

Housing policy in the Nordic countries and its implication for the housing of immigrants



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Foreword

This report is made in connection with the NODES project (Nordic welfare states and the dynamics and effects of ethnic residential segregation), which has been financed by NORFACE.

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1. Introduction

Even in the Nordic welfare states housing is not something that is produced and distributed solely by the public sector. Basically, housing is supplied by the private housing market, but the state (and local authorities) makes adjustments to the market to obtain certain goals for the provision of housing (Bengtsson et al. 2006). In fact, all industrialised countries have implemented special housing policies to make market adjustments (Doling 1997), but to a very different extent and for different purposes.

Housing policy in the Western industrialised countries is a policy area that shows large variations between countries. Three explanations can be formulated for these differences (Skifter Andersen et al. 2003):

- 1 Variation in the conception of the role of the welfare state in general and in particular to what extent housing is a task for the welfare state
- 2 Variation in the conception of to what extent there are 'market failures' in the housing market, which leads to housing supply – especially for the poor – being insufficient or too expensive.
- 3 Variation in actual, visible housing problems and to what extent they are accepted. This depends on the actual situation in the countries concerning wealth, income distribution, interest level, land prices, urban structure etc. The perception of housing problems have changed over time, from World War II when severe housing shortages appeared to recent years when the housing supply can to a great extent meet demand in many countries. The problems have also changed in connection with cyclical changes in the economic conditions of a country

Differences in housing policy are to a great extent determined by differences in the opinion about what the duties of the state are and to what extent it should produce and distribute services and consumption. Normally, major differences between the kinds of welfare systems of different countries are also mirrored in housing policy.

Three principally different views of the role of housing policy have been pointed out in Western industrialised countries (Doling 1997).

The first, which is particularly applicable in some countries in Southern Europe and the U.S., is that housing is primarily seen as private consumption along the line of other consumables. The state only enters when extreme problems are visible in the form of homelessness and strong deterioration of housing.

The second position, which exists in countries like England, Belgium, Switzerland and partly Germany (Skifter Andersen and Munk 1993), is that housing policy is primarily designed to help vulnerable groups that are not, by themselves, able to obtain acceptable housing conditions, while the rest of the population are subjected to the general conditions that exist on the housing market.

The third view perceives housing as something that is particularly important for the health and welfare of society, and therefore sees it as the state's responsibility to ensure a good supply of housing for all groups in society. It is thus not only housing for vulnerable groups, which is supported, but also

housing consumption of broad groups in society. It is especially in the Scandinavian countries and in Holland that this political view, to different extents, has been found.

Over time there have been changes in the attitudes towards the role of the state in the housing supply. Four phases have been pointed to in the housing policy since World War II, which to varying degrees and over time have been experienced in Western European countries (Boelhouwer and van der Heijden 1992, Doling 1997).

In the post-war period there was a massive housing shortage in all countries, which gave rise to extensive government involvement. The emphasis was on achieving a rapid quantitative increase in the housing supply.

In the second phase, which for some countries (Belgium, England) already started in the 1950s and in others in the early 1970s, focus shifted from meeting basic housing needs to meeting the housing demand more generally. It was increasingly accepted that unequal resources would lead to unequal housing conditions and that the market should allocate housing consumption.

In the third phase, the state's involvement in housing was substantially reduced in many countries by the reduction of subsidies, removal of regulation, and privatisation of social housing etc. This phase took place mainly in the 1980s, but there were some forerunners in some countries in the 1960s. Development shows, however, that shifts have taken place in the housing policy of the Nordic countries in accordance with the cyclical economic conditions and with changes in problems with housing supply. Boelhouwer and van der Heijden (1992) therefore pointed to a fourth stage in the late 1980s and the beginning of the 1990s, when a recession forced more countries to a renewed commitment to housing supply. But these initiatives were often removed again in the late 1990s, when subsidies were further removed— also for owner-occupied housing (Germany, England, Denmark and Sweden). The general privatisation of housing has continued during the 2000s.

Differences in housing policy may also be due to different opinions of how well the housing market is able to provide the necessary housing supply (Doling 1997). If the housing market is functioning well, housing shortage and poor housing conditions are only an expression of the inability to pay for decent housing among low-income groups, and only individual economic support to such families is needed. Thus there is no need for support for housing production and for a specially protected social housing sector. In many countries economists have argued for a significant shift of subsidies from production to consumption subsidies. In countries like England and the United States the vast majority of subsidies are given as individual support to housing consumption.

Studies of the housing market (see an overview in Skifter Andersen 1993), however, suggest that there are some specific problems with a purely market-based housing supply - particularly for low-income groups. The housing market is characterised by only a small proportion of the supply coming from new building. Fulfilment of housing demand by low-income groups is therefore dependent on: firstly, the extents to which they can afford to live in newly built housing, and secondly the extent to which they can get access to cheaper housing in the existing stock. The last depends on the ongoing redistribution of existing housing when more well-to-do households move to more expensive dwellings and make cheaper housing vacant for low-income groups – the so-called 'filtering process' (Griegsby 1963). Studies of the U.S. housing market (e.g. Rothenburg et al. 1991) showed that this re-allocation has not taken place to a satisfactory extent, which leads to a supply at the

lower end of the market that is too small and that rents / prices are relatively higher compared with the quality of the dwellings.

One explanation for this is that mobility on the housing market in general is low because people are attached to their dwelling and neighbourhood, which means that mobility is not adequately affected by changes in prices and supply. Mobility is mostly determined by demographic changes that affect housing needs (Speare et al. 1974, Skifter Andersen and Bonke 1980). Therefore, the housing market is quite slow in adapting to changes in demand. As demand changes fast with changes in the economic cycles, there will often be disequilibrium in parts of the market and, as shown by Rothenburg et al. (1991), mostly at the lower end of the market.

In all Western countries, housing shortages and housing problems for the poor have thus appeared that have led to the implementation of housing policies for this group. However, the measures used have varied a lot. This has also been the case in the Nordic countries, even though these countries can be considered to be very close with regard to their welfare ideologies and the importance of housing for welfare.

In a study of housing and urban renewal policies in the Nordic countries (Hansen and Skifter Andersen 1993) two questions were formulated, the answers to which were seen as having fundamental importance for the design of housing policies in these countries. The first one was to what degree housing is seen as a public or a private good. The other one was to what extent the state should be involved in housing provision or whether it should be left entirely to the market. The answer to the first question depends on the general welfare ideology that rules in the country. But in principle, public goods could be provided by the market and be supported and regulated by public authorities. The answer to the second question depends on the perception of the nature of housing problems and to what extent 'market failures' are seen as significant. If there is a belief that the market will not be able to produce adequate housing for the whole population, even with subsidies, the solution is to establish public housing, or publicly controlled non-profit housing. There are some connections between the two questions as the belief in a well-functioning and fair market will strengthen the opinion that housing should be a private good.

Based on a comparative study of housing policy in Denmark and Germany, Skifter Andersen and Munk (1993) formulated another hypothesis about what is important for the implementation of housing policies. It was claimed that housing is such an important part of the economy that governments tend to make actual use of policy instruments that are steered by pragmatic considerations about how to solve currently observed housing problems or problems of the general economy. It was shown in the study that even if the ruling Social Democrats in Denmark had strong preferences for social housing and the Christian Democrats in Germany for owner-occupied housing, the outcome of the performed housing policies in the countries turned out to give the opposite result. Homeownership is much more common in Denmark than in Germany. One of the main explanations was found in differences in general economic policies, where Germany, fearing inflation, was very reluctant to allow tax deductions for interests on private debts. Therefore a hypothesis was formulated that the general level of housing consumption in a country depends mostly on its economic level as measured by GNP per inhabitant, while the distribution of housing consumption between different income groups could be very different depending on the design of the housing policy. The study showed that this was exactly the case when comparing Denmark and Germany.

Finally Bengtsson et al. (2006), comparing housing policies in the Nordic countries, formulated a hypothesis about 'path dependency' in housing policies. They observed that when certain institutions and initiatives have been implemented there is a tendency that these systems will continue, even if conditions and tasks for housing policy changes.

What is housing policy?

Housing policy can be defined as public initiatives that affect the supply, price and quality of dwellings plus how they are distributed on households. Housing policy is to some extent intertwined with urban policy, which influences where and how dwellings are located in space and the qualities of their neighbourhoods.

Housing policy instruments can be divided into:

- 1 **Individual financial support for housing consumption among households:** housing allowances given to individual households depending on their needs, incomes and housing costs
- 2 **Direct financial supply support:** Subsidies for the construction of new housing or the reduction of the running costs of certain tenures
- 3 **Establishment of a special social housing sector:** Establishment of a housing sector that is owned or highly controlled by central or local governments with the aim to provide cheaper or better dwellings for certain parts of the population
- 4 **Indirect tax support:** Tax systems that are important for housing costs and that make housing investments more profitable than other investments
- 5 **Rent/price control:** Regulation resulting in rents or prices that are below the local market level
- 6 **Regulation of the access to dwellings:** Rules determining which households get access to vacant dwellings
- 7 **Institutions and rules for financing of dwellings:** Institutions providing loans with lower interest or with reduced requirements to creditworthiness

Individual subsidies for housing expenditures are mostly given to households with great needs and low incomes. It is needs tested and most often depends on the income level and housing needs of the household plus the size of the dwelling and the level of housing expenditures with limitations on costs and housing consumption. It is mostly used in rented housing and sometimes in co-operatives and owner-occupied housing for special groups.

Supply subsidies are subsidies given to the property independent of who lives there. It is most often given as direct subsidies for new housing or rehabilitation. It can also be as a support to decrease running capital expenditures or maintenance. Often there are some limitations on who is allowed to live in the subsidised dwellings. This applies especially to so-called social housing, which is found in most countries.

Social housing can be designed in many different ways. The main characteristics of social housing are that (Skifter Andersen and Fridberg 2006):

- 1 Rents are below market prices
- 2 Vacant dwellings are assigned to people in accordance with needs and ability to pay for housing
- 3 The properties and their owners are subject to special rules on building activity, administration and financial matters and the fixing of rents.

Tax support has earlier been very high in owner-occupied housing but in most countries it has been reduced very much in recent years. There are different theoretical definitions of this support, but the one which has been used the most is that taxation of the imputed income from the properties has been lower than the taxation of other capital income. In practice, however, it is most important to what extent capital expenditures can be deducted in the taxable income of the owner. This has great importance for affordability, especially in the first years after purchase.

Rent/price control has an influence on both affordability and accessibility, because there will be a tendency to surplus demand in these sectors resulting in queues. In this case administrative rules and personal connections will be decisive for the allocation of dwellings.

Legislation that directly regulates who can get access to dwellings is most often found in tenures that receive supply subsidies, mostly social housing or publicly owned housing.

Earlier some of the Nordic countries had special public institutions providing cheaper loans for certain types of housing and for certain groups of people. In some cases, the support has been limited to publicly guaranteed loans which mean that it is easier to get loans.

The importance of housing tenures and segmentation on the housing market

Housing policy instruments are combined in 'packages' for different tenures. A limited number of different tenures that are subject to certain legislation and sometimes financial support are defined in each country. As stated by Ruonavaara (2005) '*Housing tenures are institutions, sets of practices and rules that regulate a particular field of human action and interaction*'. The legal design of tenures is of crucial importance for the functioning of the housing market and the existence of a social housing sector with direct financial support, rent control, regulation of access and special finance is of special importance.

The most important distinction is the one between owner-occupied and rented housing, but often tenures exist that are a mix between renting and owning. Sometimes only the dwelling is private ownership, while the building is owned jointly with other flat owners (owner-occupied flats), or the residents jointly own an association that is the actual owner of the property (co-operatives, shareholds). There can be other different kinds of owners of rented property such as public authorities, non-profit housing associations or private landlords. All tenures are subject to various kinds of regulation, subsidies and tax rules, which have a strong influence on which households get access to the tenures. For this reason, the pronounced differences in housing policies between countries also result in major differences in the tenure composition of the housing market. An example is the case of Germany, where the absence of tax deductions in homeownership has led to a rate of owner-occupation that is much lower than in most other countries (Skifter Andersen and Munk 1993).

Dependent on how tenures are designed, the housing market can be more or less 'segmented'. Segmentation of the housing market is a concept that has been used to describe the way different people are allocated to different parts of the housing market (Lindberg and Lindèn 1989, Olson Hort 1992), or how different parts of the housing market are designed to meet different

kinds of demand (Rothenburg et al. 1991). Segmentation is created when different tenures are to a great extent made available and attractive for specific segments of households, for example related to income and family situation. Segmentation often means that high-income groups are concentrated in certain parts of the housing market, mostly owner-occupied detached housing, while low-income groups mostly reside in poor rental housing or social housing. Segmentation has mostly been a result of the way subsidies are designed (tax subsidies in owner-occupation is typically most favourable for high-income groups, while only low-income groups can get housing allowances in rental housing) or by the way access to tenures is regulated (sometimes only low-income groups can get access to subsidised social housing).

