# The Special Importance of Housing Policy for the Housing Situation of Ethnic Minorities. Evidence from a Comparison of Four Nordic Countries1

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### Notes

1. This article was elaborated as a part of the NODES project (Nordic welfare states and the dynamics and effects of ethnic residential segregation <http://blogs.helsinki.fi/nodesproject/>) financed by NORFACE. The article is based on material in a report comparing four countries (Andersson et al. 2010) and a special paper on housing policies (Skifter Andersen 2012). It will be followed by another article illuminating the consequences for segregation in the four capitals.
2. The description of Finnish housing policy is based on a section in Andersson et al. (2010) written by Saara Yousfi, Katja Vilkama and Mari Vaattovaara, University of Helsinki. Katja Vilkama has also contributed with comments to this article and some data. Furthermore Rolf Barlinghaug, Norwegian Institute for Urban and Regional Research has contributed with some Norwegian data.

*Abstract*

*The purpose of this article is to uncover, whether housing policy has a special importance for immigrants, compared with the whole population, by comparing housing policies and immigrants’ housing outcomes in four Nordic countries: Denmark, Finland, Norway and Sweden. There are substantial differences between housing policies and housing outcomes in Nordic countries, despite their common background as welfare states. The study shows that immigrants have very different positions on the housing markets in the countries and that the degree of overcrowding among immigrants compared with the whole population varies much. These differences can only to some extent be explained by income inequalities on the housing markets in the countries, inequalities that affect immigrants. Other important explanations of why immigrants perform worse on the housing market is the shortage of rental housing (Norway), which increases the room for discrimination and forces immigrants into overcrowded owner-occupied housing, and also rent and price control that makes room for discrimination and reduces immigrants’ access to private renting in particular (Denmark). Housing policy initiatives that improve immigrants’ housing options are strict needs test for social/public housing (Finland).*

Key words: Immigrants’ housing situation, housing policies, Nordic countries

### Introduction and research question

In the European literature, there is a general consensus that verifies the disadvantage faced by immigrants and minority groups on the housing market (Fonseca et al 2010). The literature on segregation and housing market position of ethnic minorities in Western European cities has shown that minorities have typically been confined to the least desirable private or social/public rented housing in the inner city or in peripheral estates (Hamnett and Butler 2008). But immigrants perform very differently on the housing markets in different countries.

This is also the case in four Nordic countries, Denmark, Finland, Norway and Sweden. These welfare states all belong to what is called the Scandinavian social democratic welfare model (Esping-Andersen 1990) and they are distinguished by greater equality than other models. However, these states differ from each other by having quite different housing policies and housing markets (Bengtsson et al. 2006). These four Nordic countries have experienced substantial immigration for years, which has changed the composition of the population. All the countries have developed policies for integration of new residents alongside with and interwoven with their universal welfare policies. Despite universal welfare policies, the majority of the immigrants in all four countries find themselves in different housing positions than the native majority. But immigrants’ housing position differs much between the countries, both in absolute terms and compared with that of the natives.

The purpose of this article is to examine the reasons why immigrants’ housing position differs so much between four countries that are in many ways quite alike, and what can be learned from this about the effects of housing policy on immigrants’ housing options.

Differences between different countries concerning immigrants’ housing conditions can partly be a result of general differences in housing supply. We want to adjust for these differences by comparing immigrants’ housing situation with that of the whole population in the countries as described in the methodological section below. Our object is to identify separate elements of housing policy that are of mayor importance for why immigrants’ housing options differ from that of the native population.

The article is structured in the following way: It begins with by a general discussion and literature review on determinants of housing preferences, options and choices of immigrants. Then there is a methodological and research design section. The comparison of the four Nordic countries starts with a description of immigration to the countries, followed by a comparison of housing policies and housing markets. Next housing affordability in the countries is evaluated and the housing inequality between income groups is clarified. The housing options for immigrants are examined by making an assessing immigrants’ access to different tenures and by an analysis of differences in the housing situation among the immigrant population compared with that of the whole population, measured by tenure position on the housing market and overcrowding. In the last section, we analyse to what extent differences in housing policies can explain the different positions of immigrants on the housing markets. We draw some conclusions regarding the special importance of different elements of housing policy for the housing situation of the immigrant population.

### Literature on the determinant of immigrants’ housing choices and options

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 of 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 of 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 requires 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 as well as those parts of the housing market that could be increased or lessened by different elements of housing policy. For example, rules for access or loans 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 be 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).

