

CONSTANT DROPPING WEARS AWAY A STONE

THE TREND IN HERRGÅRDEN 2013-2018 - SUMMARY

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VICTORIA PARK®



IN SWEDEN TODAY THERE ARE SOME 180 DISADVANTAGED AREAS IN WHICH APPROXIMATELY 600,000 PEOPLE - OR 6% OF THE COUNTRY'S POPULATION - LIVE. OF THESE, 23 AREAS ARE DEFINED BY THE POLICE AS PARTICULARLY DISADVANTAGED AREAS THAT HAVE A HIGH DEGREE OF VIOLENCE AND ORGANISED CRIME. SEVERAL, SUCH AS ROSENGÅRD AND LINDÄNGEN, ARE LOCATED IN MALMÖ. THIS REPORT ADDRESSES THE EFFECTS OF PROPERTY COMPANY VICTORIA PARK'S INITIATIVES IN HERRGÅRDEN, A PART OF ROSENGÅRD. THE REPORT IS A CONTINUATION AND EXHAUSTIVE ANALYSIS OF OUR EARLIER STUDY ON VICTORIA PARK'S SOCIAL SUSTAINABILITY INITIATIVES¹.

A great many projects aimed at addressing the situation in the country's disadvantaged areas have been launched over the years. Many were not particularly successful and short-lived by their nature. Almost everything focused on helping separate individuals deal with their situation. To get an education and get a job. The success rate was often good, very often. People educated themselves, found work – and moved. So, while things improved for separate individuals, statistics showed a deterioration. How could that be?

The explanation lies in what has come to be called the “paradox of success”. Many projects are carried out in disadvantaged areas to help people succeed in breaking free of their personal exclusion. And many have succeeded. But the areas themselves offer no opportunities for climbing the property ladder – switching to larger and/or better homes – and therefore these people leave the area. The effect is that the area's most resourceful people move and are replaced by those who are less resourceful, which reinforces, accelerates and concentrates the collective disadvantaged situation.

The UN has extensively investigated this issue and defined five key principles that support sustainable urban planning. One of these, the fourth, is paramount for success: social mix – cultivating a mix or merger of different people in one area. A key to understanding Victoria Park's management model. However, to do so one needs also to understand the deeper, underlying problems in this type of area – in other words, to go beyond the call for more police as a solution to the situation.

VICTORIA PARK'S MANAGEMENT MODEL

Victoria Park's management model is built on two pillars – a rolling ROT investment agenda and an extensive social sustainability agenda. The aim of these two agendas, both independently but particularly in combination, is to build up the residential area's social capital. One such way includes changing the social composition of the residents so that more good examples and role models move into the area – a tangible application of the UN's fourth principle toward realising social sustainability in an area.

Long-term unemployed people are recruited to work as environment caretakers and customer coaches. It is important that these individuals come from and, ideally, are known within the particular area.