Determinants of housing options

In relation to housing options for individual households, three conditions are important:

- **Accessibility:** Ability to get access to housing. This could depend on legal rules or administrative practices that regulate the admission to different kinds of housing. In some housing tenures personal connections to owners can be important for getting access. In others, there are more transparent systems of access
- **Affordability:** Ability to pay running housing costs. This depends on housing costs in different kinds of housing in relation to incomes and how this is connected to housing subsidies and regulation
- **Creditworthiness:** Access to capital that can be used for investment in housing

Having financial and cultural resources is essential for obtaining good housing. Different groups of immigrants have different resources for housing depending on income and employment, cultural background, degree of integration, which depends on factors like number of years since immigration, employment, social capital and language skills.

The connection between housing policy instruments and Accessibility-Affordability-Creditworthiness can be illustrated as:

| <i>Housing policy instruments</i> | <i>Accessibility</i> | <i>Affordability</i> | <i>Creditworthiness</i> |
|-----------------------------------|----------------------|----------------------|-------------------------|
| <i>Individual support</i> | | x | |
| <i>Supply support</i> | | x | |
| <i>Social housing</i> | x | x | |
| <i>Tax support</i> | | x | |
| <i>Rent/price control?</i> | x | x | |
| <i>Regulation of access?</i> | x | | |
| <i>Supported finance</i> | | | X |

The different kinds of financial support (individual support, supply support and tax support) all increase the affordability for the households who can get ac-

cess to the support. A non-profit social housing sector with lower rents increases affordability, but makes access easier for some groups and more difficult for others dependent on what rules and procedures are implemented.

Rent/price control in the private sector increases affordability if rents/prices are below the market level but at the same time makes it more difficult to get access to dwellings because of queues, and access becomes more dependent on who decides the allocation of vacant dwellings. Private landlords and co-operatives tend to choose new residents whom they know or who look like themselves. This means that it becomes more difficult for immigrants to get access to private housing with rent/price control.

Especially in social housing there are rules regulating the access to dwellings, but there could also be such rules in other kinds of housing with public support, for example private co-operatives. These rules can be designed in ways that in practice are either favourable for immigrants or the opposite. In connection with urban policies with the objective of 'normalising' deprived housing areas, rules could be designed which in practice makes it more difficult for immigrants to get access.

Finally, supported finance with public guarantees could make it much easier for immigrants to obtain loans for the purchase of owner-occupied housing as it has been shown that immigrants more often have problems with credit-worthiness than natives.

The special importance of housing policy for immigrants

In European countries, housing preferences and housing choices of ethnic minorities can to a great extent be expected to have the same explanations as those for other citizens. That is, they depend on family situation, economic resources and local housing market possibilities. Unlike the natives, immigrants' housing preferences also depend on perceptions of where to live in the future and transnational relations. Regardless of reasons, evidence shows that the housing situation for ethnic minorities in most countries diverges much from that of the native population (see for example Musterd 2005, Johnston et al. 2002, Finney 2002, Blom and Henriksen 2008, Fong and Chan 2010, Skifter Andersen 2012). These differences cannot be fully explained by lower incomes among immigrants.

Some studies explain the housing situation of ethnic minorities primarily by their lack of resources. Not only economic resources but also cognitive, political and social resources are important (Van Kempen 2003). It is particularly these non-economic resources that newly arrived ethnic minorities often lack. In parts of the housing market, good contacts to persons or institutions are decisive for access to dwellings. This especially concerns private landlords. It is important to have relevant knowledge of the possibilities and rules on the housing market, which also often demands good language skills or good access to advisers. Besides the disadvantage of lower incomes, immigrants can thus have special difficulties in accessing a decent housing situation and those parts of the housing market that could be increased or lessened by different elements of housing policy. For example, rules for access or credit to housing can improve or hamper immigrants' possibilities of getting access to certain tenures. If the housing market is difficult to understand, it is likely to make it more difficult for immigrants with a limited knowledge of the host society to act on the market and find good solutions to their housing needs (Søholt 2007, Søholt and Astrup 2009a).

Some other studies (Aalbers 2002, Andersson 1998, Skifter Andersen 2008, Søholt and Astrup 2009a, Molina 2010) point to discriminatory practices on the housing market. Especially social/public and private landlords to a certain extent exclude ethnic minorities from their housing. The extent to which discrimination occurs can depend on the way housing tenures are regulated and supported through housing policy. If access to housing is very dependent on decisions made by administrators of housing and subject to local execution of power, there is a greater scope for discrimination than if there are strict rules for how to allocate vacant dwellings. Moreover, it has importance to what extent the housing in question is subject to a strong excess demand. If many more families demand certain tenures, than the actual supply, there will be queues, which will generate better conditions for discrimination. Another consequence of discrimination in the private rental market is the fact that immigrants have to pay more than natives, if there is no rent regulation (Røed Larsen and Sommervoll 2011). Surplus demand can either be a result of price and rent regulations that keep rents and prices below market levels, or it could be due to a housing shortage in general or that the supply of publicly supported housing for low-income groups is too low. There could also be discriminatory practices among banks or institutions providing capital for the purchase of housing if, as a result of prejudice, ethnic minorities are seen as less solvent customers. Discrimination against immigrants from financial institutions can be dependent on the extent of public subsidies for housing and can be reduced by public guarantees of loans.

In many countries in Northern Europe a growth in immigration has taken place in recent years and there has been a general tendency among immigrant families to settle in certain parts of the housing market and in limited parts of cities (Musterd et al. 1998). In many countries they have settled in social/public housing. In this way some neighbourhoods in the cities have obtained a large proportion of ethnic minorities and have been transformed to what we call '*multi-ethnic neighbourhoods*', in which the majority population has become a minority. It has been shown (Musterd 2005, Johnston et al. 2002, Finney 2002, Fong and Chan 2010) that there are big differences between different ethnic groups concerning to what extent they live in neighbourhoods with a high concentration of immigrants.

Preferences for living in neighbourhoods with countrymen could be important for what tenures and dwellings immigrants try to get and what dwellings they can get access to. In different countries, ethnic enclaves and multi-ethnic neighbourhoods have been established in tenures depending on how easy it has been for immigrants to get access to these tenures. In some countries, it has taken place in private rented housing, in others in social/public housing and sometimes in owner-occupation. A hypothesis could be formulated that neighbourhoods with less attractive housing dominated by an easy-to-access tenure provide the basis for an initial influx of immigrants (Scaffer and Huang 1975, Bleiklie 1997, Søholt 2007, Søholt and Astrup 2009a).

When the presence of ethnic groups become very visible, segregation processes called 'White flight' and 'White avoidance' begin to appear. In the US it has been observed that Whites 'flee' when the share of Black residents in their neighbourhood exceeds a certain proportion of the population (Wright et al. 2005). A British study (Simpson and Finney 2009) has shown that White flight is of smaller importance in the British case. In recent years, there has been a tendency to replace the concept of 'White flight' with the more general 'White avoidance', meaning that natives tend to avoid moving to neighbourhoods with many immigrants or special ethnic groups (Clark, 1992; Quillian, 2002; Bråmås 2006; Bråmås and Andersson 2010). As a consequence of these processes, it is easier for immigrants to get access to these neighbourhoods, which are often dominated by certain tenures.

As a result of the above mentioned factors, and the segregation processes that follow, immigrants tend to reside in certain tenures and in less attractive or low-quality housing often spatially concentrated in certain neighbourhoods. The results are influenced by the structure of the housing market and the national and local housing policies that shape it.

2. Comparative analyses of housing conditions in the countries

Building types and dwelling sizes in the housing stocks

The type of building usually follows housing tenure, with owner-occupied dwellings usually in detached houses and rented housing in blocks of flats. Table 1 shows the distribution of dwellings on building type in the Nordic countries.

Table 1 Dwellings distributed on type of building (%)

| | Denmark | Finland | Norway | Sweden |
|-------------------------------|---------|---------|--------|--------|
| Single- and two-family houses | 59 | 54 | 58 | 45 |
| Blocks of flats | 38 | 44 | 40 | 55 |
| Other dwellings | 3 | 2 | 1 | 0 |
| Total | 100 | 100 | 100 | 100 |

Source: The Nordic Statbank

Sweden differs from the other countries by having a larger proportion of dwellings in flats. The largest share of detached or semi-detached housing is found in Norway and Denmark.

Differences in the number of dwellings available are important for the access to dwellings in the four countries. It is seen from Table 2 that Finland has the largest number of dwellings compared with the population (number of dwellings/1000 inhabitants). This could partly be due to Finland having had a greater migration from the countryside to the cities, which has left a number of vacant dwellings in the countryside.

Table 2. Dwellings distributed on number of rooms (%), number of dwellings per 1000 inhabitants and average rooms per person 2008 (Norway 2001)

| | Denmark | Finland | Norway | Sweden |
|--------------------------------------|---------|---------|--------|--------|
| 1 room with kitchen | 4 | 15 | 6 | 14 |
| 2 rooms with kitchen | 18 | 30 | 15 | 22 |
| 3 rooms with kitchen | 23 | 22 | 21 | 24 |
| 4 rooms with kitchen | 24 | 18 | 25 | 19 |
| 5+ rooms with kitchen | 29 | 14 | 34 | 21 |
| Not stated | 2 | 1 | 0 | 0 |
| Total | 100 | 100 | 100 | 100 |
| Number of dwellings/1000 inhabitants | 462 | 522 | 435 | 490 |
| Average no. of rooms per inhabitant | 1.7 | 1.6 | 1.7 | 2 |

Source: The Nordic Statbank, Eurostat from Norman et al. 2009

Norway has the relatively lowest number of dwellings. Looking at the number of rooms per inhabitant it is revealed, however, that Norway has the same coverage as Denmark and Finland. This is due to the fact that a major part of Norwegian dwellings has four rooms or more. Finland has more small dwellings. Sweden has the largest number of rooms per inhabitant, mostly because of many dwellings.

Comparison of social inequalities concerning housing

In Table 3 the proportion of households in different income quartiles living in overcrowded dwellings is compared between the Nordic countries. An index for income inequality between income groups is calculated as the sum of the absolute differences between overcrowding in each group and the whole population.

Table 3. Proportion of households in different income quartiles living in overcrowded dwellings 2006 (%)

| | Denmark | Finland | Norway | Sweden |
|--------------------------------------|---------|---------|--------|--------|
| Household income quartile | | | | |
| 1 | 18 | 20 | 14 | 26 |
| 2 | 7 | 10 | 7 | 12 |
| 3 | 6 | 6 | 5 | 9 |
| 4 | 3 | 4 | 3 | 5 |
| All | 8 | 10 | 7 | 13 |
| Index for crowding inequality | 19 | 20 | 14 | 26 |

Source: Nordisk Socialstatistisk Komité cited in Norman et al 2009

Index = $\sum_{q=1-4} (\text{abs}(\text{overcrowd}_q - \text{overcrowd}_{\text{all}}))$

In general overcrowding is most often found in Sweden followed by Finland. Denmark and Norway have the lowest level. The table also indicates that Sweden has the highest differences between income groups and Norway the lowest.

Only 14 per cent of the households in the lowest quartile in Norway live in overcrowded housing, while Table 4 showed that 45 per cent of immigrants (persons) in Norway are in this situation.

Comparison of immigrants' housing situation relative to the whole population

In this section, immigrants' housing situation in the four countries is compared by looking at to what extent immigrants are living in overcrowded dwellings.

Table 3 Lists the figures for overcrowding measured as the proportion of residents living in dwellings with less than one room per person. The relative difference between immigrants and the whole population is calculated as the percentage by which overcrowding for immigrants exceeds overcrowding for the whole population.

Table 3 Proportion of immigrants and whole population living in densely populated housing* in the Nordic countries (%)

| | Denmark | Finland | Norway | Sweden |
|-----------------------|---------|---------|--------|--------|
| Whole population | 7 | 18 | 8 | 16 |
| Immigrants | 28 | 41 | 45 | 26 |
| Relative difference % | 289 | 128 | 463 | 61 |

*More than one person per room (kitchen and bath excluded).

Denmark: Foreign born and their children 2008 16+ years. Database at Danish Building Research Institute based on data from Statistics Denmark

Finland: Data on households 31.12.2008, immigrants = households headed by a foreign-speaking person, Source: Statistics Finland

Norway: Source: Foreign born and their children. Age 16-70 years. Statistics Norway. Level of living among immigrants 2005/2006. Survey to a representative selection among 10 groups. Level of living in the whole population 2007. Single adults in one-room dwellings excluded.

Sweden: Foreign born 16+ years. Statistics Sweden, Survey on living conditions 2007

The figures are not quite comparable. In the figures from Norway, single adults in one-room dwellings are excluded, but the error due to this is quite small.

The table shows that overcrowding among immigrants is much more common in Norway than in the other countries. While only 14 per cent of the households in the lowest quartile in Norway live in overcrowded housing, Table 4 shows that 45 per cent of immigrants (persons) are in this situation. This indicates that there is not a simple connection between income inequality concerning overcrowding and inequality between immigrants and natives. Compared with the whole population, immigrants live five to six times more often in overcrowded housing. Immigrants' housing in Finland is also quite often overcrowded but this can partly be explained by a generally high degree of overcrowding in the country. Immigrants' overcrowding is close to the same level in Denmark and Sweden. However, because the population in Denmark in general more seldom lives in overcrowded dwellings, the difference between immigrants and the whole population is much greater than in Sweden. It can therefore be concluded that immigrants' housing situation differs most from that of the whole population in Norway followed by Denmark, Finland and Sweden when it comes to overcrowding.

In the following sections we will try to explain these differences between the countries by analysing the housing markets and housing policies in the countries.

