

Social Responsibility in Land Allocation Agreements - An Example from Malmö (Sweden)

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SUMMARY

This paper details how the land allocation process works in the City of Malmö, Sweden, and in particular how the city has begun to work with social conditions in their agreements. In a city with substantial social differences between different areas, those conditions are a part of a larger effort to reduce social exclusion.

The paper describes the process and initial work in two pilot projects, where developers will build residential buildings on land owned by the municipality. Land allocation agreements have been signed with the developers, and to these a social agenda has been formalised which describes how the developers shall work with social conditions. The conditions are tied to the specific background and needs of each area.

A land allocation agreement gives a developer a time-limited exclusive right to negotiate a purchase of land with the municipality for purposes such as housing development. The agreements normally regulates what shall be built and when, the price of the land and other costs. Other clauses may regulate e.g. sustainability and cooperation aspects. The land allocation agreement is finally replaced by a purchase agreement which gives the developer ownership of the land.

For the purchase agreement the municipality and the developer jointly agrees on an action plan. The plan describes how the social conditions mandated by the land allocation agreement will be implemented.

The experience from the two pilot projects will influence how the municipality as a land owner can strive for a sustainable urban development in the future. The paper describes this early work and provides examples of how the municipality can address questions such as local job creation, cooperation with other community actors, local schools and security aspects.

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1. INTRODUCTION

Sweden consists of 290 municipalities. The municipalities have a housing supply responsibility, i.e. a responsibility to plan for housing development and to come up with guidelines for the housing supply. [12]

Many municipalities own a substantial share of the land within the municipality, and this may provide an important leverage when pursuing an active housing policy. Municipalities sell parts of the land to different private developers. In addition to that many municipalities also make strategic land acquisitions in order to create a municipal land reserve for future development of housing, commercial or industrial buildings, or to enable an exchange of land in future developments. [1]

Through a decision of a so-called land allocation agreement, municipal land may be allocated to different parties who wish to develop it. The agreement is a means to fulfil the goals that the municipality defines for development of land within its boundaries. A land allocation agreement between a municipality and a party is a first step towards a transfer of ownership of the land.

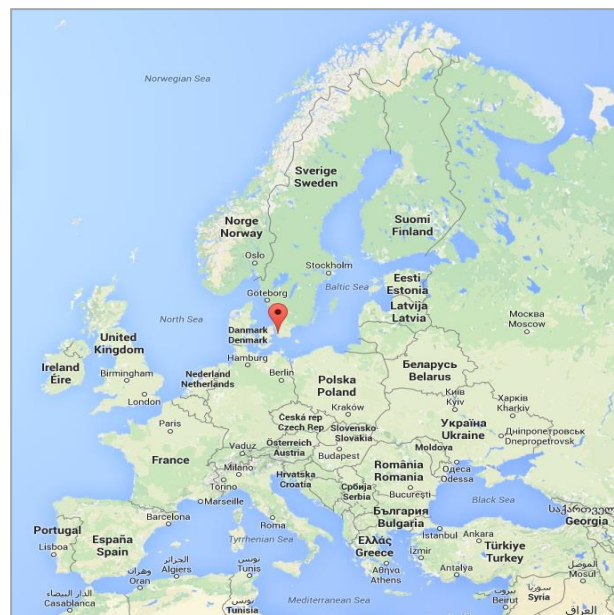
This paper focuses on how the city of Malmö works with social sustainability for land owned by the municipality. This is done by e.g. working with social conditions in land allocation agreements with developers. The work is relatively new and this paper describes the initial phases in two pilot projects started in 2015.

2. THE CITY OF MALMÖ

Malmö is located in the southern part of Sweden near the Öresund strait that separates Malmö from the city of Copenhagen, and Sweden from Denmark. With little more than 300 000 inhabitants, it is the third largest city in Sweden.

Malmö has during the last 20 years been transformed from a crisis-hit industrial city into an expanding city. Old industrial areas have been transformed into new areas with residential buildings, commercial and public services.