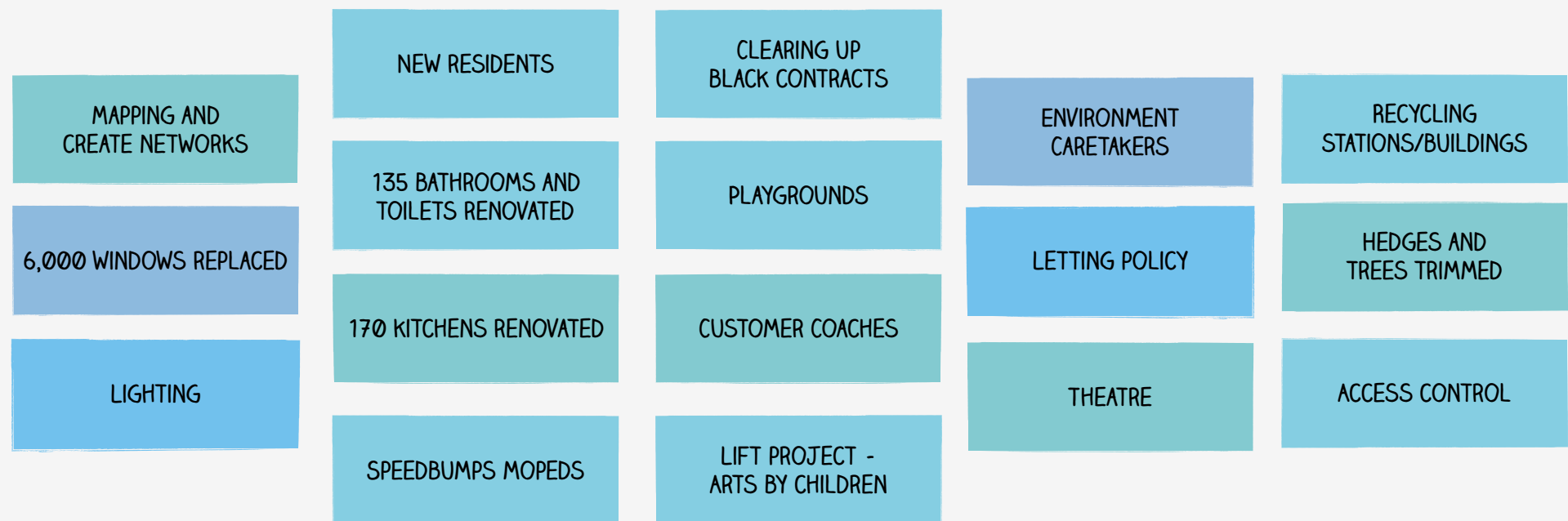
The idea is – besides creating concrete jobs for those concerned – to help to inspire hope, foster confidence and trust, and establish relationships between the company and the residents. The aspiration is that this will eventually lead to less crime, less material damage and less vandalism. In turn, this may lead to alleviating social unrest and a greater sense of security for the residents. And ultimately, an increase in the company's profits and the property portfolio's value.

VICTORIA PARK IN HERRGÅRDEN

Herrgården is the part of the Rosengård district that is one of the country's most disadvantaged areas. This includes weak school results, low voter turnout, a high crime rate, a low employment rate and high welfare dependency. The area has been hard hit by the mecha-

1 Lundmark & Nilsson, Bortom bokslutet – en socioekonomisk analys av Victoria Parks bostadssociala arbete, SEE & Victoria Park, 2017. The summary in English is available for download at www.victoriapark.se.

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nisms of the “paradox of success”. People who got an education fled the area as soon as they had a chance.

That was the situation when Victoria Park took over the area in December 2012. Social unrest and criminality in the area was immense. The corner of Ramels street was one of the area’s hotspots where drugs were sold openly, right next to a convenience store.

Victoria Park quickly realised that its course of action had to be completely different from that of the former owner and manager. Early on, it was decided to build confidence, relationships and trust between the company and the residents. But attention was also given to creating order in the area – ranging from reducing

littering to the situation at the recycling building/garbage rooms. In short, a decision was made to create a safer, more attractive residential area. Not just individual homes, but in the buildings and public spaces that included everything from the access control via entry codes, to more even indoor temperatures and new lifts.

It is fair to say that during this period (2013–2014), a completely new management model evolved of a “million housing programme” area that we choose to call Trust Management. The focus shifted from focusing solely on the technical aspect of property management to involving social relationships, trust, confidence and dialogue.

In the figure above, we have listed a number of the various initiatives that Victoria Park has taken in Herrgårdén. Looking at the image, we can ascertain a few different things. The first is the sheer magnitude of the range of initiatives – the quantity in itself is likely significant in achieving a form of critical mass. The second is the very many different types of initiatives – everything from tangible physical changes to those of a more social nature. The third is the scope or volume that sends a clear signal that the company is investing in the area. Which leads to the fourth factor – namely the contrast to earlier property owners/managers. A fifth factor is that much of what has been done was done in collaboration or interaction with other stakeholders – the municipality, the police, organisations, etc.

A sixth factor should be added, one which permeates the entire management organisation – approachability, relationships and the way in which the company communicates with the residents.

