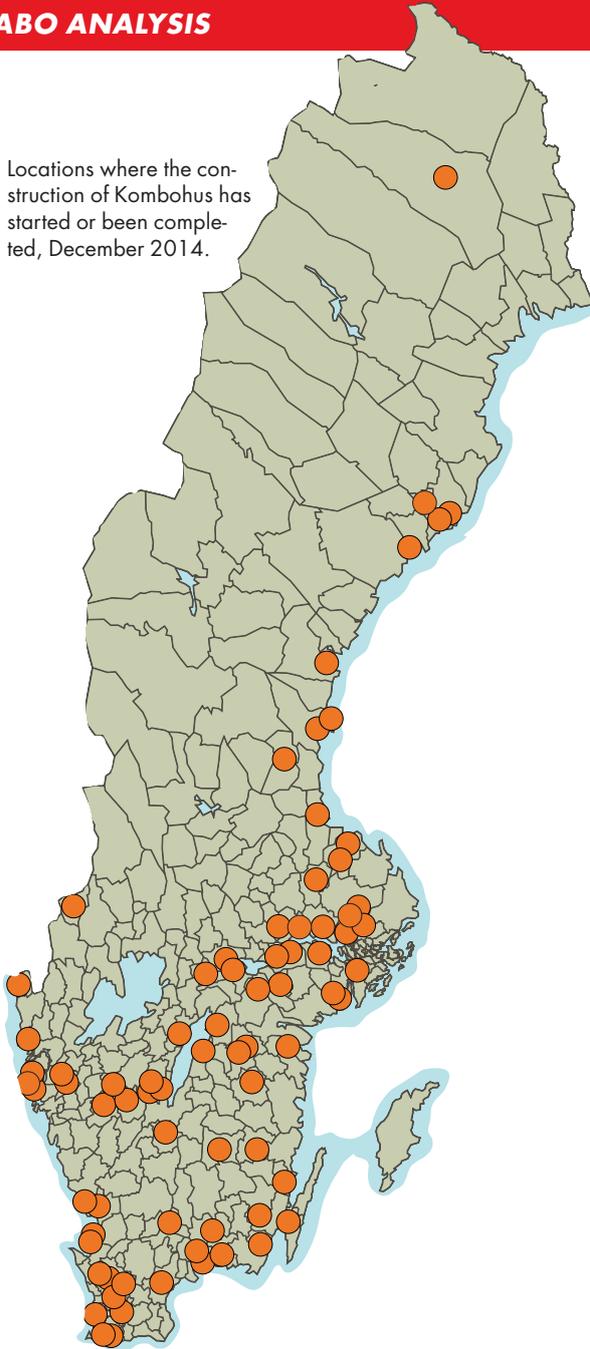
**SABOs Kombohus are suppressing prices, enabling new homes to be built in districts where there has been no construction for many years. SABO has now accepted help from Stockholm University to follow up how Kombohus affect local housing markets. The conclusions drawn include, among other things, that many older people are selling their detached homes and moving to new, accessible rental properties that are easy to look after. Families and couples are buying the houses that they are selling. However, some apartments are also being released.**

**The concept behind SABO's Kombohus** came from the public housing companies themselves. Several years ago, representatives of companies within SABO's building owners' group saw that although there was a need to increase the number of additional homes being built, high construction prices in Sweden represented a significant obstacle to increased housing production. This particularly applied to the opportunities to build smaller complementary projects. If SABO and its member companies simply got together and forced prices down,

while procurement itself was made easier, many companies would be able to build on a limited scale both more quickly and more easily. The rationale behind this is that large volumes are still being produced overall when numerous companies build on a limited scale.

In this situation, SABO went out and asked its member companies what they would build if it were possible to build at a lower price. It transpired that several companies around Sweden needed to build small projects and that it would probably be possible to build

Locations where the construction of Kombohus has started or been completed, December 2014.