Figure 1: Malmö is located in the southern part of Sweden. Photo: Google



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Julia Berglund (Sweden)

FIG Working Week 2017

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Helsinki, Finland, May 29–June 2, 2017

The growing population is a result of many different factors such as infrastructural investments, but also because of immigration from foreign countries. Today, residents with roots in approximately 170 different countries live here. With half of its inhabitants below the age of 35, Malmö is also a young city.

The average income is below average in Sweden and there is a housing shortage as well. Currently there are major differences in living conditions depending on where in the city you live. [2]

3. MUNICIPAL LAND ALLOCATION PROCESS

On January 1 2015 the law Guidelines for municipal land allocations took effect. Among other things, the law regulates what constitutes a land allocation agreement, i.e. an agreement between a municipality and a developer. The land allocation agreement gives a developer a time-limited exclusive right to negotiate a purchase of land with the municipality for the purpose of e.g. housing development.

The law also regulates that the municipality must adopt guidelines for basic terms, conditions and processes. Land allocation agreements in various forms have of course existed in Swedish municipalities before under different names. The purpose of the new law is to increase transparency and competition primarily in municipal agreement negotiations in order to improve the effectiveness of the development process. [13]

The agreements normally regulates what shall be built and when, the price of the land and other costs. Other clauses may regulate e.g. sustainability and cooperation aspects.

If the purpose of the land allocation agreement is fulfilled it gives the developer right to acquire the corresponding land according to conditions specified in the purchase agreement. It is with this purchase agreement that the developer gains ownership of the land.

4. MUNICIPAL LAND ALLOCATION PROCESS IN MALMÖ

The Land allocation policy of the City of Malmö was ratified in 2007. The policy describes how the municipality shall work with its land and clarifies for other parties what to expect. The allocation of the municipality's land aims to create e.g. a variation in housing development. The policy covers the different ways for how land may be allocated and what the land allocation agreements should contain in general. [8]

A new revised policy is under development.

4.1 Methods for land allocation

A land allocation can be provided in different ways, and Malmö uses three methods – Direct allocation, Comparison method and Land allocation competition.

4.1.1 Direct allocation

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Julia Berglund (Sweden)

FIG Working Week 2017
Surveying the world of tomorrow - From digitalisation to augmented reality
Helsinki, Finland, May 29–June 2, 2017

An area of land is directly allocated to a party. This may be applicable if a developer has found a suitable area for housing on the municipality's land and drafted a development plan for it, and the municipality agrees with the proposal.

4.1.2 Comparison method

The municipality defines a program for a development area which describes the focus of the development and general thoughts regarding that area. A requirement specification is produced which contains selection criteria such as project focus (commercial and residential areas, tenancies or tenant-owned apartments), administration, building appearance, ambitions in e.g. sustainability, requirements on public services, and land price.

Interested developers may submit an application and present their ideas and plans in a proposal. The municipality evaluates the received proposals and reward one or several developers. The method is primarily used for housing development.

4.1.3 Land allocation competition

A competition is used in cases where there is something special about the site or the purpose itself. It can e.g. be a project where the architecture and the purpose of the building in combination with the financing are important aspects. Competitions are almost exclusively held for highly attractive sites or for special projects. A jury evaluates the competing proposals and chooses a winner. [8]

4.2 Land allocation agreements

The exclusive right to work with a project within an area is granted by the land allocation agreement which regulates the conditions for the land allocation [8]. The contracting party on the municipality's side is the city council, which means that a decision must to be made by the politicians.

Land allocation agreements normally regulates

- what will be built and when,
- the target area,
- the land price,
- the land allocation fee,
- other costs such as inquiry costs and costs for the detailed development plan, and
- sustainability and cooperation aspects e.t.c.

It is expected that the land allocation fee will cover the municipality's direct costs during the period when the land is unused, e.g. property tax and other running costs.

Conditions for land allocation are e.g. as follows.

- The allocation period is normally limited to two years. If no binding purchase agreement has been reached within this time frame the municipality may allocate the area to another party.

