



Summary

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Property formation in Sweden

– processing times, fees and reform needs

Summary and recommendations

The Swedish National Audit Office (Swedish NAO) has audited the central government initiatives in property formation in Sweden. Property formation involves the formation of new properties or changes to property boundaries. In Sweden, property formation is regulated primarily by the Real Property Formation Act and is examined in a cadastral procedure. Lantmäteriet (the Swedish mapping, cadastral and land registration authority) is responsible for property formation in Sweden, but in 39 municipalities, surveying activities are managed locally. The Swedish NAO's overall conclusion is that the central government initiatives in property formation are not efficient enough.

The audit's findings

It is well known that processing times are long in property formation. The Swedish NAO's audit shows that processing times have also been increasing for a long time and that case waiting times are very lengthy. The conclusion of the Swedish NAO is therefore that processing of property formation at Lantmäteriet is not efficient enough. Within the organisation, this is mainly because Lantmäteriet has found it difficult to recruit sufficiently many surveyors and therefore, the resources and the operations to be carried out are not well matched. The Swedish NAO's assessment is that there are no opportunities to resolve this skill shortage in the long term. The regulatory framework for property formation is outdated and prevents simpler and more efficient case processing. Therefore, it is the view of

the Swedish NAO that modernising the regulatory framework is the most important measure to reduce processing times.

The Swedish NAO's audit also shows that the fees for the procedures have been rising at a rate higher than the inflation rate for a long time. There are several reasons for this development; according to the Swedish NAO, the most important of these is the fee model which is used. This is defined by the fact that Lantmäteriet enjoys monopoly status, that full cost coverage is to apply, that the fees are determined based on an hourly rate and that Lantmäteriet may both decide on and keep the fees. Under this fee model, the incentive to increase cost-effectiveness of the operations is low, and the Government has not taken any initiative toward change. The level of predictability of how the fees are set is also unsatisfactory. Real property formation is perceived to be of key importance for the community planning process, not least as the purpose of subdivisions is often to enable further housing construction. The long processing times and the high fees therefore risk leading to the construction of fewer houses.

The way property formation is organised with principals at both central and local government level, responsible for in principle identical tasks, is unique within Swedish public administration. The Swedish NAO audit nevertheless shows that the distribution between central and local government are essentially reasonable from an effectiveness point of view. However, when the Government examines whether a municipality may form its own surveying authority, according to the Swedish NAO a little too much importance is attached to the scope of the operations and too little account is taken of a municipality's community planning development. There are also some shortcomings in the statistics that have a negative impact on the Government's ability to assess whether the division of responsibility between central and local government supports effective processing.

Lantmäteriet has reduced the extent of support and advising given to local government within the property formation area as well as targeted support to local government surveying authorities. According to the Swedish NAO, this puts at risk the quality of property law in local government procedure decisions and detailed development plans.

Recommendations

To the Government

- Conduct a review of the whole regulatory framework for property formation. This should include the following components:
 - Review relevant regulations to enable a gradual transition to property boundaries defined by coordinates.

- Review the need for purpose provisions in the Real Property Formation Act.
- Review the Joint Facilities Act for the purpose of simplifying reports and to increase the non-mandatory elements in current regulations.
- Review relevant regulations to enable automated decisions.
- Review the current fee model, for the purpose of achieving more cost-effective operations and more predictable fee setting.
- Take greater account of community planning development, such as population growth and the number of planning processes in connection with an authorisation decision to form a local government surveying authority.

To Lantmäteriet

- Identify further opportunities to reverse the rising rate of customer fees.
- Increase the proportion of fixed fees, for the purpose of making it easier for interested parties to be able to assess the cost level in advance.
- Ensure more uniform documentation in procedure matters to increase transparency in the fee setting.
- Clarify the information to interested parties applying for a procedure via a paper form.
- Improve the available statistics on property formation from the local government surveying authorities.
- Follow up the consequences of the reduction in support and advising on the quality of property law in local government procedure decisions and detailed development plans.