**HOUSING COMPANIES THAT HAVE BUILT SABOS KOMBOHUS BAS, DECEMBER 2014**

Mörbylänga Bostads AB	16 apartments in Färjestaden
Hudiksvallsbostäder AB	16 sheltered housing apartments in Iggesund, close to a residential home for the elderly
TOP Bostäder AB	43 apartments in Gällivare
Båstadhems AB	32 apartments in Förlöv
Halmstads Fastighets AB	45 apartments in Sofieberg, of which 12 in a sheltered housing facility
AB Sigtunahem	96 small apartments in Märsta
AB Sandhultsbostäder	12 apartments in 70-plus-housing development in Sandared
Strömstadsbyggen AB	40 apartments in Skee
AB Trelleborgshem	16 apartments in a 55-plus housing development in Smygehamn
Håbohus AB	52 apartments in Bålsta
Mullsjö Bostäder AB	24 apartments in Mullsjö
AB Bjuvsbostäder	40 apartments in a 55-plus housing development in Bjuv
AB Bollnäs Bostäder	32 apartments in Bollnäs
AB Tierpsbyggen	16 apartments in Tierp of in total 40 (remainder in April 2015)
AB Lekebergsbostäder	16 apartments in Fjugesta
AB Stångåstaden	64 apartments in Lambohov
<b>Totalt</b>	<b>555 apartments</b>

**“WE HAVE MANAGED TO PUSH PRICES DOWN BY AROUND 25 PER CENT AND MINIMISE RISKS WHILE OFFERING A MUCH QUICKER AND SIMPLER PROCESS THAN NORMAL. THIS IS THE STRENGTH OF THE KOMBOHUS APPROACH.”**

Petter Jurdell, Head of Property Development at SABO

a combined total of approximately 500 apartments.

This resulted in SABO Kombohus Bas – a framework procurement of ready-designed, standardised buildings, with two to four floors, offering two- to three room apartments plus kitchen. A framework agreement was concluded with three building contractors, who undertook to build at significantly lower prices than the rest of the construction market. The framework agreement started to apply in August 2012 and expired in December 2014.

In total 555 apartments in 16 Kombohus Bas projects had been tenanted by 31 December 2014; see table on page two.

### MANY MUNICIPALITIES WANT TO BUILD MORE

The housing shortage in Sweden is well known. According to a housing market survey carried out by the National Board of Housing, Building and Planning in 2013, the number of municipalities stating that they have a shortage of rental properties is continuing to increase; approximately 70 municipalities said that they needed to build 20 to 50 apartments over the next year while just as many stated that they needed to build 20 apartments or less. Young people, middle-aged people and pensioners were identified as groups that have a particular difficulty in finding suitable housing. There was also a significant increase in the number of municipalities that needed housing for newcomers compared with the previous year.

### STOCKHOLM UNIVERSITY HAS BEEN MONITORING TRENDS

How does the construction of new Kombohus meet the needs of the local housing markets? In August 2014, SABO asked the Department of Human Geography at Stockholm University for help to investigate four questions to provide indicators. This resulted in a report written by Thomas Wimark and Eva Andersson, which was completed in January 2015.

1. Who moves into Kombohus?
2. What housing is released in the local housing market?
3. Would any new housing have been constructed without framework agreements?
4. How important are Kombohus for older people?

The follow up, including questionnaires and interviews, concentrated on nine tenanted projects built by the contractor JSB – this builder was ranked number one in the first framework agreement with SABO. The three projects built by the other two contractors under the same framework agreement were also surveyed.

Statistics were gathered from both Statistics Sweden and the National Board of Housing, Building and Planning's housing market survey, and telephone interviews were held with the CEOs of five of the nine housing companies and with the officers responsible for the provision of housing in two



**"THE KOMBOHUS APPROACH HAS BEEN A WAKE-UP CALL SHOWING THAT IT IS POSSIBLE TO BUILD NEW HOMES."**

Nils-Erik Blomdahl, CEO of Hudiksvallsbostäder

MÖRBYUNGA BOSTADS AB/JSB

municipalities. Some households with older tenants were also interviewed by telephone.

In total, 237 questionnaires were sent out to all of the tenants in the nine Kombohus. One hundred and twenty-eight of these responded – a response rate of 54 per cent. Half of the projects followed up are completely or partly senior citizen or sheltered housing. This, together with the fact that older people are more likely to respond to questionnaires than younger people, resulted in a higher response rate from older households; the largest group is people between the ages of 75 and 84.