However, the municipality may allow for an extension of the period.

- Projects cancelled due to a change of the detailed development plan do not make the developer entitled to a new land allocation.
- On the municipality's request the developer shall make available special-purpose residential buildings, and buildings for child and elderly care.
- A land allocation right may not be transferred to another party without the municipality's written consent. [8]

5. LAND ALLOCATION WITH A SUSTAINABILITY FOCUS IN MALMÖ

As described above the agreements may regulate a number of different matters, among those how to work with sustainability aspects. Earlier focus used to be on ecological sustainability. Between 2009 and 2015 the City of Malmö had a program, *Miljöbyggprogram SYD*, to encourage a more ecologically sustainable urban development.

The land allocation agreements used to require that the developer must follow the program when developing the municipality's land. The program was concerned with fulfilling requirements in different areas – energy consumption, noise levels, biological diversity, damp-proofing and indoor environment. Within each core area the developer could choose the level of ambition from three different levels of compliance. It could be to create greener courtyards, lower the indoor noise levels, increase the biological diversity in the city and provide more energy-efficient buildings. The program contained requirements that went beyond the national building regulations. [10]

After an amendment of the law that took effect in 2015 which banned municipalities from making special demands, technical requirements that are more restrictive than the legislation, the program has been phased out. The purpose of the amendment was among other things to facilitate construction by being able to use the same technical solutions through-out the country. No new land allocation agreements are therefore being made with *Miljöbyggprogram SYD* as a condition. [11]

Today there are a number of different national and international building certification systems that most professional developers use on a voluntarily basis.

6. LAND ALLOCATION WITH A SUSTAINABILITY FOCUS IN MALMÖ - SOCIAL SUSTAINABILITY

6.1 Background

In 2010 Malmö City Executive Board decided to appoint a commission with the task to propose actions for reducing health inequalities in Malmö. The Commission for a Socially Sustainable Malmö finished its work in 2013 by presenting its recommendations. The commission suggested targets for how urban planning and development can contribute to a more socially sustainable city by reducing the housing shortage and residential segregation. [2]

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Julia Berglund (Sweden)

FIG Working Week 2017

Surveying the world of tomorrow - From digitalisation to augmented reality
Helsinki, Finland, May 29–June 2, 2017

The departments of the city have been instructed to continue working with the recommendations in their respective area of responsibility. Regarding the connection to the city's ownership of land, it is about "developing permissive city environments that favour social sustainability." [6] This has meant that an effort was started during 2015 with the purpose of including social responsibility conditions in land allocation agreements and to develop corresponding methods and procedures for this. [7]

A land allocation agreement may include a condition that the developer commits to work with social sustainability in a way which is tied to the construction work. The commitment may differ depending on the preconditions in different parts of the city. Through the agreement the municipality can cooperate with commercial developers in social matters.

Social conditions in agreements are not new. Since some years developers purchasing land from the municipality for the purpose of building tenancies are obliged to provide 10-15% of the housing supply from the planned project, or a corresponding amount from their existing supply, to the municipality. The municipality then sublets the flats to people who are excluded from the regular housing market, with the plan that the tenants in time will be able to take over the contract themselves. [8]

In 2014 the first purchase agreement was signed, where the municipality and the developer agreed that the developer would hire 10 long-term unemployed citizens to work with the construction project.

6.2 Working procedure

In Figure 2 the working procedure is outlined. The municipality expresses its expectations in an early stage. It can be in a dialogue or e.g. when the municipality launches a program for an area with the purpose of finding parties who want to contribute to the development of the area.