3. Housing policies and housing markets in the Nordic countries

A general overview of housing policies

As stated above, housing policy varies very much between countries. This is also the case for the Nordic countries in spite of their common background as welfare states. In a comparison of housing policy instruments in the Nordic countries (Lujanen (ed.) 2004), it was said that 'surprisingly big differences' were found in the implementation and in the means used. Similarly, the conclusion from a comparative study of housing policy in the Nordic countries (Bengtson et al. 2006, p 12) was that the way housing policy has been implemented in the different countries shows differences so significant that one can talk about quite different systems.

Lujanen (ed.) (2004) is of the opinion that despite the differences in the implementation of housing policies there are some common characteristics concerning the degree of public involvement in housing and the division of labour between state and local authorities. However, Bengtson et al. (2006) finds that there are some principal differences between the countries. Danish and Swedish housing policies are characterised as more general and universalistic in the sense that they are to a greater extent directed at housing for the whole population and not only for vulnerable low-income groups. This means that support for housing is to a great extent available also for middle and higher income groups, especially tax subsidies. On the other hand, the Finnish housing policy is described as much more selective and mainly a part of social policies, where support is more limited and means tested. Norway is ascribed a position in between.

The general social goals for housing policy in the countries do not, according to Bengtsson et al., seem to differ substantially¹. But such objectives always tend to be very general. There have especially been different opinions in the various countries concerning the desirability of different housing tenures. This is not only a question about which tenures are either the most market oriented or have social qualities, but more a question of what the best kind of housing is for people in general. In some cases, homeownership is seen as the most desirable kind of housing because it promotes savings and gives optimal possibilities of disposal.

Lujanen et al (2004) points to three phases in the development of housing policies in the Nordic countries after World War II. The first phase up to the first half of the 1970s was largely concerned with satisfying a quantitative need of housing. During the second phase, more attention was given to the

¹ In Børresen et al. 1997 (p 45) the overall goals for housing policy in the countries are cited as:

Sweden: The whole population should be offered healthy, well designed and well equipped dwellings of good quality at affordable costs

Denmark: Policies should secure good and healthy dwellings for all. This should be obtained by a varied supply of housing that give all groups in the population the possibility to find a suitable dwelling in accordance with their needs and financial ability

Norway: Everyone should be in possession of a good and reasonable dwelling in a good housing environment.

Finland: All groups in society should have access to an affordable dwelling, which fulfils certain criteria concerning size and standard, and is located in a good and functional environment.

qualitative aspects of housing and urban renewal gained more importance in Denmark, Norway and Finland (Sweden had already done a lot in the first phase). In the third phase from the mid-1980s, reduction of tax subsidies for homeownership, privatisation of housing and especially state-controlled housing finance (in Sweden, Norway and Finland) became focal points.

Bengtsson et al. points to the same phases called: 1. The construction phase, 2. The administration phase, and 3. The phase-out phase. While the two first phases can be explained by the structural dynamics of the housing sector, the last one, where housing policies are dismantled, is explained as a consequence of ideological political changes that demanded a general withdrawal of the welfare state.

Sweden

Sweden has been the country that has put the most weight on housing as a social good with equal housing possibilities for all (Hansen and Skifter Andersen 1993, Turner and Whitehead 2002). Before 1990, there was strong state control with housing finance and with subsidies and a strong social housing sector. In the 1990s, however, housing finance was transferred to the private market and subsidies reduced. There is still a kind of rent control in the private rented sector.

The field of housing policy has historically been an area characterised by state interventions and subsidies. Housing policy has definitely been a key part of the welfare state. The foundation has been interest subsidies for new construction, housing allowances, rent regulation and a public housing sector that is also rent setting. Since the 1980s, when the housing (and credit) market was deregulated, a lot of changes have been made in housing policy. The housing policy area has developed from mainly focusing on producers to focusing on consumers, and policies have also become less general. Almost all housing subsidies for new construction are abolished, and this is not compensated by increased allowances. Households' housing expenditures have thus increased and the volume of new construction has decreased (Turner and Whitehead, 2002). The amount spent on housing allowances has decreased and the public housing companies are not favoured anymore; they have to act on the same terms as the private rental sector. The rent setting role of public housing is also questioned (Prop. 2009/10:185). Since the late 1990s, the state budget for housing actually gives a net income to the state instead of being a substantial expenditure item (Magnusson Turner 2010, p. 24).

Denmark

Denmark also had strong social goals for housing but not as pronounced as in Sweden. More weight has been put on the market and less on state control, especially of housing finance, which has been privatised since the early 1960s. For many years special mortgage credit companies had a monopoly on giving loans with collateral in real estate. In recent years, these companies have been privatised and sold to banks or have become normal joint-stock companies.

General tax subsidies, which have strengthened homeownership, have been extensive until the beginning of the 1990s, where tax reforms very much cut down on the subsidies. There has also been a considerable support for social housing and the sector is strong, but in recent years subsidies have been reduced and the strict regulation of allowed building costs in the sector has reduced new building except for dwellings for the elderly.

Despite the general market orientation, there has been a strong rent control in the private rental market and regulations of prices in the co-operative sector, which are still functioning. There have not been any major housing re-

forms in Denmark in the last 10 years. Together with the rules for rent setting in the social sector, the consequences of this are that there is a great variation in rents and housing costs, which are not in accordance with differences in housing qualities and location. As a result, there is a lack of housing and queues in parts of the housing market.

Housing is not a social right by law in Denmark. But the local authorities are in principle obliged to provide dwellings for people that are homeless. This includes refugees.

Norway

Housing has not really managed to be part of the welfare policy discourse in Norway. This is the case, even though the last White Paper on housing explicitly stated that a home, a place to stay, is an important condition for integration and participation in society. Still, housing is not a fundamental right by law in Norway. The municipalities have an obligation to assist people with trouble in the housing market, but the responsibility for the housing itself lies with the individual household. The only exception is direct help to people in sudden/acute distress. They can get shelter for a few nights (Law on social services).

Earlier Norway had a strong state control with housing finance with supply subsidies for all kinds of tenures. but needs tests have been extensive. This control has been abolished since the 1990s. Housing was deregulated in the mid-1980s. From then on, market conditions have been the main factors for the housing supply, demand and distribution. An important consequence of the belief in the market is that the volume of social housing in Norway is minimal. Only about 5 per cent of the housing stock consists of municipal, social housing. The consequence is a housing policy that includes the private market in solving housing problems for disadvantaged groups and households. Municipal housing policy has to take this option into account. As a result, many municipalities cooperate with the private rental market, on market conditions, to house disadvantaged households.

Subsidies in general and especially tax subsidies have been somewhat lower than in Denmark, mainly because of an extensive control of housing finance. There has only been a weak regulation of private renting. Norway has had a clear priority of homeownership and has not given priority to social housing, which is a residual sector. The main national strategy to obtain this vision of decent housing through homeownership has been to adapt for a well-functioning housing market. According to the Government, the interest rate level is the most important economic factor influencing the housing market. That's why the Government attaches importance to a policy that ensures stable interests rates over time. However, it is realised that the housing market is not sufficient to provide disadvantaged households with a decent home. In addition to a well-functioning housing market in general, efforts are made to provide adequate housing to targeted groups meeting difficulties in the housing market. Since 2003, more attention has been focused on this group. For example, reducing homelessness has received special political attention since the beginning of the 2000s as has the promotion of good housing for refugees and immigrants.

Finland

In Finland, housing policy has to a greater extent been seen as social policy for the weaker groups in society. Housing policy has been characterised as 'provisional' (Niva 1989) or as 'non-policy' (Juntto 1992). What is meant is that housing policy has mainly been a kind of ad-hoc policy adjusted to economic fluctuations and actual problems appearing on the housing market. A lot of shifts in housing policy have taken place after World War II and a more

deliberate housing policy has come later than in the other three countries. Like in Sweden and Norway, there has been state loans for housing but not so extensive and with more needs tests and limited to households with lower incomes and greater needs.

Housing policy has been an integral part of the Finnish welfare policies since the 1960s. The aim of the policy has been to provide affordable, decent-standard housing for all residents. According to the Constitution of Finland, municipalities have the duty to promote everyone's right to housing, and to support attempts of individuals to find housing on their own initiative (Ministry of the Environment 2010). The national state has had a strong influence on the formation of the Finnish housing market, not only by supporting the establishment of the high-standard home ownership system, but also in the social housing sector. Over half of the rental dwellings in Finland are state-subsidised.

The level of subsidies has, however, been lower than in the other Nordic countries, especially tax subsidies. Subsidies have been given to social housing, but the sector has been smaller and only parts of it was permanent as some of the dwellings were owned by private owners and at some time would be transferred to the free market. Private renting was regulated until 1995, but it was never extensive.

Housing markets in the Nordic countries

In all the countries, a number of distinct housing tenures have been designed subject to a specific legislation and sometimes public support. These tenures are not quite alike in the countries but can be divided into five groups:

- Owner-occupied houses: Dwellings in buildings that constitute one property, mostly in detached single-family houses
- Owner-occupied flats etc.: Dwellings in blocks of flats with separate ownership
- Co-operatives: Dwellings in blocks of flats with joint ownership
- Private renting: rented dwellings owned by private landlords
- Social/public housing: Housing owned by the public or by non-profit housing companies controlled by local authorities

The composition of the housing market in the four countries is shown in Table 4

Table 4 Dwellings distributed on tenures in the Nordic countries (%)

| | Denmark | Finland | Norway | Sweden |
|-----------------------|---------|---------|--------|--------|
| Owner-occupied | 53 | 59 | 62 | 52 |
| Co-operatives | 7 | 1 | 14 | 18 |
| Private renting | 19 | 14 | 19 | 15 |
| Social/public housing | 21 | 16 | 5 | 14 |
| Other | | 10 | | |
| Total | 100 | 100 | 100 | 100 |

Note: Denmark 2007, Sweden 2006, Norway 2004, Finland 2008.

One of the reasons for the differences in the composition of the housing markets, shown in Table 5, is that political objectives concerning the desirability of different kinds of housing tenures has differed. Sweden is the only country who has had the explicit objective of giving equal status to all tenures. In Norway, it has been an explicit political notion that homeownership is the most desirable kind of housing for all. Rental housing is regarded as a temporary stage in the housing career. Denmark and Finland have not for-

mulated political objectives concerning tenures, but their policies have for a long time been most favourable for owner-occupation.

One of the key elements in housing policy, the provision of a social/public housing sector, has been performed somewhat differently in the countries. Sweden had earlier the largest social/public housing sector, but conversion into cooperatives has reduced the sector to 14 per cent of the housing stock. Finland has about the same amount of social/public housing, while Denmark has the largest sector (21 per cent). In Norway, the social/public housing sector is very small, only about five per cent of the stock.

Instead of social/public housing, Norway has historically staked on co-operative housing as housing for middle and low income groups. Today prices for co-operative housing in the metropolitan region have increased to the same level as home-ownership. The main socio-political means are to supply low-income households with subsidised state loans and housing allowances to be able to buy and keep a dwelling, regardless of the kind of ownership. The co-operative sector is of very little importance in Finland and is also only a small sector in Denmark. Sweden has the largest co-operative sector. It can to some extent be seen as a substitution for owner-occupied flats, which to a limited extent exist in Sweden, and the average incomes in the sector are above average (see Table 18). The history of cooperatives in Norway and Sweden is somewhat similar and the sector is dominated by large housing associations in both countries.

In total the rental sector is largest in Denmark with about 40 per cent followed by Sweden with 30 per cent, Finland with 30 per cent and Norway with 24 per cent.

Private renting has in all the countries been reminiscence from earlier times and has been declining over time in both absolute and relative size. In Denmark and Norway it is still about one fifth of the stock, while Sweden has 15 per cent left and Finland 14 per cent. There are, however, marked differences between the countries concerning the conditions for private renting. Denmark still has a relatively strict rent control; Sweden has a modest control, while rents in Norway and Finland are determined by the market. In Denmark and Sweden, rent regulation to some extent results in rents below market rents. This is especially the case in Denmark, where rents are very differentiated with at the same time very low rents in part of the market and very high rents in others.

The size of the owner-occupied sector differs somewhat as a more or less direct effect of housing policies. Norway and Finland have the largest sectors (62 and 59 per cent). In Denmark and Sweden owner-occupied housing accounts for somewhat more than half of the stock. However, if co-operatives are viewed as a kind of owner-occupation, Norway has the largest share with 76 per cent followed by Sweden with 70 per cent.

Policies for housing tenures

In this section we will compare the policies for support and regulation of tenures in the four countries and try to evaluate the importance for access to and affordability in housing.

Owner-occupied housing

Table 5 shows a schematic comparison of the support to and regulation of owner-occupied dwellings in the four countries.

Table 5. Comparison of support and regulation of owner-occupied dwellings

| Owner-occupied | <i>Denmark</i> | <i>Finland</i> | <i>Norway</i> | <i>Sweden</i> |
|------------------------------|----------------|----------------|---------------|---------------|
| Individual support | No | Yes | Yes | Yes |
| Supply support | No | No | Yes | No |
| Tax support | Yes | Yes | Yes | Yes |
| Rent/price control? | No | No | No | No |
| Regulation of access? | No | No | No | No |
| Supported finance | No | (Yes) | Yes | No |
| Share of the housing stock % | 53 | 59 | 62 | 52 |

(Yes) means partly.