**WHICH HOUSEHOLDS MOVE TO KOMBOHUS AND WHAT HOUSING IS RELEASED?**

Most people moving to Kombohus had previously been living in properties with ownership rights, but a large number of rental properties have been released in the existing housing stock. The table indicates the number of homes released for various forms of occupancy.

<i>Form of occupancy</i>	<i>Number</i>	<i>Proportion</i>
Property with ownership rights	68	53 %
Tenant-owner property	11	9 %
Rental property	42	33 %
Other	3	2 %
No information	4	3 %
<b>Total</b>	<b>128</b>	<b>100 %</b>

Most of the people who moved are older people in detached houses, but a relatively large number of older people have also left rental properties. Some people within the oldest group also moved from tenant-owned apartments. The table indicates the various forms of occupancy that were released, broken down by age.

<i>Form of occupancy</i>	<i>All ages</i>	<i>65-74 years</i>	<i>75-84 years</i>
Property with ownership rights	53 %	58 %	60 %
Tenant-owner property	9 %	3 %	17 %
Rental property	33 %	32 %	19 %
Other	2 %	0 %	0 %
No information	3 %	7 %	5 %
<b>Total</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>

Many of them had been living for some time in the detached or terraced houses that they had left; 61 of the 122 respondents had lived in their former homes for over 20 years. In total, 41 of these 122 people had lived in their homes for between 1 and 9 years, of which a large majority had been in apartments.

In total 123 respondents (almost 75 per cent) answered the question about what kind of household had moved into the home they had left. A larger proportion of the people who had left a detached or terraced house were able to provide this information compared with those who had moved from an apartment.

It transpired that it was generally families with children, but also some couples, who had moved to the detached and terraced houses vacated by the older households. Apartments were generally released for one-person households or for couples without children. The table shows the kinds of household that moved to the different homes released. The number of respondents in the column for detached/terraced houses is 73 and the corresponding number for apartments is 42.

<i>Household type</i>	<i>No.</i>	<i>Prop.</i>	<i>Detchd/terrace</i>	<i>Apartment</i>
Single person	18	14,5 %	58 %	60 %
Couple	29	23,5 %	3 %	17 %
Couple with children	39	32 %	32 %	19 %
Other	6	5 %	0 %	0 %
No information	31	25 %	7 %	5 %
<b>Total</b>	<b>123</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>

**REASON FOR MOVE AND MOST IMPORTANT FEATURES OF NEW HOME**

The most common reason for moving is that the previous home has become difficult to look after and maintain. This is followed by the size of the home, where the home being left does not correspond to the needs of the household. Usually the person moving wants something smaller. Proximity to services and the design of the home are the most important features of the new house. Good parking facilities also rate highly.

**MORE NEW HOMES THAN EXPECTED**

Significantly more apartments are currently on order or being built under the framework agreement for SABO Kombohus Bas than was expected in August 2012. One conclusion is that the Kombohus shifted the focus from new housing primarily being constructed in emerging

**“ACCORDING TO THE HOUSING MARKET SURVEY, MANY KOMBOHUS PROJECTS ARE BEING BUILT IN MUNICIPALITIES WITH A BALANCED HOUSING MARKET. THIS SUGGESTS THAT THERE IS STRONGER INTEREST IN HAVING NEWLY BUILT HOMES THAN PREVIOUSLY INDICATED.”**

Conclusion of report from Stockholm University

markets in large cities to applying to significantly more municipality types and districts. At the current time both large and small projects are being built. The framework agreement makes the process easier and affords member companies wider opportunities to consider costs and manage the risks of building new homes.

Some companies have also created their own strategies for marketing rental properties to older people as an all inclusive alternative, avoiding any responsibility for maintenance. The follow-up clearly shows that many older people in detached homes are happy to move if there are new homes to move to in the districts where they live. Older people can move to accessible housing that is easy to look after, while releasing their own homes onto the local housing market. It is not possible to build new detached homes in many places in Sweden, as production costs do not match market value.

The Kombohus has thus released homes where they have not been available on the market for some time. Many rental properties in the existing stock are also being released. Families with children and couples without children, as well as some single-person households, are getting new homes.