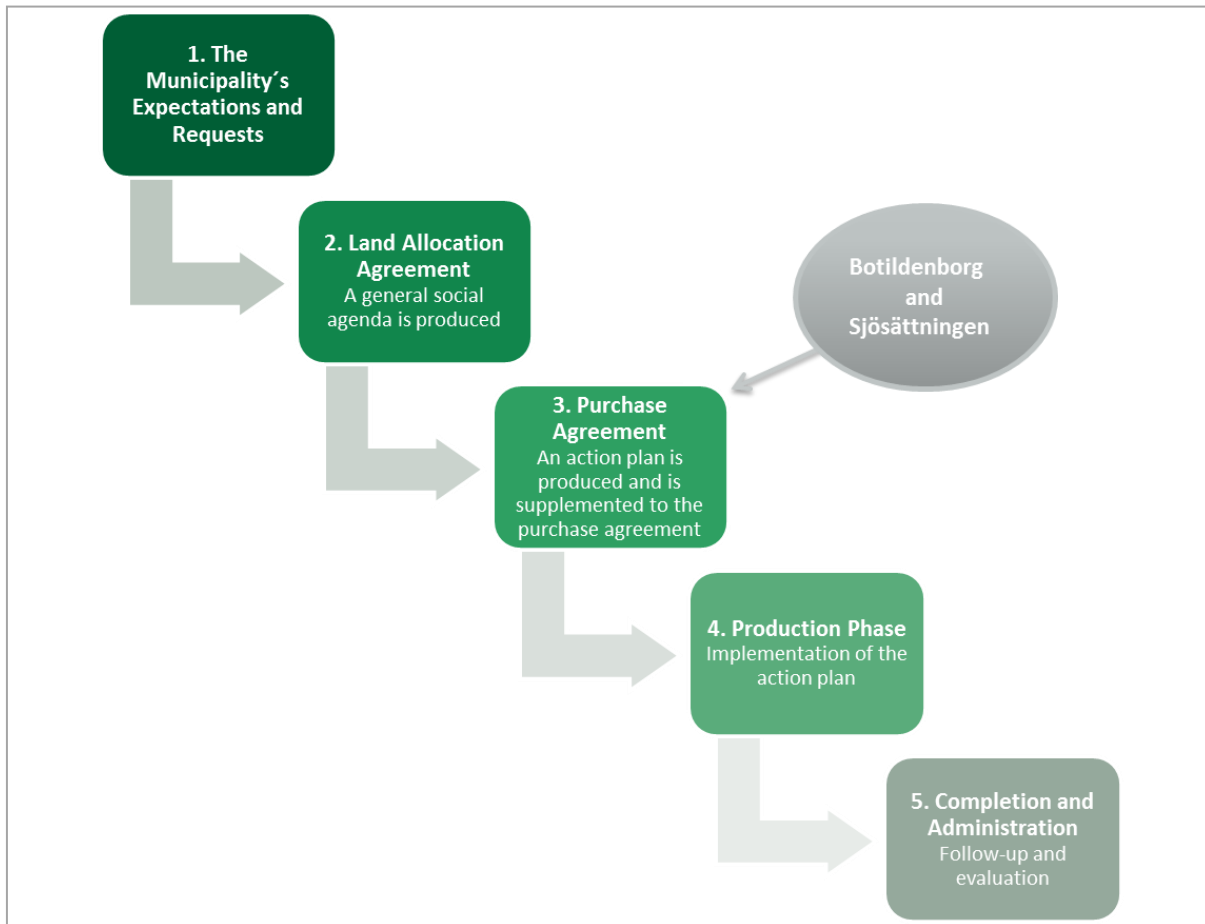


Figure 2: Overview of the working procedure.

In the land allocation agreement the municipality and the developer jointly agrees to work with social commitments. A general social agenda covering this work is produced and is supplemented to the agreement. The commitments are not always the same since different places in the city have different social backgrounds and needs. During the process the municipality works in close collaboration with the developer to support and identify those needs.

During the land allocation period, which may vary but is at most two years, the municipality and the developer continue to work together to produce an action plan. The plan shall describe how to fulfil the commitments decided by the social agenda.

The action plan shall be ready at the time of purchase and is supplemented to the purchase agreement. Once the agreement is signed the developer shall commence the work to fulfil the social commitments. Depending on what commitments the developer has chosen the municipality may be more or less involved in the implementation.

When the construction work is finished there is a follow-up to evaluate if the work is in correspondence with what has been agreed upon.