In general there is no regulation of access to owner-occupied dwellings in any of the countries. It is 'only' a matter of economic resources. But there are differences concerning the economic support to owner-occupation and to regulation of access through the way support is administered.

Denmark is the only country completely without any individual subsidies or supply subsidies for homeowners. Only economic general support via the tax system is available. Neither does supported finance exist. But since 2003 it has been possible to get loans without amortisation. The effect of this for first time buyers was, however, quickly absorbed by increased prices. In general housing loans run for 30 years.

Finland has a special support for first-time buyers in connection with guarantees for loans and a special saving scheme, which give access to loans with interest subsidy. Moreover, first-time buyers are exempted from asset transfer tax when they sell their dwelling. The typical amortization period is usually 20 years.

Norway has both individual support, supply support and tax support for homeownership. All the support given is needs tested and dependent on housing costs and incomes. Some of the support is provided as loans with lower interests. Also in Norway there is a special support scheme for first time buyers.

In Sweden housing benefits are given in owner-occupied dwellings and could cover part of the mortgage, heating, other utilities, site-lease-rent and municipal real estate fee, dependent on household size, income, housing costs and size of dwelling. But housing benefits are rarely given to homeowners and goes predominantly to single parents and pensioners. There is no supply support and no supported finance any more as was the case before the 1990s.

Co-operatives

Table 6 gives an overview of support and regulation of co-operatives.

Table 6. Comparison of support and regulation of co-operative dwellings

| Co-operatives | <i>Denmark</i> | <i>Finland</i> | <i>Norway</i> | <i>Sweden</i> |
|------------------------------|----------------|----------------|---------------|---------------|
| Individual support | (yes) | yes | Yes | Yes |
| Supply support | No | Yes | Yes | No |
| Tax support | (yes) | Yes | Yes | Yes |
| Rent/price control? | (yes) | Yes | No | No |
| Regulation of access? | (yes) | Yes | (yes) | (yes) |
| Supported finance | (yes) | No | Yes | No |
| Share of the housing stock % | 7 | 1-2 | 14 | 18 |

(yes) means partly.

Co-operatives constitute a small sector in Denmark and most of it consists of older housing that has been transferred from private renting. This is because there has been legislation since 1981 to the effect that, when a private landlord wants to sell his property, he has to offer it to the tenants as a co-operative at the same price as he would get from other potential buyers. Especially in the City of Copenhagen co-operatives have expanded and now constitute the largest tenure with about 25 per cent of dwellings.

Since the beginning of the 1980s, there has been public financial support for the building of new co-operatives with certain limits on the size and costs of dwellings. Since 2005, this support has been reduced to a public guarantee of loans. There are no supply subsidies for the older co-operatives and there is no individual support, except for pensioners, in co-operatives as a whole. Capital costs on individual loans to finance the share contribution can be deducted in the taxable income, but loans taken by the co-operative cannot.

The prices of Danish co-operatives are subject to regulation. In principle the share value of a dwelling should be calculated based on the difference between the taxable value of the property and its mortgages. The taxable value of co-operatives is calculated as the value of a comparable rented property. Due to rent control, these values have been rather low, which for a long period resulted in co-operatives being much cheaper to buy and live in than owner-occupied flats. This resulted in queues and most co-operatives had waiting lists with different rules that had been decided locally. As a result, co-operatives have to a large extent been populated with people and their relatives or friends. To some extent, co-operatives have been a closed sector for outsiders, especially immigrants who do not have personal relations to the residents living there. In recent years, this situation has to some extent changed. It has been allowed that co-operatives get an appraisal of the property by a real estate agent as basis for calculation of the share value. As prices on rental property has skyrocketed and the agents have been inclined to increase appraisals, share prices in some properties have increased to what can be seen as a market value comparable with owner-occupied flats. As a consequence, co-operative dwellings are increasingly sold on the market and not distributed according to waiting lists. But it is very difficult for house hunters to see through the economic conditions of co-operatives and some people have burned themselves by buying a too expensive dwelling.

Parts of the Danish co-operative sector are still relatively cheap, but access to these dwellings is more than ever conditioned by social relations to the present residents. An increasing part is purchased at market price level, but as legislation has become obsolete this involves some financial risks.

Finland only has two relatively new sectors of dwellings, called 'Part-ownership housing' and 'Right-of-occupancy housing', which can be compared with co-operative dwellings in the other countries. The sectors are

very small, but make up a major share of new dwellings supported by state-subsidised loans (about 20 per cent 2001-07). Access to these dwellings is means-tested dependent on income and present housing standard. New residents are selected from a waiting queue. Residents' housing expenses are determined by costs, but owing to subsidised loans the costs are lower than market costs. There are tax deductions of interest payments.

Co-operatives constitute an important sector in Norway and have been organised by special non-profit housing companies. The sector was deregulated in the 1980s, which has removed the queues that earlier were a significant problem. On the other hand, prices have become somewhat higher. Access to these dwellings is thus determined by market mechanisms. Buyers have to be accepted by the board, but it can only refuse the applicant if there has not been 'a fair treatment' in accordance with the law. There is individual support to cover housing costs and deposit for rent. The sector also gets supply support to reduce costs of new housing. Moreover, there is supported finance as means-tested grants and /or loans with lower interest from the Housing Bank to individual households.

Sweden has the largest co-operative sector, which has increased its share of the housing market in recent years due to conversion from public ownership to co-operatives and to more new building. Like in Norway, prices of shares are market based. Earlier, there was supply support but it was abolished in the 1990s. Individual subsidies are available as housing benefits and tax relief on private loans.

Private renting

In Table 7 a characteristic of policies is made in connection with private renting in the countries.

Table 7. Comparison of support and regulation of private rented dwellings

| Private renting | <i>Denmark</i> | <i>Finland</i> | <i>Norway</i> | <i>Sweden</i> |
|------------------------------|----------------|----------------|---------------|---------------|
| Individual support | Yes | Yes | Yes | Yes |
| Supply support | No | No | No | No |
| Tax support | No | Yes | No | No |
| Rent/price control? | Yes | No | No | Yes |
| Regulation of access? | No | No | No | No |
| Supported finance | No | (Yes) | No | No |
| Share of the housing stock % | 19 | 14 | 19 | 15 |

(Yes) means partly

Private renting in Denmark is a somewhat diverse sector where different parts are subject to different kinds of regulation. About half of all private rented dwellings are subject to a strict rent control, where rents are in principle determined by the costs involved in running the properties. The rest of the sector is subject to a weaker control stipulating that the rent should not exceed 'the value of housing service', which is determined by courts by comparing with other rents in the local area. The result of rent control is that rents tend to be below the market level. As a consequence, there is a surplus demand of private renting, especially in the cities. This means that landlords can often pick and choose between the applicants for dwellings. A recent study (Skifter Andersen 2008) has shown that 18 per cent of landlords do not want to let to immigrants. Tenants in private renting in Denmark can get housing allowances. Moreover, households on welfare benefits can get a special increase of the benefit to cover housing costs. There are two kinds of allowances for respectively pensioners and other tenants, where the allowance for pensioners is much more favourable. The size of the subsidy is de-

pendent on the size of the rent, the size of the dwelling, household income and household size. There are no supply support and no special tax advantages.

The rents in the private rental sector in Finland were gradually deregulated in the early 1990s and since 1995 there has been no rent control. However, according to the Act on Residential Leases the amount of rent should be reasonable. Access to private rental dwellings is not regulated. The owners of privately financed rental dwellings have the right to decide about the allocation of their rental dwellings according to their own criteria, as long as it does not conflict with the anti-discrimination legislation. In many cases, the advertising and distribution of vacant rental dwellings is done by private real estate agents that have been hired by the owner of the dwelling. Individual households' access to private rental dwellings is thus influenced by several potential gatekeepers, as well as by their level of income and capability to pay the required rent and a deposit. The increasing level of rents and the prerequisite of deposits are likely to restrict lower-income households' ability to access private rental dwellings, particularly in the major urban areas. Other more direct forms of discrimination may also exist. However, there has been no systematic study on the existence of ethnic or socio-economic discrimination in the private rental market in Finland.

Private renters in Finland can get housing allowances, which are means-tested. The upper income limits that determine eligibility are rather low and vary according to family size and region. The amount of a monthly allowance is calculated according to housing costs, the size and age of the dwelling, family size, and the household's income and assets. In any case, the housing allowance amounts to 80 per cent of the reasonable housing costs at the most. In addition to housing allowances provided by the state, social assistance provided by the municipalities is also an important benefit, which can be used to increase the affordability of social rental dwellings to the lowest-income households.

In Norway, few letters are professional companies, though their share of the market seems to increase in the Oslo region. Professional letters are private companies, housing associations or housing associations for students. Individual landlords, owning a block or more of dwellings are decreasing in number. Today, the majority of the letters are people disposing of one or more dwellings for rent, often temporarily according to the households' own needs. About 10 per cent of ordinary homeowners own an additional dwelling which can be let if there is a local demand. Since demand surpasses supply in the urban renting market, letters can to a large degree pick their favourite tenant. A study from 2009 (Søholt and Astrup 2009) confirms that letters use personal judgement and discretion when they select tenants. Applicants with a majority background are met with fewer prejudices than applicants with a minority background and applicants with a different ethnic background experienced different possibilities in the private rental market.

All rent regulations in the private rented sector in Norway were abolished by 1 January 2010. The principle for rent setting is market rent for new contracts. The minimum contract period is 3 years for ordinary rentals. During a contract period the rent increase follow the retail price index. There is no supply support or financial support for private renting, but residents can get housing benefits.

Sweden still has a soft rent regulation system that includes both the public and the private rental sector and aims at equalizing rents between houses built during different time periods and at different locations. The public rental stock has been made rent leading for the private rental stock. The geograph-

ical location has only played a minor role in rent setting. In some municipalities with a housing mediation allocation is sometimes based on queuing time (as in the Stockholm metropolitan Housing service) and sometimes on other more vague or subjective criteria, where the “right apartment is to be matched with the right tenant” (as in Gothenburg’s metropolitan Housing service). But the owners of private rental dwellings are not obligated to use the Housing service when allocating vacant apartments, and thus ordinary contacts and recommendations are important in order to access private rental housing. Landlords also have the right to set up specified criteria on who will be eligible for a vacant apartment. Although the criteria cannot be legally discriminatory, of course, there is evidence that the private rental housing market has indeed such problems.

There is no supply support for private renting in Sweden, but housing benefits are available. Families with children, single parents, young adults (18-29 years) and elderly are the target groups. Whether or not someone qualifies for allowances depends on a combination of the number of children, dwelling size (number of rooms), housing costs and income. However, housing allowances are predominantly given to families with children. The amount payable will depend on the size of the household, income, housing costs and the size of the accommodation. Housing allowances hardly ever cover the total housing costs. For all the households receiving housing allowances, the allowances cover on average just over four per cent of the housing costs. Despite less generous housing allowances, they continue to be the most influential policy on affordability, partly because other subsidies have been totally abolished.

Social housing

Policies in connection with social housing are characterised in Table 8.

Table 8. Comparison of support and regulation of social housing

| Social housing | Denmark | Finland | Norway | Sweden |
|------------------------------|---------|---------|--------|--------|
| Individual support | Yes | Yes | Yes | Yes |
| Supply support | Yes | Yes | Yes | No |
| Tax support | No | No | No | No |
| Rent/price control? | Yes | Yes | No | Yes |
| Regulation of access? | Yes | Yes | Yes | No |
| Supported finance | Yes | Yes | - | No |
| Share of the housing stock % | 21 | 16 | 5 | 14 |

(Yes) means partly

In Denmark social housing is organised in non-profit housing associations. In principle, the associations are private autonomous organisations but they are subject to a strict public regulation and under the surveillance of local authorities. Rents in social housing are fixed in accordance with principles for the financial balance between the earnings and expenses of each housing estate. As the historic costs and capital costs vary between estates built during different time periods, this means that rents vary in a way that is not in accordance with the variation in quality and location. Some estates are very cheap and some are very expensive. These differences are to some extent levelled out because especially older estates pay contribution to a central fund called 'Landsbyggefonden'. But the system causes some estates to have difficulties in competing on the housing market and be vulnerable to distress and devaluation.

New social housing in Denmark is subsidised and under controlled costs. The local authorities are obliged to contribute with 14 per cent of the funding.

Two per cent comes from contributions from the tenants and 84 per cent comes from loans at market conditions. Earlier, when interests in Denmark were higher, there was a financial support bringing down capital costs to a certain interest level, about 3.4 per cent. Tenants in social housing can get housing allowances with the same rules as for private renting and may also get guaranteed loans to cover the deposit.

In principle, all kinds of households can get access to social housing in Denmark. On some estates with large dwellings, there can be principles about giving preference to families with children but this priority can be cancelled if dwellings are vacant. As a main rule, vacant dwellings on an estate are allocated to people on a waiting list in the specific housing association. But there are also several other means of allocation. One is that the local authorities can dispose of 25 per cent of vacant dwellings. These are often allocated to poor families in urgent need of a dwelling and for refugees. Another system is an internal waiting list in the association where residents, who can move out and release a dwelling, are given preference. Finally, in connection with urban policies trying to change the social composition of deprived neighbourhoods, other allocation systems have been introduced that give preference to people in education or employment. Immigrants have intensely used the ordinary and the internal waiting lists, while they have tended to be excluded from the other allocation systems except for the dwellings at the disposal of by the local authorities.