The follow-up also shows that many projects are being built in municipalities where there is considered to be a balanced housing market. This suggests that there is a stronger interest in having newly-built homes in more municipalities than indicated by the housing market survey. Many respondents have also indicated a shortage of sheltered and senior citizen housing, but no consideration has been taken of shortages of other homes for households with older people.

Many respondents stated in the follow-up survey that the most important features were the accessibility and design of the home together with its central position, and a study by Abramsson and Andersson<sup>1</sup> shows that there is a strong desire amongst older people to rent a well-planned, accessible and newly built rental property. Taken together, this shows that Kombohus largely match the housing demands and desires of older people.

### **WHAT OUR MEMBER COMPANIES AND THEIR CLIENTS HAVE TO SAY**

“The Kombohus approach has been a wake-up call showing that it is possible to build new homes. Previously many companies have not been bold enough to even think about what might be possible. Then there are other companies that still would have built. For our part we would have got started later in some way but we would not have built in Iggesund, that I can say for sure. At that time we concentrated on the main districts in Hudiksvall where construction represented less of a risk.”

**Nils-Erik Blomdahl,  
CEO of Hudiksvallsbostäder**

“We have noticed that if we want to attract older people who are living in detached homes or are home owners, it becomes a pedagogical process that we would have to pursue for several years. It takes time and you have to be persistent. However, we can certainly see that it generates results as we do not get a single comment during viewings about the rent being high; instead the advantages are discussed”.

**Roger Kjettselberg,  
CEO of Tierspyggen**

“We lived in a detached house built in 1967. However my wife passed away and I became frail, so I decided to move. I wanted to move closer to the centre so that I did not have to use my car. I have kept my car for excursions during the summer, but do not need it. It is not necessary to have a car here – everything is within walking distance”.

**Older man who moved to  
apartment in a Kombohus**

“We did not enjoy living on our previous estate. We wanted a more secure home in an attractive area.”

**Couple in their 40s**

<sup>1</sup> Abramsson M & EK Andersson (2014). Housing choices and housing plans of older people – in search of a tipping point with increasing age. Edinburgh: ENHR conference and workshop no. 15 Housing and Living Conditions of Ageing Populations, July 1- 4.

### WHAT DOES THE FUTURE HOLD FOR SABO'S KOMBOHUS?

When the framework procurement for Kombohus Bas expired at the turn of the year 2014/15, approximately 86 projects with approximately 2,650 apartments, had been ordered, spread across between sixty or so municipalities.

Kombohus Bas has been supplemented by a framework agreement for a standardised building with 5 to 8 floors: Kombohus Plus. A further framework agreement, focusing on a large number of small and space-efficient apartments (Kombohus Mini) takes effect from 1 April 2015.

Overall, SABO considers that approximately 11,000 apartments in total will be built based on this agreement, of which approximately 4,000 are currently occupied or in the process of being built.

You will find more information about SABO's Kombohus on [www.sabo.se](http://www.sabo.se).

### FACTS ABOUT SABOS KOMBOHUS

#### Kombohus Bas

- 2 to 4 floors and 2 to 3 rooms plus kitchen.
- Price SEK 12,000/m<sup>2</sup> floor space (BOA) above ground excluding cost of foundation works and VAT.
- Agreements with three contractors.
- Forecast of 3,000 apartments.

The framework agreement expired at the turn of the year 2014/15 and has been replaced by a declaration of intent between SABO and the contractor JSB to ensure that this standardised building of 2 to 4 floors continues to be produced.

#### Kombohus Plus

- 5 to 8 floors and 1 to 4 rooms plus kitchen.
- Price SEK 13,000/m<sup>2</sup> BOA above ground excluding cost of foundation works and VAT.
- Agreements with three contractors.
- Forecast of 5,000 apartments.

#### Kombohus Mini

- 2 to 6 floors and 1 to 2 rooms plus kitchen (35m<sup>2</sup> or 45m<sup>2</sup> respectively)
- Price SEK 14,000/m<sup>2</sup> BOA above ground excluding cost of foundation works and VAT.
- Forecast: 3,000 apartments.



HAUMSTADS FASTIGHETS AB/ANDERS SÄLLSTRÖM