THE EFFECTS

The effects of this work are substantial and, after six years in the district, the following has happened²:

- ⊙ THREATS AGAINST EMERGENCY SERVICES PERSONNEL: DOWN FROM 12 TO 6
- ⊙ FIRES: DOWN FROM 150 TO 70
- ⊙ NUMBER OF CRIMES: MINUS 38%
- ⊙ GRAVE NARCOTICS CRIME: DOWN FROM 70 TO 30
- ⊙ CRIME OF VIOLENCE: DOWN FROM 111 TO 67
- ⊙ THEFT AND DAMAGE: DOWN FROM 223 TO 142
- ⊙ POLICE REPORTS: MINUS 43%
- ⊙ VOTER TURNOUT: PLUS 11%-POINTS
- ⊙ FINANCIAL AID: MINUS 18%
- ⊙ EMPLOYMENT RATE: PLUS 10%-POINTS

Naturally, not all of this can be attributed solely to Victoria Park's initiatives. The work in Herrgårdén in an emphatic example that no man is an island and that one of the requisites to success is collaboration and working side by side with others.

THE VALUE OF BUILDING A SOCIALLY SUSTAINABLE RESIDENTIAL AREA

There are many different ways of measuring the value of a socially sustainable residential area. Above, we have shown how a large number of social and socioeconomic indicators moved in a positive direction after Victoria Park took over responsibility for Herrgårdén. There is solid evidence to our claims of enhanced social persistence, stronger social capital and improved safety in the area. We will now proceed to look at the financial measurements. We can see that three types of effects arise as a result of this.

In part, the direct and obvious effects on society, as in people finding jobs. They contribute to the national economy, they do not need to be supported and they need less of society's various supportive resources.

In addition, there are the more indirect effects on society in the form of alleviating social unrest. More children do well in school, there are fewer robberies and incidents of setting cars on fire, and a decline in physical abuse and battery. Fewer people are recruited to criminal networks and more people find jobs. Security in the area improves.

Furthermore, there are numerous business effects that benefit property owners who invest. Maintenance costs decline, the property values climb and the company

gains a good reputation – a form of goodwill effect.