In Finland, social rental dwellings are generally owned and managed by municipalities, social housing companies owned by municipalities, or by a number of non-profit housing companies and organisations. The criteria for the allocation of dwellings are the same for the different providers of social housing. However, the municipalities and companies owned by municipalities tend to carry the biggest responsibility for providing housing for the most marginalised low-income households. Access to social housing is means-tested. Tenants are selected according to criteria for households' income, assets and urgency of the need for housing. Since April 2008, the criteria for income limits were abolished, and the selection of tenants is now based solely on the urgency of the housing need. The first priority is given to households with the most acute need for housing. These include homeless persons and families, households living in extremely crowded conditions, and those moving to town to start a new job. According to the legislation, the allocation of social housing should also aim to create and maintain socially balanced living environments in social housing estates. Several 'hard-to-let' households should therefore not be placed in the same building or in the same neighbourhood. In some cases, the principle of prioritisation can thus be neglected in order to prevent the spatial concentration of the most vulnerable households in the same estates. The applicants for social housing are not ordered in a waiting queue, which makes the selection of tenants less transparent. Decisions on the allocation of social rental dwellings are usually made on a case-to-case basis that leaves much room for discretion by individual social housing providers.

New social housing in Finland gets supply support through supported loans. Similar to Denmark, the level of rents in the Finnish social housing estates is determined on the basis of the principle of cost recovery. The level of rent may, therefore, vary significantly between estates depending on the age, location and construction costs of the particular housing estate. In some municipal social housing companies, rents are equalised between the estates in order to keep the rents at a reasonable level in all social housing estates. In general, the rents in the social housing sector have remained below the rents in the private rental sector. Many municipalities have also actively renovated their social housing, which has kept the dwellings in social housing

buildings in a relatively good condition. In comparison with the private sector, deposits required to rent social housing are usually also much lower, or non-existent, which makes the social rental sector more accessible for low-income households. Social housing has also been a more secure form of tenure than private rental dwellings. Once a dwelling is received, tenants are entitled to reside in it for as long as they want to, provided that they pay the monthly rent and do not cause any disturbance to their neighbours. According to the legislation on refugee reception, municipalities are specifically responsible for assisting refugee households to find a place to stay. In practice, this usually means that new refugee households are allocated a dwelling in the social housing sector owned and managed by the local municipality.

The social housing sector in Norway is very small and is made up of dwellings owned by the local authorities. It is housing reserved for people in need. Scarcity of dwellings has necessitated a strong need for prioritising applicants. When buildings are subsidised by the Norwegian State Housing Bank, the Bank has formulated criteria for distribution. The criteria have changed over the years. In 2009, rental dwellings supported by a supply grant from the Norwegian State Housing Bank should be prioritised to persons moving out of prison or institutions, to young people leaving public child welfare, to settle refugees and to ensure that nobody stays longer than 3 months in a temporary shelter. For groups in need of comprehensive municipal services, the grant is 40 per cent of the total costs of construction, rehabilitation or acquisition of property. Apart from the guidelines from the Norwegian State Housing Bank, it is up to the municipalities how they practise the distribution of their housing stock. Where there is a lack of social housing, especially in urban areas, the municipality can work out their own additional rules for prioritising applicants. A common rule is that you should have been a registered citizen in the municipality for 2 or 3 years before you are accepted as an applicant. Refugees who are settled directly from asylum centres are prioritised. But, if they want to move from their first dwelling, they are treated as all others with problems in the housing market. The rent level in municipal social housing varies across municipalities. It is up to the municipalities to decide on the principles for rent setting, be it market prices, covering the costs or other. To cover the rent, tenants can apply for housing allowances from the Norwegian State Housing Bank, distributed by the municipalities.

In Sweden, social housing is provided by housing companies owned by the municipalities. Earlier public housing companies were key actors in the implementation of housing policies, but in recent years most of the support to and regulations of the sector has been abolished and they now have to compete on the same terms as private actors. Moreover, some municipalities have sold the entire public housing stock, so the sector is shrinking. Earlier, rents in average for a company were determined by the costs of running their estates, but the company could decide how to set the rents within different estates. All rents in Sweden are set in negotiations between the tenants (tenant organisation) and the property owners. The system is called *Bruksvärdessystemet* (the use value system) and aims to achieve market equilibrium rents. Residents can get housing allowances, but the amount spent has decreased.

Although the social rental sector in Sweden is considered to be an open sector, there are no common rules on how vacant rental dwellings are distributed. Only a few municipalities have a housing mediation, and allocation is sometimes based on queuing time (as in the Stockholm metropolitan Housing service) and sometimes on other more vague or subjective criteria, where the "right apartment is to be matched with the right tenant" (as in Gothenburg's metropolitan Housing service). Who would be the right tenant

and who decides upon this is not transparent. The companies have the right to set specified criteria for who will be eligible for a vacant apartment. It is common to have criteria regarding income, for example that a household income must be based on work and not social allowances or student loans. It is also common that the proportion between household income and rent level is specified; often the yearly income is requested to be three or four times the yearly rent payments. Some also have regulations concerning a tenant's number of children or concerning the total number of household members.

Housing subsidies

In all four countries, the extent and character of public subsidies play a major role for the net public expenses for housing. The fifth row in Table 9 shows considerable differences between the countries concerning government expenditures on housing. As these figures are very difficult to compute and very much depends on how tax subsidies are made, the figures should be treated with care. The level in Denmark seems to be much higher than in the other countries, which is due especially to higher tax subsidies. Also Sweden has a higher level of expenditures than Norway and Finland. These figures point to that the net housing costs in Denmark and Sweden being lower due to subsidies. The level of subsidies has been reduced in all four countries since 1990 (Lujanen (ed.) 2004).

The figures on production support is, however, calculated as an average for the period 1995 to 2003 because the support fluctuates very much with the development in construction of new housing.

Table 9. Estimates of housing subsidies in the Nordic countries as a per cent of GDP

| | Denmark | Finland | Norway | Sweden |
|--|-------------|-------------|-------------|-------------|
| Housing benefits 2002 | 0.69 | 0.64 | 0.12 | 0.61 |
| Production support yearly average 1995-2003 | 0.51 | 0.35 | 0.17 | 0.64 |
| Tax subsidies 2002-03 | 0.43 | 0.27 | 1.04 | 0.46 |
| Total | 1.63 | 1.26 | 1.33 | 1.71 |
| Government expenditures on housing - euros per capita 2004*) | 288 | 81 | 85 | 177 |
| Distribution of subsidies | | | | |
| Housing benefits 2002 | 42 | 51 | 9 | 36 |
| Production support yearly average 1995-2003 | 31 | 28 | 13 | 37 |
| Tax subsidies 2002-03 | 26 | 21 | 78 | 27 |
| Total | 100 | 100 | 100 | 100 |

Notes: Tax subsidies are calculated as the tax value of deductions minus taxation of imputed rent. Production support includes interest subsidies on loans for new housing

Source: Based on figures in Lujanen 2004 and *)on Nordic Statistical Database

It is shown that Denmark and Sweden have had the highest total level of subsidies. But there are big differences concerning what kinds of subsidies are given. Housing benefits are very small in Norway, while at the same level in the other countries. Also production support has been quite low in Norway, highest in Denmark and Sweden and somewhat in between in Finland. Finally, tax subsidies are far the most important kind of support in Norway, while it is smallest in Finland.

The subsidies depend on the kind of tenures that are supported and the degree of means tests. To what extent subsidies reach the poor or are spread out on all income levels is very much dependent on means tests and on what tenures are supported. If the housing market is much segmented, it is

important that tenures for the poor are supported more than tenures for the rich.

According to Lujanen (2004) there has been a great variation between the countries concerning means tests in connection with production support. In Sweden, support has been given for new housing of nearly all tenures without means tests. In Denmark, there is now only support for social housing, while earlier there was support for new co-operatives and, during a very short period, for new private renting. In Norway, there has been some means tests in connection with 'first-home loans' to help low-income households to find owner-occupied housing, and lending to rented housing has been supported for special groups like the elderly and students. Finland is the country which has had the most extensive use of means tests through income limits of households, but the limits have included the middle class (Lujanen 2004).

On the rental market individual housing benefits to support poor households are of a special importance. Table 10 lists the number of households per 1000 inhabitants, who are getting some kind of support.

Table 10. Number of households per 1000 inhabitants receiving housing benefits 2008.

| | Denmark | Finland | Norway | Sweden |
|---|---------|---------|--------|--------|
| Married and cohabiting couples with children | 2.6 | 3.0 | 1.1 | 4.8 |
| Married and cohabiting couples without children | 2.7 | 0.8 | 0.2 | 0.3 |
| Married and cohabiting couples total | 5.3 | 3.8 | 1.3 | 5.1 |
| Single people total | 28.2 | 22.5 | 6.4 | 19.8 |

Source: Data from Nordic Statistical Database

Denmark has the largest share of households getting housing benefits followed by Finland and Sweden. In Norway, very few households get these kinds of benefits, which is partly due to Norway having fewer rented dwellings, but also because of a more restricted system. There are, however, some differences between the kinds of household who receive support. In Sweden, the support is most often given to families with children, while in Denmark it is more often given to couples without children and single people, who mostly are pensioners.

Prices and rents

All four countries have experienced increase in house prices from the middle of the 1990s, but the development has not been quite the same, as can be seen from Figure 1.

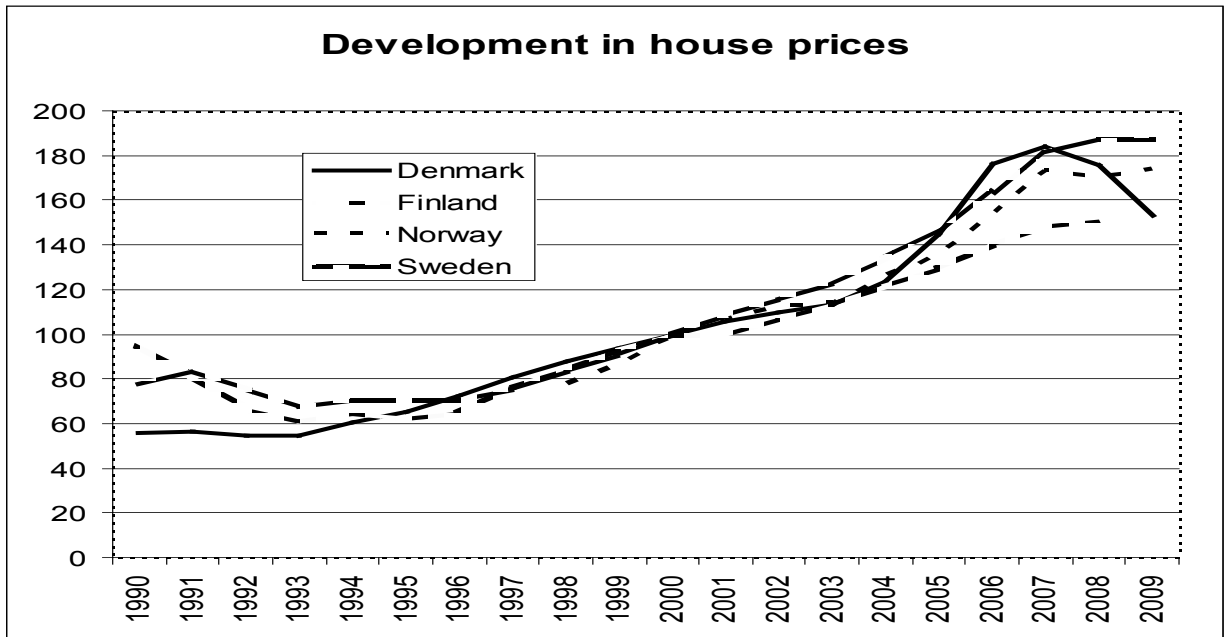


Figure 1. Development in house prices in the Nordic countries. Index 100 is year 2000.
Source: Nordic Statistical Database

Like many other European countries, Denmark had an increase in property prices during the economic boom from the middle of the 1990s followed by a decline after 2007. But the fluctuations in Denmark were especially strong. The sales prices for flats increased from about 6,000 DKK per square meter in 1995 to nearly 24,000 in 2006 followed by a decline to 17,000 in 2009. The prices of single-family houses increased from 4,600 in 1995 to 14,000 in 2007 and declined to 12,000 in 2009. It is especially the period from 2004 that has been turbulent, mainly because the government in 2003 allowed new types of loans without instalments.

Also in Sweden there has been a strong increase in prices, but in a more steady way than in Denmark. Norway has the same at a somewhat lower level with stagnation from 2006. Finland has experienced the lowest increase in prices and has not experienced a decline.

In Table 11 sales prices per square meter for owner-occupied dwellings are compared between the countries as well as rents paid per month for an average rented dwelling.