6.3 Pilot project

The new working procedure has been applied in two different pilot projects where the municipality will sell land to two different private developers. The projects are being run in two parts of the city with different backgrounds. During 2016 work has begun to bring in a third developer. That effort is based on the same working procedure but is in such an early stage that it will not be detailed here.

6.3.1 Botildenborg

Botildenborg is located in the southern part of Rosengård, a suburb area with high-rise residential buildings from the 60s and 70s. The objective is to build linked houses with tenant-owned apartments. The new area shall connect an area with detached houses to another area with only apartment block buildings. Figure 2 shows the progress of the project so far.

In the social agenda the municipality and the developer has chosen to focus on employment, sustainable living and meeting places. To help make the needs of the area more concrete, a survey of existing local values has been done, local tours and dialogues with the Malmö citizens have been performed, and workshops have been held to continue working with the citizens' thoughts and ideas.

- *Employment*

The developer shall offer internships within their project. The people participating shall be unemployed citizens in Malmö, and the intent is to prioritize residents that live near Botildenborg. [5]

- *Sustainable living*

Many of the developer's future customers have only lived in tenancies before. Experience of owning the apartment oneself is often lacking. The developer therefore plans to offer an education course which is open for the public. The course covers among other things education on the form of tenure, economical aspects, responsibilities and building maintenance. Hopefully the education may also strengthen the social cohesion in of the area. [3]

- *Meeting places*

Together with the City of Malmö meeting places will be created as a part of the project. [4]

The work with the action plan to specify the commitments in detail, e.g. how many internship positions will be offered and what will be done in the planning, production and administration phases, is currently in progress.

6.3.2 Sjösättningen

Sjösättningen is located in the Western harbour area. It is a part of the city which used to be dominated by heavy industries, but was re-developed as a residential area starting around 2000. Today it consists of mostly of residential buildings, offices and shops. The area is a popular place to

live in. Within Sjösetningen the goal is to build residential apartment blocks, both tenancies and tenant-owned apartments, as well as a kindergarten and offices.

The social agenda was produced through workshops and meetings between the City of Malmö and the developer. In the agenda it was decided to focus on mixed use, resource sharing, meeting places, diversity, employment, children and young people, and collaboration with other community actors. Since there are no residents in the neighbourhood today a dialogue with nearby businesses was performed instead.

- *Mixed used and resource sharing*
The purpose is to create an efficient use of indoor and outdoor areas and resources. With mixed use and resource sharing new possibilities for meetings are also created. One example could be a bicycle workshop or a laundry room that may be used by both different residents and office workers. [9]
- *Meeting places*
Creating possibilities for people to meet contributes to an increased local attachment and improved security in the neighbourhood.
- *Diversity*
Diversity in this case refers to a neighbourhood for people with different background and conditions. It can be accomplished with e.g. various forms of tenure, or different forms of housing for people with special needs.
- *Employment*
The goal is to create internship positions within the neighbourhood during all three phases of the project; planning, production and administration.
- *Children and young people*
The needs of children and young people should be considered when designing the outdoor environment.
- *Collaboration with other community actors*
The goal is that the collaboration with other community actors will result in innovative social sustainability solutions for the neighbourhood. The developer has started a collaboration with STPLN (a meeting place for projects), and Yalla Trappan (a work integration social enterprise, organized as a women's cooperative), and Rosengårdsskolan (a public school with pupils between 6-12 years old). [14][15]

The work with the action plan is currently in progress.

6.4 Experience

The two pilot projects are still in an early stage and have therefore not been evaluated yet. It is still possible to highlight some points though.

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Julia Berglund (Sweden)

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- Having an open dialogue early on with the developer creates the foundation for a good collaboration. It also allows the developer to be a part of the creative process.
- It is important to keep in mind that there is a difference between the social responsibility and the developer's normal responsibility for a sound and efficient developed area.
- Different projects and areas in the city require different actions. There is not a one-size-fits-all model for the work with social responsibilities.

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