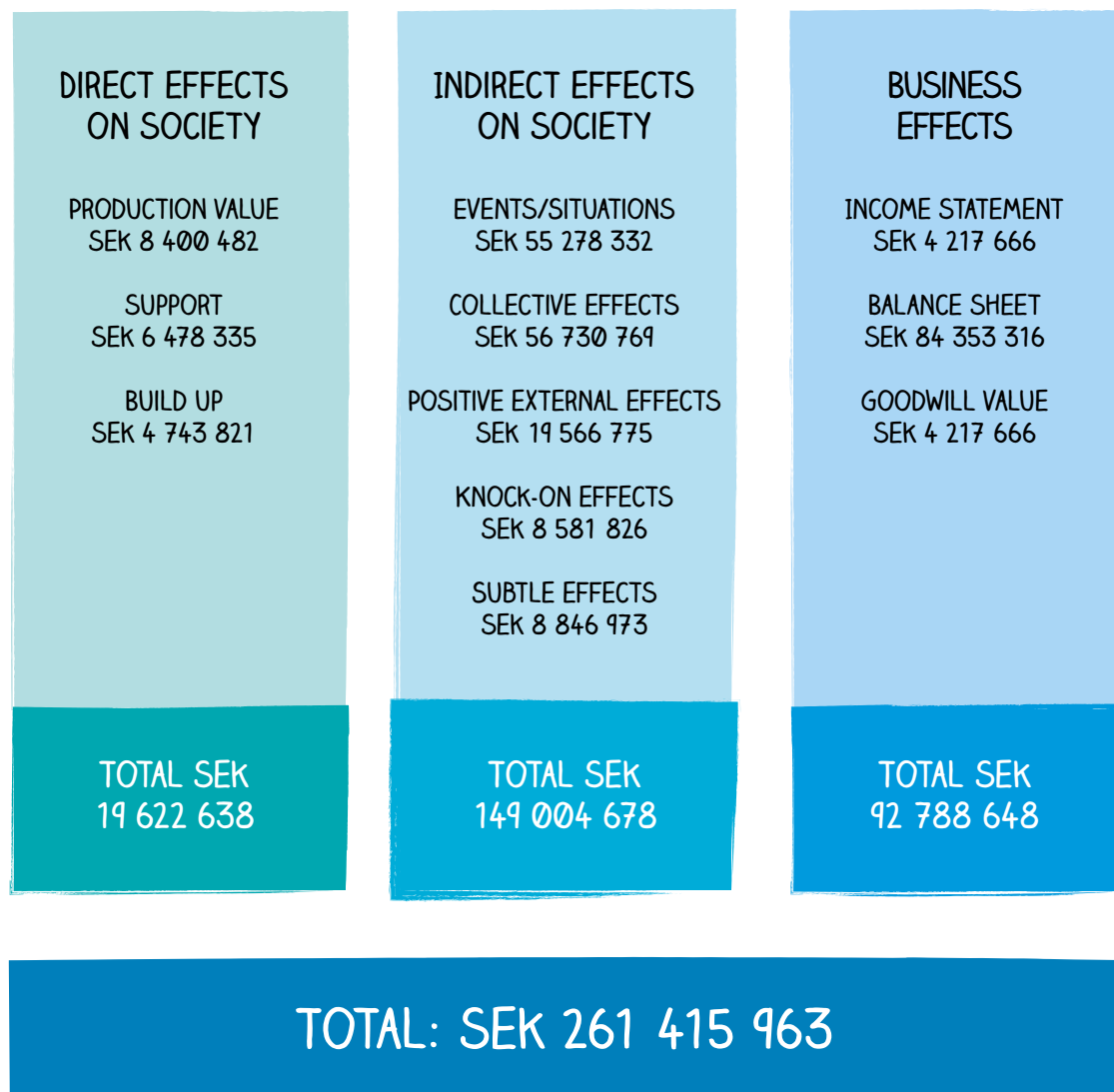
We have attempted to measure in detail, over a ten-year period, eleven different types of effects, which we have then compiled in a completely new calculation model. The figure below shows the outcome. In order to conduct this type of calculation, it is necessary to make a number of reasonable assumptions concerning what has transpired. We have done so based on our general precautionary principles for this form of calculation – to always considerably underestimate so as not to risk exaggerating the effects. If the assumptions we have made are valid, the socioeconomic effects of Victoria Park's past and present efforts in the existing portfolio will be approximately SEK 261 million in ten years.

We can see that the value of the direct effects – the people who have entered the labour market as a result of Victoria Park's efforts – account for approximately SEK 19 million. The indirect effects dominate at a total of approximately SEK 149 million. This is a pattern we have seen in many social investment studies – the indirect effects, which touch upon many different stakeholders, are the ones that dominate.

For the company, the calculated effects are an improvement in the income statement of more than SEK 4 million over a ten-year period. The increase in the property portfolio's value amounts to SEK 85 million for the same period.

Finally, we see here an equally common effect, namely that business operations and creating benefits for society can go hand-in-hand. In other words, corporate profits and interests do not necessarily preclude society's interests.

2 The image is a condensation of an argument that can be found on page 32 in the full report in Swedish, where also source references can be found.



CONCLUSIONS AND THOUGHTS FOR THE FUTURE

The situation in Herrgårdén today, the autumn of 2018, is vastly different than it was when Victoria Park took over ownership and management of the area in December 2012. As far as we can see, the management model that Victoria Park uses has been a critical reason behind this change, particularly in regard to the social sustainability work.

Through its local presence and its concept of trust management, the company has helped to tangibly alleviate the social unrest in the area. Consequently, by its actions, the company has also demonstrated that the trend in disadvantaged areas can be broken. Naturally, this is not due solely to Victoria Park's initiatives but is the consequence of the interaction between a broad group of stakeholders: civil society, the police, the emergency services and the municipality to name a few.

This process is made up of three vital parts. First and foremost, from a tangible perspective, considerable renovations were made throughout the area, ranging from replacing windows and new bathrooms and kitchens to complete flat renovations. The implications of this are twofold. The one is that the buildings are actually in better shape. But the second, more indirect implication, is that this conveys hope and a belief in tomorrow to the residents. An extension of the broken windows theory, if you like.