Table 11. Sales prices and rents (Euro)

| | <u>Sales prices owner-occupied per square meter.</u> | | <u>Rents for 100 square meter per month</u> | | <u>Proportion of immigrants living in capital regions</u> |
|---------------------------------------|--|---------|---|-----------------|---|
| | Detached houses | Flats | Social housing | Private renting | % |
| Average for the country | | | | | |
| Denmark 2008 | 1,735 | 2,522 | 785 | 859 | |
| Finland 2009 | | | 796 | 871 | |
| Norway 2008 | 2,772 | | | 1,017 | |
| Sweden 2010 | 1,944** | 2,456** | 736 | 806 | |
| Average for the capital region | | | | | |
| Denmark 2008 | 2,646 | 2,927 | 870 | 1055 | 48 |
| Finland 2009 | | | 938 | 1,269 | 52 |
| Norway 2008* | 4,024 | | 1,900 | 2,083 | 42 |
| Sweden 2010 | 3,348** | 3,953** | 754*** | 852*** | 46 |

Note: Denmark has another method for measuring floor area than the other countries (gross measure), which could mean that the Danish figures are underestimated by five to ten per cent.

Sources:

*Denmark: Statistics Denmark

*Norway: Norges eiendomsmeglerforbund, historisk statistikk. Average of flats, and detached houses.. Rents for social housing in the capital Oslo is based on statistics from the municipality. Municipal and private rents are calculated from the municipalities own calculations of rents.(Boligbygg 2011) There is no statistics on average rents in social housing in Norway.

** Figures for 2010and refer to price per square meter for all dwellings. Source: Svensk Mäklarstatistik AB 2011.

*** Only figures for municipalities 75 000- is available Source: Statistic Sweden 2011.

The figures indicate that rents in social housing as a national average is at about the same level in Denmark, Finland and Sweden. But in the capital regions, where close to half of immigrants live in all four countries, there are greater differences. In Norway, rents are very high in Oslo. Also in Finland, they are higher, while Sweden has the lowest rents.

Norway also has a much higher rent level in private renting, especially in the capital region. Sweden has the lowest rents in private renting, a bit lower than in Denmark, which is somewhat surprising considering the strong rent control in this country. It is also surprising that the rents in Finland are not much higher than in Denmark, but in the capital regions the difference is more pronounced.

Also house prices for detached homes seem to be considerably higher in Norway (only data for the capital region are available). Denmark seems to have the lowest price level in spite of strong growth in house prices from 1995 to 2007. Especially in the capital region in Sweden, prices of both detached houses and flats (co-operatives) are higher. Data from Finland are not available.

Summing up, it can be stated that the rent and price level in Norway is higher than in the other countries. Sweden has relatively high prices but modest rents. Denmark and Finland are positioned in between.

The economic burden of housing costs

Because of the big differences between the countries concerning housing markets and housing policies, it is to be expected that some differences exist between what people pay for housing and to what extent the housings costs is influenced by subsidies.

An analysis of the gross share of income used for housing was made in Norman et al. (2006). The housing costs measured covered gross interest costs (not instalments), rent, insurance, obligatory services/charges, usual maintenance, housing tax as well as expenditure on water, electricity, gas

and heating. Subsidies were not included. They defined households that used from 25 to 49 per cent of their disposable income as having a high economic strain, whereas households using 50 per cent or more for housing have a very high economic strain. Table 12 shows the distribution of households on housing cost strain.

Table 12 Households distributed on gross housing cost strain (before subsidies) 2006 (%)

| | Low | Medium | High | Very high | <i>n</i> |
|---------|------|--------|------|-----------|----------|
| Denmark | 3.8 | 36.6 | 43.8 | 15.8 | 5 711 |
| Finland | 35.0 | 39.7 | 20.6 | 4.8 | 10 868 |
| Norway | 29.0 | 42.0 | 22.1 | 6.9 | 5 765 |
| Sweden | 23.8 | 40.9 | 26.2 | 9.2 | 6 803 |

Source: Eurostat (EU-SILC) from Norman et al. 2009

The figure shows that in Denmark, 44 per cent of households have a high economic strain and 16 per cent a very high strain, in total close to 60 per cent. The other countries lie between 25 and 35 per cent.

These figures for housing costs do not give a real picture of the housing strain because tax rules and subsidies are not included. The differences between the countries can have three explanations: 1. Differences in consumed housing quality and size, 2. Differences in the price of housing, and 3. Differences in income levels and taxation systems

The above comparison of housing conditions in the countries showed that Finland had the lowest housing consumption measured as number of rooms per inhabitant. This could partly be an explanation of lower housing expenditures. Sweden had the best housing conditions, which could lead to higher expenditures. The high expenditures in Denmark, however, are not to be explained by higher housing consumption. General income differences can explain why Norway has a somewhat lower cost strain than Denmark and Sweden, but not why the strain is lower in Finland.

In the EU-SILC project a survey was conducted on how people experienced their housing costs, which reached the opposite conclusion (Table 13).

Table 13. Households' experience of the economic burden of their housing costs 2006

| | A heavy burden | Somewhat a burden | No burden | Total |
|---------|----------------|-------------------|-----------|-------|
| Denmark | 6 | 19 | 75 | 100 |
| Finland | 27 | 51 | 22 | 100 |
| Norway | 11 | 42 | 47 | 100 |
| Sweden | 17 | 36 | 47 | 100 |

Source: Eurostat (EU-SILC) from Norman et al. 2009

Respondents in the EU survey were asked whether they experienced their housing costs as either 'A heavy burden', 'Somewhat of a burden' or as 'No burden'. It can be seen from the table that most people in Finland felt that there costs were a heavy burden, followed by Sweden and Norway. In Denmark, only 6 per cent felt a heavy burden and 75 per cent felt no burden. The result for Denmark may be somewhat influenced by the favourable business cycle and the steep increase of house prices during the preceding years.

Also another analysis of to what extent households were in arrears on mortgage or rent payments in 2006 indicated that the housing economy was better in Denmark than in the other countries. While only 3.6 per cent of Danish households had been in arrear with payments in the previous year, it was 5.9 per cent in Sweden, 8.2 per cent in Finland and 9.2 per cent in Norway (Norman et al. 2009).

Comparison of housing costs for low-income families in rental housing in Denmark and Finland

To get a more accurate picture of the affordability of social and private rented housing in the countries, average gross and net housing costs have been calculated for two standard families with two children over 7 years old living at home with their parents. The first family receives welfare benefits while the second is in work with a net income corresponding to the income dividing the first and second income decile for families with children. The costs are calculated for respectively social/public and private rental dwellings of 100 square meter, as average for the whole country and for the capital region. The results of the calculations are shown in Table 14 and Table 15.

Table 14 Comparison of rents and housing expenses (Euros per month) for households *on welfare*

| | Social housing | | | Private renting | | |
|---------------------------------------|----------------|----------------------------|---------|-----------------|----------------------------|---------|
| | Denmark | Denmark 'start help'*** | Finland | Denmark | Denmark 'start help'*** | Finland |
| Average for the whole country | | | | | | |
| Average rent | 872 | 872 | 796 | 954 | 954 | 871 |
| Individual subsidies | 408 | 408 | 436 | 408 | 408 | 490 |
| Net housing costs | 465 | 465 | 360 | 547 | 547 | 381 |
| Disposable income | 2,601 | 1,499 | 1,574 | 2,601 | 1499 | 1,574 |
| Net costs/disposable income % | 18% | 31% | 23% | 21% | 36% | 24% |
| Disposable income after housing costs | 2,137 | 1035 | 1,213 | 2,054 | 952 | 1,192 |
| Average for the capital region | | | | | | |
| Average rent | 967 | 967 | 938 | 1,172 | 1,172 | 1,269 |
| Individual subsidies | 408 | 408 | 552 | 412 | 412 | 687 |
| Net housing costs | 559 | 559 | 386 | 760 | 760 | 582 |
| Disposable income | 2,601 | 1,499 | 1,601 * | 2,601 | 1499 | 1,797 * |
| Net costs/disposable income % | 21% | 37% | 24% | 29% | 51% | 32% |
| Disposable income after housing costs | 2,042 | 940 | 1,215 | 1,841 | 739 | 1,215 |

*The social support for earning minimum level of disposable income in Finland is included.

** In Denmark newly arrived immigrants receive reduced benefits called 'start help'. All households in the table get maximum housing benefits based on the following assumptions:

- Dwelling with 100 square meter, in house built/renovated in year 2005 with rents corresponding to respectively the national average and the average in the capital region)
- Families with two children over 7 years old
- Family without work receives unemployment benefits + family allowance

Table 15 Comparison of rents and housing expenses (Euros per month) for a household *in work with lower incomes*

| | Social housing | | Private renting | |
|---------------------------------------|----------------|---------|-----------------|---------|
| | Denmark | Finland | Denmark | Finland |
| Average for the whole country | | | | |
| Average rent | 878 | 796 | 961 | 871 |
| Individual subsidies | 110 | 36 | 110 | 90 |
| Net housing costs | 768 | 760 | 851 | 781 |
| Disposable income | 2875 | 2668 | 2875 | 2668 |
| Net costs/disposable income % | 27% | 29% | 30% | 29% |
| Disposable income after housing costs | 1997 | 1908 | 1914 | 1887 |
| Average for the capital region | | | | |
| Average rent | 973 | 938 | 1180 | 1269 |
| Individual subsidies | 110 | 154 | 110 | 288 |
| Net housing costs | 863 | 784 | 1070 | 981 |
| Disposable income | 2875 | 2668 | 2875 | 2668 |
| Net costs/disposable income % | 30% | 29% | 37% | 37% |
| Disposable income after housing costs | 1902 | 1884 | 1695 | 1688 |

Assumptions like Table 14. Family in work has a disposable income corresponding to the income dividing the 1st and 2nd decile for families in work with two children

It can be concluded from the two tables that the housing economy of families in work with lower incomes in rented housing are very similar in Denmark and Finland. But in the capital region, Danish families have a lower burden of housing costs than the Finnish ones.

Concerning families on welfare, it appears that the Danish families on ordinary welfare payments have considerably higher incomes than in Finland. Housing allowances are somewhat higher in Finland but the final result is that Danish families have a somewhat lower economic burden of housing costs. For immigrants coming to Denmark, there were special rules from 2002 to 2012 concerning welfare payments, called 'start help', which was much lower than the ordinary welfare benefits. For many immigrants the burden of housing costs has therefore been higher than that found in Finland.

Evaluation of housing affordability between the countries

In Table 16 we have tried to make an evaluation of the differences in affordability for households with lower incomes in the different tenures based on the evidence presented in the above text. The evaluation is made by combining the data on prices and rents with a description of the subsidy systems in the countries, where some of the countries have broader systems covering all tenures, while others (especially Denmark) have systems where most of the support is concentrated on social housing.

Table 16, Comparison of the affordability of low income groups in different tenures in the Nordic countries.

| | Denmark | Finland | Norway | Sweden |
|-------------------|---------|---------|--------|--------|
| Tenure | | | | |
| Social housing | +++/* | +++ | ++ | +++ |
| Private renting | ++ | ++ | + | ++ |
| Co-operatives etc | +++ | | ++ | ++ |
| Owner-occupied | + | + | + | + |

Most affordable: +++, Least affordable: +

*) Immigrants on 'start help'

Social housing in Denmark is in principle affordable for everyone. However, the reductions in welfare benefits for newly arrived immigrants during the years 2002 to 2012 made it very difficult for this group to survive financially. Also in Finland, rent setting and subsidies make it affordable to live in social housing. In both Denmark, Finland and Norway, however, the decentralised rules for rent-setting means that rents varies very much between housing estates. Some of the estates could be less affordable. In Sweden the 'semi-privatisation' of social housing may lead to higher rents and less affordability. But at the same time it must be expected that there are a better correlation between rents and housing quality than in Denmark and Finland. The municipalities' autonomy regarding rent setting principles for social housing in Norway has resulted in market prices in the metropolitan area. To survive this rent policy, the tenants are dependent on a housing allowance, often combined with a social allowance.

Rents below market rents in the private renting sector in Denmark and Sweden may make these dwellings more affordable. This is especially the case in Denmark, but rents are very differentiated with very low rents in part of the market and at the same time very high rents in others. Earlier lower prices on co-operatives in Denmark made them more affordable, but recently prices have increased to market levels in parts of the stock. The high rents in

the rental sector in Norway make private renting less affordable than in the other countries.

Affordability in owner-occupied housing depends on property prices, finance systems, tax support and supply support. Subsidies and loan guaranties make it easier for first time buyers and some other groups to acquire a home in Norway, Finland and Sweden.

4. Social and ethnic segmentation of the housing markets

One of the main reasons why immigrants' housing situation diverges from that of the native population is that they have lower incomes. It is therefore of great importance for immigrants to what extent there is sufficient affordable housing and satisfactory access possibilities to the different housing segments for different income groups. If low income households in general have good access and affordability to decent housing, immigrants will benefit greatly from this. We will measure to what extent housing opportunities for different income groups are equal or unequal by comparing 'income segmentation' on the housing market; that is how different income groups are distributed on housing tenures. If income segmentation is high, it is to be expected that also ethnic segmentation on the housing market will be high.

Income segmentation of the housing market

It has been difficult to obtain comparable data on income segmentation in the countries. In Table 17 the proportion of homeowners in different income quartiles is compared, while Table 18 compares the average personal incomes in different tenures. Based on these figures, two indices of income segmentation have been calculated as shown at the bottom of each table. Shown in Table 17, the first index shows to what extent households in income groups are separated between owning and renting. The second one in Table 18 measures to what extent personal income diverges between different tenures.