It is known from studies of preferences for tenure (Skifter Andersen 2011, Artle and Varaiya 1978) that the demand for homeownership is very dependent on expectations to their future. If households expect stable future conditions like employment, rising income and permanent settlement, they will be much more inclined to go for homeownership. Especially newly arrived immigrants are often uncertain about their future and about whether they will settle permanently in the new country or go back to where they came from. It must therefore be expected that immigrants, all things being equal, will have higher preferences for renting than the native population.

Some 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 greater scope for discrimination than if there are strict rules for how to allocate vacant dwellings. Moreover, it is important 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 by financial institutions can be dependent on the extent of public subsidies for housing and can be reduced by public loan guarantees.

In many countries in Northern Europe, immigration has grown 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 into 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 great 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-occupied housing. 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 number 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 less important 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; Bråmå 2006; Bråmå 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 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.

### Methodology and research design

As stated in the introduction, we aim to compare housing policies in four Nordic countries in order to identify elements that have a special importance for the housing options and choices of immigrants. This will be done by comparing to what extent immigrants’ housing position deviates from that of the whole population in the countries.

One of the main reasons why immigrants’ housing situation diverges from that of the native population is that in general they have lower incomes. It is therefore of great importance for immigrants to what extent there are 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 therefore have to examine to what extent the housing position of immigrants on the housing markets can be explained by income inequalities. If immigrants’ housing position can be fully explained by income inequalities and income differences between immigrants and natives, there are no special effects of housing policies on immigrants.

Housing inequalities between income groups, meaning to what extent housing opportunities for different income groups are equal or unequal, will be measured by differences in overcrowding between income groups in order to clarify whether there are high or low differences in housing consumption between income groups, and by comparing ‘*income segmentation*’ on the housing market; that is how different income groups are distributed on housing tenures. 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 Lindèn1989) or that different parts of the housing market are designed to meet different kinds of demand (Rothenburg et al. 1991).

Income segmentation is created when different tenures are to a major extent made available and attractive for households in different income groups. 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/public housing. Segmentation can result from the way housing subsidies are designed. Tax subsidies in owner-occupation are most favourable for high-income groups while only low-income groups can get housing allowances in rental housing. Segmentation can also result from the way access to tenures is regulated. Sometimes only low-income groups can get access to subsidised social/public housing.

In this article, the housing outcomes of immigrants are characterised by two measures. The first is the immigrants’ achieved position in housing tenures compared with that of the whole population. This is called the ‘*ethnic segmentation of the housing market’*.

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 integration and 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).

In the article, the second measure used to compare immigrants’ housing position between four countries is the proportion of immigrants living in overcrowded dwellings compared with the whole population. This ‘*relative overcrowding*’ is a measure of to what extent the housing consumption, which immigrants have obtained, differs from the general level of the countries.

In the final analysis, focus is on how the differences in ethnic segmentation and relative overcrowding between the countries can be explained by differences in housing policies, housing markets and housing stocks. We could distinguish between conditions that increase or decrease the housing options of low-income groups, and conditions that have a special significance for immigrants besides the effects for low-income groups. We try to find explanations for differences in overcrowding and for why immigrants are over- or underrepresented in different tenures in the countries by looking at specific elements of their housing policies. We also examine whether the differences between immigrants’ housing position in the various countries can be explained by differences in the position of income groups.

The data used in the article come from many different statistical sources and it has not been easy to obtain comparable data. The sources of the data are stated at the different tables. Some of the data have been collected in connection with the NODES project (Andersson et. al. 2010), which this article is a part of; others have been collected separately from the statistical offices in the countries. Data on homeownership rates in income groups stems from an EU survey.

### Immigration to four Nordic countries

It has been shown in several studies that different ethnic groups can have different housing preferences and perform differently on the housing market (Skifter Andersen 2012). There are differences especially between immigrants coming from Western countries and those coming from non-Western countries. When in the following sections we look at explanations for differences between the four Nordic countries it is therefore important to be aware of the differences in the immigration to the countries.

As described in Andersson et al. (2010), there are some important differences in the nature of the immigration to the four Nordic countries. The extent of immigration differs as shown in Table 1. Finland has received much fewer immigrants than the other countries, while the share of immigrants in Sweden is about 40 per cent higher than in Denmark and Norway.

(Table 1)

Moreover, the ethnic composition of immigrants varies between the countries. Most of the immigrants to Finland come from Eastern Europe, especially from Russia. Finland has relatively few immigrants from countries outside Europe compared with the three other countries, in which in total five per cent of the whole population are immigrants coming from outside Europe. Norway, Finland and Sweden also have many immigrants from Eastern Europe.