The other part is about the effect of the rolling ROT investment agenda that means a step-by-step change in the composition of the population in the area. More people who have no form of economic or social exclusion move into the area and thereby become role models and good examples for young people primarily. The company complies with the UN's fourth principle toward realising social sustainability in the area.

The third part addresses the concrete social sustainability agenda that consists of various elements such as customer coaches and environment caretakers as well as various types of collaboration with civil society, such as Rädda barnen and cultural projects with Drömmarnas Hus.

Here too it is a question of generating new role models – it is possible to find a job – and cultivating hope among young people. If we were to choose one unique factor behind the achievements, it would be the Trust-based model as it is communicated through the social sustainability agenda.

From our vantage point, it is this combination of measures that, individually at first but then all together, had the most effect. The effects were firstly apparent in the social patterns that today exist in Herrgården with a renewed sense of hope in tomorrow, more people who have work, and a desire among the residents to break the spiral of violence that once permeated the area. The number of social incidents that were once so frequent have declined dramatically.

This gives us two interesting correlations. The one is that it is possible to clearly demonstrate that social changes and developments can lead to vast socioeconomic gains in a relatively short period. The second is that the benefits for business and benefits for society can go hand-in-hand.

A worrying conclusion that can be drawn from this is that, from a national perspective, the social housing policy has collapsed. Vulnerable human beings, and socially and financially disadvantaged people, are grouped together as a result of many decisions and



regulatory frameworks in certain areas and places. When the concentration of socially excluded people grows too big, vicious self-generating and self-perpetuating circles are born. We are talking about 600,000 people in 180 locations around the country. The birth of a “we” and “them” society. This is an issue for governments to address if we want to see a change.

The challenge for society is to examine how we can convert disadvantaged areas into socially long-term sustainable and thriving residential areas based on experiences in Herrgården in Malmö and other positive experiences – such as Gårdsten in Gothenburg and Hovsjö in Södertälje³. Achieving this will probably require a completely new approach to the social housing policy.

Herrgården shows us examples of how this can be broken. And that the effects of the “paradox of success” can be dramatically reduced. It is possible to recreate lost social capital. However, we see too that doing so requires substantial cooperation with other stakeholders – not least the police, civil society and municipalities. An accomplishment that was realised in Herrgården.

Pending government action in terms of this vast challenge, we will have to look at examples of best practices – such as those in Herrgården. Let us find inspiration and see how we can further build on past experiences.

3 Lundmark & Nilsson, Det omöjliga tar något längre tid – Hovsjöatsningen ur ett process- och socioekonomiskt perspektiv, SEE & Telge, 2012

APPROXIMATELY 600,000 PEOPLE IN SWEDEN, OR ABOUT 6 PERCENT OF THE COUNTRY'S POPULATION, LIVE IN 180 OF THE DISADVANTAGED AREAS THROUGHOUT THE COUNTRY.

23 of these areas have been designated by the police as particularly disadvantaged. The Rosengård district of Malmö is one of these, where Herrgården is one of five zones. Since 2013, the property company Victoria Park owns and manages most of the property portfolio in Herrgården and during this time has pursued deliberate social sustainability work in combination with renovating the properties.

The effects have been remarkably positive and significant. The situation has improved dramatically in many different areas, everything from a decrease in violence and arson, a reduction in economic dependence, and an increase in the employment rate to higher voter turn-out.

There is currently a substantial need to change the situation in disadvantaged areas. Perhaps, experiences from Victoria Park's work in Herrgården can be useful serve as inspiration for other players who wish to embark on a similar journey.

This document is an English summary of the full report in Swedish. The conclusions and central points are highlighted. The full report describes the Herrgården area, what was done, the effects this had and the economic value of this - for the company and society as a whole. The report in Swedish is available for download at www.victoriapark.se.

The authors of the report, Eva Nilsson Lundmark (behavioural scientist) and Ingvar Nilsson (national economist), have worked with these issues for more than 35 years and reports they have written over the past two years include: Orten bortom våldet, Rinkebymiljarden, Tystanden hos de många and Vi kan om vi vågar.

The reports in Swedish are available for download at www.socioekonomi.se.



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