Table 17. Homeownership among households in different income quartiles

| | Denmark | Finland | Norway | Sweden |
|--|-------------------|-----------|-----------|-----------|
| Household income quartile | Homeownership %*) | | | |
| 1 | 50 | 53 | 31 | 51 |
| 2 | 52 | 65 | 54 | 60 |
| 3 | 66 | 71 | 74 | 62 |
| 4 | 82 | 74 | 88 | 71 |
| All | 62 | 67 | 62 | 59 |
| Index for income ownership segmentation | 29 | 18 | 48 | 14 |

Note: These figures on homeownership among households are somewhat different from the distribution of dwellings in Source: First European Quality of Life Survey: Social dimensions of housing <http://www.eurofound.europa.eu/pubdocs/2005/94/en/1/ef0594en.pdf> and Norway: Levekårsundersøkelsen 2007

Index of segmentation = $\text{sum}(\text{abs}(\text{proportion of homeowners in quartile} - \text{proportion of homeowners for the whole population}))/100$

Table 18. Average personal income among residents 16+ years in different tenures

| | Denmark | Finland | Norway | Sweden |
|--|---------|---------|--------|--------|
| Average disposable incomes in tenures (Euro) | | | | |
| Owner-occupied | 27,149 | 20,021 | 30,408 | 21,100 |
| Co-operatives | 21,556 | - | 28,328 | 19,900 |
| Private renting | 21,130 | 14,623 | 20,246 | 16,300 |
| Social/public housing | 19,415 | 14,028 | 21,763 | 14,850 |
| All | 24,407 | 18,233 | 27,645 | 19,200 |
| Relative difference from average income, per cent | | | | |
| Owner-occupied | 11 | 10 | 10 | 10 |
| Co-operatives | -12 | | 2 | 4 |
| Private renting | -13 | -20 | -27 | -15 |
| Social/public housing | -20 | -23 | -21 | -23 |
| Index for income segmentation | 14 | 12 | 13 | 11 |

Index of segmentation = $\text{sum}(\text{abs}(\text{income in tenure} - \text{average income}) * \text{proportion of dwellings in tenure}) / 100$

Sources:

Denmark: Database at Danish Building Research Institute based on data from Statistics Denmark 2008

Finland: Finland Statistics 2008

Norway: Levekårsundersøkelsen 2007

Sweden: GeoSweden 2011

Table 17 shows that a much lower proportion of the households in the lowest household income quartile in Norway are homeowners compared with the other countries. In the highest income quartile, the proportion is higher. The calculated index of segmentation in Table 17 is much higher in Norway than in the other three countries. Table 18 also shows that the personal incomes in rented housing are relatively lower in Norway than in the other countries. However, the calculated index of segmentation shown in Table 18, which covers all tenures is relatively even between the countries.

The housing market in Denmark is not quite as income segmented as the Norwegian one, but more segmented than in Sweden and Finland. The figures from Sweden indicate that the Swedish political goal of equal opportunities in different tenures has to some extent been a success.

Immigrants' position on the housing markets

The housing market segmentation of immigrants gives a picture of to what extent they have easy or difficult access to different housing tenures, especially to homeownership and social/public housing. Especially in American literature on processes of integration (assimilation) of immigrants (Borjas 2002, Alba and Nee 1997) homeownership is often seen as a sign of positive social integration. In this light, a high segmentation of immigrants, resulting in a higher representation in rental housing could be seen as a sign of weak or failed integration policies. Another negative aspect related to high segmentation is that different tenures tend to be concentrated in different neighbourhoods. High segmentation can therefore result in higher segregation of immigrants and concentration in particular low-cost tenures, often social/public housing in particular neighbourhoods (Skifter Andersen et al. 2000).

The composition of tenures in some neighbourhoods with low quality or low cost housing, which immigrants have had an easy access to, has to some extent initiated processes of segregation of immigrants. This has again influenced immigrants' choice of tenures and their housing situation. The first immigrants to Denmark, Norway and Sweden tended to settle in older neighbourhoods in the cities dominated by private renting. This has especially been the case in Norway. In the course of time, immigrant-dense neighbourhoods in Denmark, Finland and Sweden emerged in areas dominated by social/public housing. In Norway immigrant-dense neighbourhoods developed in areas dominated by co-operatives. As described in the theoretical

section, there is evidence in some countries that immigrant-dense neighbourhoods tend to attract more immigrants because of white flight and avoidance, and to some extent because of preferences for ethnic enclaves. It is therefore to be expected that segregation has increased the presence of immigrants in social/public housing in Denmark, Finland and Sweden, while in Norway it has been important for immigrants' settlement in co-operatives.

Evaluation of immigrants' access to different tenures

Access for immigrants to social/public housing is determined by the general rules for allocation of vacant dwellings and to what extent local authorities have disposal of dwellings to allocate to low-income groups. In all countries local authorities have an obligation to provide housing for new refugees, which most often results in settlement in social/public housing.

In Denmark and Sweden, access to social/public housing is in principle based on an open allocation system with waiting lists. In recent years, however, access to social/public housing in Denmark has become somewhat more difficult for immigrants due to the new rules of allocation that have been introduced in estates with many immigrants. In Finland like in Norway, access is based on urgent housing needs, which favours the most vulnerable immigrants, but not the more successful.

In Denmark, rent control in the private rented sector produces queues that are not in favour of immigrants and tend to reduce immigrants' possibilities of access to the sector, because immigrants seldom have social relations with landlords and because some landlords do not want to let to immigrants (Skifter Andersen 2008). In Norway, the small rental sector increases the competition between house hunters who want to rent, which provides a breeding ground for discrimination. Moreover, the market is dominated by small landlords with one or a few dwellings, who tend to avoid immigrants as tenants (Nordvik 1996; Søholt and Astrup 2009a). However, private professional renting companies seem to be increasing in Oslo. These landlords dispose of different types of rentals which seem to be more accessible for immigrants. Finland has a more professionalised private rental sector, which puts more weight on allocation by market mechanisms and should ensure immigrants' access if they can pay the rent and discrimination does not take place. In Sweden, it is allowed for municipalities to establish a central housing allocation service, which is open to immigrants, but the landlords are not obliged to use it, so here personal contacts to landlords are also important. Table 21 indicates that immigrants in Sweden and Finland have a much easier access to private renting than in Norway and Denmark.

Co-operatives in Denmark differ very much from co-operatives in Sweden and Norway. Access to Danish co-operatives has been very difficult for immigrants, because allocation of dwellings has been controlled by the boards of the co-operatives, which instead of immigrants often have chosen family or friends. In recent years, prices have gone up, in some places to the market level, which in principle should make it easier for immigrants to get access if they can pay the prices. In Norway, access to co-operatives is market based, combined with seniority. The applicants have to be formally accepted by the boards of the co-operatives, but there is not much room for discrimination. In Sweden, allocation is market based. In new construction, which earlier were given subsidies, waiting lists are used with seniority as the allocation principle.

Access to owner-occupied housing is market based in all the countries. There is not much research on discrimination against home buyers in the Nordic countries, as is the case in the U.S. Avoiding strategies from sellers, neighbours and estate agents are however documented in Norway but

seems to be less frequent than discrimination in the rental market (Søholt 2007, Søholt and Astrup 2009a). But immigrants could have difficulties in getting loans or mortgages for housing. This depends very much on the kinds of finance and subsidies available in the countries, which is discussed below.

In Table 19 an evaluation is made of the easiness of access for immigrants to different tenures in the countries. It is based on the circumstances described above concerning supply of different tenures and of the described rules for access and practices of administration. Three factors are considered to determine the evaluations: the relative size of the tenure, which especially applies to the rental sectors, specific rules regulating access, and finally whether conditions on the market make room for discrimination of immigrants.

Table 19. Evaluation of the easiness of access for immigrants to different housing tenures in the Nordic countries*)

| | Denmark | Finland | Norway | Sweden |
|--------------------|---------|---------|--------|--------|
| Tenure | | | | |
| Social housing | +++ | ++ | + | ++ |
| Private renting | -- | ++ | + | ++ |
| Co-operatives etc. | -- | | +++ | +++ |
| Owner-occupied | +++ | +++ | +++ | +++ |

Easy access: +++

Major obstacles: --

*) The evaluation of the easiness of access is based on a combination of available housing and factors which especially hamper the options of immigrants

The conclusion is that Denmark has the most differentiated housing market with great differences between immigrants' opportunities for access to tenures.

Access to social/public housing is most difficult in Norway. In all the countries private renting is the least accessible tenure. Access to co-operatives is most difficult in Denmark due to price regulations. Access to ownership is based on market conditions in all the countries.

Ethnic segmentation of the housing markets

Ethnic segmentation of the housing market can be examined by comparing the distribution of immigrants on tenures with the distribution of the whole population. Table 20 and Table 21 show how immigrants are distributed on tenures and their calculated over or under-representation in each form of tenure. Moreover, a calculated index of segmentation is shown for each country. The index is calculated as the weighted sum of the absolute value of the difference between the proportion of immigrants in each tenure and the proportion of the whole population living in that tenure, with the weights being the proportion of the whole population living in the tenure.

Table 20 Immigrants and the whole populations distributed on tenures in the Nordic countries (%)

| | Denmark | Finland | Norway | Sweden |
|-------------------------|---------|---------|--------|--------|
| Immigrants | | | | |
| Owner-occupied | 30 | 31 | 45 | 30 |
| Co-operatives | 6 | | 18 | 23 |
| Private renting | 16 | 21 | 24 | 26 |
| Social/public housing | 45 | 43 | 13 | 20 |
| Other | 2 | 5 | | |
| Total | 100 | 100 | 100 | 100 |
| Total population | | | | |
| Owner-occupied | 62 | 72 | 62 | 55 |
| Co-operatives | 6 | | 14 | 17 |
| Private renting | 14 | 11 | 19 | 14 |
| Social/public housing | 17 | 13 | 5 | 14 |
| Other | 1 | 4 | | |
| Total | 100 | 100 | 100 | 100 |

Year and sources:

Denmark 2008 Database at Danish Building Research Institute based on data from Statistics Denmark

Finland: 2010, Statistics Finland

Norway: Living conditions among immigrants in Norway 2005/2006 and Living conditions among the whole population 2007, survey data Statistics Norway

Sweden GeoSweden 2008

Table 21 Immigrants' over representation in the tenure and a calculated index of tenure segmentation

| | Denmark | Finland | Norway | Sweden |
|------------------------------|-----------|-----------|-----------|-----------|
| Owner-occupied | -51 | -57 | -27 | -45 |
| Co-operatives | -4 | | 29 | 37 |
| Private renting | 18 | 91 | 26 | 89 |
| Social/public housing | 166 | 222 | 160 | 45 |
| Other | 113 | 40 | | |
| Index of segmentation | 63 | 81 | 34 | 50 |

Over-representation = (per cent of immigrants in tenure x – per cent of whole population in tenure x) / per cent of whole population in tenure x

Index of ethnic tenure segmentation = $\sum_{x=1,n} (\text{Absolute (per cent of immigrants in tenure } x - \text{ per cent of whole population in tenure } x) * \text{proportion of population in tenure } x)$

The tables show significant differences between the four countries regarding immigrants' distribution on tenures. In particular Norway differs by having a substantially large proportion of immigrants living in owner-occupied housing. In the three other countries, homeownership is about the same level, which makes up about 30 per cent. In all countries immigrants are under-represented in the owner-occupied tenure, but as homeownership is not at the same level in the various countries, immigrants are less often homeowners in Finland than in Denmark and Sweden. This could partly be due to the fact that immigrants in Finland have arrived later than in the other countries and have had less time to 'climb up the housing ladder'.

There are also remarkable differences between the countries concerning immigrants' representation in the other tenures. In Denmark and Finland, a large proportion of immigrants are living in social/public housing, while it is only 20 per cent in Sweden and 13 per cent in Norway. The low proportion in Norway is due to the very small social/public housing sector. When it comes to immigrants' over-representation in social/public housing, Norway is at the same level as Denmark, while Finland has the largest over-representation. Immigrants are also over-represented in social/public housing in Sweden, but at a lower level than in the other countries.

Private renting is an important sector for immigrants in all the countries accommodating between 15 and 25 per cent. But compared with the size of this tenure, immigrants have much more often got access to private renting in Finland and Sweden. Especially in Denmark, immigrants do not very often

live in private renting. A Danish study (Skifter Andersen 2010) has shown that when taking into account that immigrants' incomes are lower than the average, immigrants have a 60 per cent lower probability of living in private rented dwellings. Immigrants are thus less often living in private renting in Denmark than what should be expected considering their lower incomes.

In Norway and Sweden, co-operatives are important for immigrants, who in both countries are over-represented in the sector, especially in Sweden. One reason could be that there is little room for discrimination in the access process. Again the Danish case differs much, because immigrants less often than the whole population live in co-operatives. Considering their incomes, the probability of immigrants moving into co-operatives is even much smaller (Skifter Andersen 2010).

The calculated index of segmentation shown at the bottom of Table 21 indicates substantial differences between immigrants' position on the housing market in the four countries. Finland is the country where the largest deviation is found between immigrants' housing tenure and the rest of the population. Denmark has the second largest deviation followed by Sweden. In Norway, immigrants' housing tenure is most like the national average.

5. Comparative conclusions

In this paper it has been shown that the housing situation of immigrants in the four Nordic countries differs much. How can this be explained and what does it tell us about the special importance of housing policies for housing options of immigrants?

The Nordic countries are all affluent societies and welfare states, but there are differences. Norway is by far the most affluent society with the other three countries at close to the same economic level. As a consequence, it should be expected that Norway would have better housing conditions and a larger owner-occupied housing sector as this, other things being equal, is to be expected in more affluent societies.

The amount of immigrants and their national composition differs somewhat between the countries. The level of immigrants in Finland is less than half of that of the other countries and most of them come from Eastern Europe, much fewer from countries outside Europe. It must thus be expected that it has been much easier to integrate immigrants in Finland and to accommodate them. Sweden has had the largest quota of immigrants from third-world countries. Other things being equal, Sweden has thus had the most challenging task of housing immigrants.

Overview of housing policies and housing conditions

The differences between immigrants' housing situation in the Nordic countries can to a great extent be ascribed to the differences in their housing markets and in the housing policies that have shaped and regulated these markets.

Sweden is the country that earlier put the most weight on housing as a social good with equal housing possibilities for all, but since the beginning of the 1990s subsidies has been much reduced and changed from production support to consumption support and a widespread deregulation has been made. However, Sweden has kept as an object to give equal economic conditions for all tenures. Norway on the other hand has had strong political preferences for owner-occupation either as home-ownership or co-operatives. Norwegian housing policy has thus contained special support for lower income groups and first-time buyers to acquire homeownership. But only a very residual social sector exists. In Denmark there has been a split between an owner-occupied sector for more well-to-do people and a rental sector. Even though the social sector is open for all income groups, it increasingly contains low-income groups. In Finland, housing policy always has been more market oriented than in Denmark and Sweden and has mainly been seen as social policy for the weaker groups in society. The level of subsidies has been lower than in the other Nordic countries, especially tax subsidies.

As a result of these housing policies, over the years very different housing markets have evolved in the countries. Sweden has the lowest share of owner-occupied dwellings followed by Denmark. Norway and Finland have the highest share of ownership in detached housing and a few flats. With co-operative ownership included, Norway has the highest share of owners fol-

lowed by Sweden, Finland and Denmark. Sweden and Denmark have got the largest rented sectors and the largest social housing sectors. Norway has the smallest rental sector and a very small sector with public rental housing. In all the countries private renting constitutes between 15 and 20 per cent.

Norway has the relatively lowest number of dwellings compared with the size of the population. An explanation of this could be the heavy priorities on owner-occupation, which parts of the population cannot afford. Is the lower Norwegian supply a result of the very limited support for social housing? Looking at the number of rooms per inhabitant, it is revealed, however, that Norway has the same coverage as Denmark and Finland. This is due to a major part of Norwegian dwellings having four rooms or more. Finland has more small dwellings. Sweden has the largest number of rooms per inhabitant, mostly because of many dwellings.

Housing costs and subsidies

As a result of differences in prices and rents, the share of consumption expenditures on housing also varies between the countries. Before subsidies, the highest share is found in Denmark and Sweden, the lowest in Norway, while Finland is in between.

Net housing costs are influenced by the amount of subsidies used to support housing. Denmark and Sweden have had the highest level of subsidies compared with Norway and Finland. There are, however, substantial differences concerning what kinds of subsidies are given. Individual housing benefits are very small in Norway, while at the same level in the other countries. Also production support has been quite low in Norway, highest in Denmark and Sweden and somewhat in between in Finland. Finally, tax subsidies are far the most important kind of support in Norway, while it is the least important in Finland. The subsidies given in the countries also vary much concerning what tenures are supported and the degree of means tests; that is if there are conditions for getting support related to housing need and income. To what extent subsidies reach the poor or are spread out on all income levels is very much dependent on means tests and on what tenures are supported. If the housing market is much segmented, it is important that tenures for the poor are supported more than tenures for the rich.

Survey data on to what extent people feel housing costs as a financial burden on their economy points to net housing costs being more burdensome in Finland than in the other countries followed by Sweden and Norway. In Denmark, 75 per cent of the respondents felt that housing costs were no burden. Thus, in spite of high costs especially in the owner-occupied sector, the subsidy system has reduced the net costs so much that only a few people in Denmark feel it as a heavy financial burden. Also rent control plays a role here.

Differences in immigrants' housing situation in the countries

The evidence in the article displays big differences between the four countries regarding immigrants' distribution on the housing markets. The analyses show that immigrants in Finland are much more unequally distributed between tenures, measured by an index of ethnic segmentation, than immigrants in Norway. Denmark and Sweden are positioned somewhat in between with the strongest segmentation in Denmark.

Norway in particular differs by having a quite large proportion of immigrants living in owner-occupied housing. Compared with the whole population, immigrants are less often homeowners in Finland than in Denmark and Sweden. There are also remarkable differences between the countries concerning immigrants' representation in other tenures. In Denmark and Finland, a larger proportion of immigrants live in social housing. There is a very low proportion in Norway due to social housing being a very small sector. Finland has the largest over representation of immigrants in social housing followed by Norway and Denmark at the same level. The lowest over-representation is found in Sweden. Private renting is an important sector for immigrants in all the countries. But immigrants have much more often got access to private renting in Finland and Sweden. Especially in Denmark, immigrants do not very often live in private renting and less often live in this tenure than what would be expected considering their lower incomes. Co-operatives with shared ownership is an important sector for immigrants in Sweden and Norway. This is not the case in Denmark, where immigrants are much under-represented, especially when one considers their lower incomes.

The reverse of the Norwegian housing system is that immigrants more often live in overcrowded dwellings than in the other countries. In Norway and Finland, a very high proportion of immigrants live in overcrowded dwellings compared with Denmark and Sweden. But overcrowding in general differs between the countries and the picture is somewhat different if one looks at how immigrants' housing situation differs from that of the whole population. The gap between immigrants and the whole population is the largest in Norway. It is also quite large in Denmark and lowest in respectively Finland and Sweden.

The importance of income inequalities on the housing markets

If tenures are strongly divided into housing for the rich and for the poor, immigrants to a large extent will be accumulated in housing for the poor. It is examined whether the differences between housing outcomes for immigrants in the four countries can be explained by differences in income inequalities and income segmentation in the housing systems. The housing outcomes for different income groups differ much between the countries concerning segmentation and overcrowding. But there is no systematic connection between income inequality and ethnic inequality in housing outcomes when comparing the countries.

The Norwegian housing market has higher income segmentation than the other countries. Thus, in the case of Norway the low tenure segmentation of immigrants cannot be explained by low income segmentation. When comparing Denmark with Sweden and Finland, the higher tenure segmentation of immigrants can be associated with higher income segmentation. Differences in income segmentation can thus to some extent explain why immigrants are more unequally distributed among tenures in Denmark than in Sweden. But it cannot explain why the ethnic segmentation is higher on the Finnish market and lower on the Norwegian. In the Finnish case an explanation could be that immigrants are to a greater extent newcomers and that major proportions of Danish, Swedish and Norwegian immigrants have had longer time to 'climb up the housing ladder'.

It is also difficult to explain the differences between the various countries concerning immigrants in overcrowded housing by only income differences. The high degree of overcrowding among immigrants in Norway can thus not

be explained by differences between income groups, which in fact are smaller than in the other countries. Also the differences between the other countries cannot be accounted for by income differences. Some of the differences must therefore be explained by special features in the housing systems.

The differences in immigrants' position on the housing market in the countries can thus not totally be explained by the differences between the countries concerning their economic level, immigration and general social inequalities on the housing markets. This indicates that housing policies have special effects on the housing situation of immigrants.

Explanations for immigrants' position on the housing market

The higher proportion of immigrants in owner-occupied housing in Norway cannot be fully explained by a general higher incidence of owner-occupied housing in Norway. It is higher in Finland. Incomes in Norway are higher but prices are very high. The political preferences for owner-occupation have, however, led to special subsidies for families with lower incomes and first-time buyers that also have been available for immigrants. But more important is that the rental sector, and in particular the social housing sector, is quite small in Norway. Immigrants in Norway have to some extent been forced into owner-occupation or co-operatives, which in Norway functions on quite the same conditions as owner-occupation. The price for this has been that many immigrants have obtained dwellings that are too small and live in overcrowded accommodation.

Finland has got the strongest ethnic segmentation of the housing market with a very high concentration of immigrants in social housing and the lowest representation in owner-occupied housing. Explanations can be that immigrants have had relatively easy access to social housing and because of that needs tests have made it more difficult for natives to get access. Homeownership has been expensive with only smaller tax subsidies and Finland is the country where most families complain of high housing costs. There are special subsidies for first-time buyers, but they do not seem to have been used extensively by immigrants. Finland does not have co-operative ownership, and many immigrants often live in private renting. This sector does not have rent control in Finland, and it is to be expected that market competition reduces discrimination between ethnic minorities. Overcrowding among immigrants is not so extensive in Finland, which could be ascribed to the easy access to social housing for low-income groups.

Also Denmark has a high concentration of immigrants in social housing. Access to this sector has been easy for immigrants and the general rules for access have diminished the room for discrimination. Moreover, the increasing emergence of 'white flight and avoidance' has made more room for them as the housing companies have got increasing difficulties with vacant apartments. Access to other tenures has been difficult. There are no individual subsidies for homeownership that can ease the access for families with low incomes and Denmark is the country with the highest income segmentation of the housing market after Norway. Besides, co-operatives and private renting have been highly regulated with strict rent and price control that increases the importance of personal contacts to landlords and co-operative boards, which immigrants do not have, and make room for discrimination. Immigrants are thus much under-represented in these sectors. But the generous amount of social housing and its high standard has benefited immigrants,

who get better housing conditions than in Norway measured by the degree of overcrowding.

Sweden seems to be the country with the most successful housing policy for immigrants measured as the lowest ethnic segmentation of the housing market and the smallest divergence of overcrowding among immigrants from the whole population. As a consequence of an explicitly formulated policy implemented in a subsidy system that has covered all tenures, Sweden has the lowest income segmentation of the housing market, which also immigrants benefit from. As a consequence of the mild rent control system, rents are not high and the system does not seem to have affected immigrants' access to private renting.

Conclusions on the special importance of housing policies for immigrants' housing position

The comparison of countries reveals that ethnic tenure segmentation, which often results in spatial segregation of immigrants; only to some extent is a consequence of income-related segmentation of housing markets. This indicates that differences in housing policies can have special consequences for immigrants besides the effect for income groups.

The Norwegian case shows that a lack of sufficient rental housing in a country can push immigrants into owner-occupation, which could be seen as desirable. But the price for this policy has been that many immigrants live in overcrowded accommodation. Moreover, the lack of rental housing results in a high demand pressure on rental housing. This makes room for increased rents but also discrimination, which has been well documented in the Norwegian case.

In the other three countries there are more rental housing and social/public housing, especially in Denmark. But these sectors have been differently organised. Important differences for immigrants are rent and price controls in private renting and co-operatives, the size of the social/public housing sector and rules of access to social/public housing.

The Danish case shows that immigrants' housing possibilities and experiences of discrimination is strongly influenced by regulation of the private rental market and a lack of transparency of housing transactions. Strong rent control, like in Denmark, is damaging for the housing possibilities of immigrants in private renting, because rents below the market level create queues, which give landlords the option to choose between house hunters. They tend to choose family and acquaintances as tenants, and as immigrants seldom have good contacts to landlords, they have difficulties in getting access to their dwellings. Moreover, the room for direct discrimination increases, which has been documented in Denmark. Also price control in co-operatives in Denmark has resulted in a strong under-representation of immigrants in this tenure.

A large social/public housing sector, which is found in Denmark, and earlier in Sweden, paves the way for good housing opportunities for immigrants. Open access to social/public housing for all income groups increases immigrants' housing options. However, the lessons from Finland are that if housing policy is on the other hand concentrated on support for housing for the poor, who are housed in social/public housing with strong needs control, immigrants tend to be very concentrated in this kind of housing. Also in Denmark there is a high concentration of immigrants in social/public hous-

ing. This can partly be explained by a housing policy that in general has resulted in higher income segmentation on the housing market than in Sweden and Finland. The policy in Sweden of giving equal status to all tenures has resulted in a modest ethnic segmentation of the housing market and in a smaller over-representation of immigrants in social/public housing. It has also resulted in smaller differences between immigrants and natives concerning overcrowding.

The high over representation of immigrants in social/public housing in Denmark and Finland has led to spatial segregation and to a high concentration of immigrants appearing in certain neighbourhoods in the cities. It can be assumed that processes of ethnic spatial segregation like 'preferences for enclaves' and 'white flight and avoidance' have occurred in these neighbourhoods and thus have contributed to increased over-representation in social/public housing. Also in Sweden, large housing estates with high concentrations of immigrants exist where these processes may have occurred. In Norway, concentrations of immigrants have mostly occurred in neighbourhoods with co-operatives. But it does not seem that these immigrant-dense neighbourhoods in Norway and Sweden have to the same extent contributed to a concentration of immigrants in respectively co-operatives and social/public housing.

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In this publication is made a comparison of housing policies in four Nordic countries; Denmark, Finland, Norway and Sweden. The purpose is to find explanations for why the housing situation of immigrants varies so greatly across the countries. Some of the conclusions are that immigrants' housing options in Norway have been reduced because of the high priority the country has given to owner-occupation. In Denmark rent control has resulted in a limitation of immigrants' access to private renting.

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