### Housing policies in four Nordic countries

The functioning of the housing markets is the outcome of policies influencing housing conditions. The important issue in this article is whether housing policy has a different impact on the housing of the immigrant population than that of the majority. In the following, we will present major traits of the housing policies and housing markets in four Nordic countries to explain immigrants’ position and segmentation in the housing market. There is not space for a detailed description in this article, but a more thorough description can be found in Skifter Andersen (2012).

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 and the qualities of their neighbourhoods.

Some general features of housing policies can be indicated that are important for immigrants. As stated above, immigrants’ housing options are very dependent on the general options on the housing market for low-income groups and the ethnic segmentation of the market depends much on the degree of income segmentation. This segmentation depends on to what extent housing policy creates equal opportunities and economic incentives in different tenures. If housing subsidies or tax incentives are designed in such a way that high-income groups receive the largest support in owner-occupation and only low-income groups are supported in rental housing, it can be expected that there will be pronounced income segmentation. On the other hand, if housing policy is more universalistic in the sense that it is to a greater extent aimed at housing for the whole population and not only for vulnerable low-income groups, income segmentation will be lower.

Another important feature is whether housing policy makes the market more, or less, transparent. Complicated systems of economic support and of rules for access to housing make it more difficult for immigrants, with limited knowledge of the housing systems, to identify good housing options. Connected to this is whether conditions for discrimination are enhanced. If rules for access to rental dwellings are unclear, or if allocation is entrusted to landlords alone, the risk of discrimination is greater.

Housing policies vary much between Nordic countries in spite of their common background as welfare states. In a comparison of housing policy instruments in the four countries (Lujanen (eds.) 2004), it was said that 'surprisingly big differences' was found in implementation and in means used. Similarly, another comparative study of housing policy in four Nordic countries (Bengtsson et al. 2006, p 12) concludes that the way housing policy has been implemented in the different countries shows so important differences that one can talk about quite different housing systems; differences in both policies institutions and markets. The Danish and Swedish housing policies are characterised by being more general and universalistic. In Norway and Finland there are to a greater extent special policies for low-income groups regulated by means tests.

Sweden has been the country that has put most weight on housing as a social good with equal housing possibilities for all (Turner and Whitehead 2002, Magnusson Turner 2010). Denmark also had strong social objectives for housing but not as pronounced as in Sweden. More weight has been put on the market and less on state control. Earlier Norway had a strong state control of housing finance with supply subsidies for all kinds of tenures, but this has been abolished since the 1990s. Policies in Norway have always been more selective and needs tests have been extensive. In Finland, housing policy to a greater extent than in the other three countries has been seen as social policy for the weaker groups in society. Housing policy has earlier been characterised as 'provisional' (Niva 1989) or as 'non-policy' (Juntto 1992). What is meant is that housing policy to a greater extent has been a kind of ad-hoc policy adjusted to economic fluctuations and actual problems appearing on the housing market.

One of the reasons for the differences in the composition of the housing markets, shown in Table 2, is that political objectives concerning the desirability of different kinds of housing tenures has differed. Sweden is the only country that has had an explicit objective to give 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 has not formulated political objectives concerning tenures, but in practice their policies have been most favourable for owner-occupation.

(Table 2)

One of the key elements in housing policy, the provision of a social/public housing sector, has been carried out somewhat differently in the countries (see Table 2). Earlier, Sweden had 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 focused on cooperative housing as housing for middle and low-income groups. Today prices for cooperative 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 in order to be able to buy and keep a dwelling, regardless of the kind of ownership. The cooperative sector is of very little importance in Finland and is also only a small sector in Denmark. Sweden has the largest cooperative 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 5).). The history of cooperatives in Norway and Sweden is somewhat similar and in both countries the sector is dominated by large housing associations. Cooperatives in Denmark are quite different. They have mostly been converted from private renting and they have been subject to a strict price control, which has to some extent been lightened in recent years.

Overall, 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 23 per cent respectively.

In all the countries private renting is a reminiscence of 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 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 respectively). In Denmark and Sweden, owner-occupied housing accounts for somewhat more than half of the stock. However, if cooperatives are viewed as a kind of owner-occupation, Norway has the largest share with 76 per cent followed by Sweden with 70 per cent.

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 the processes of segregation of immigrants. In turn, this has influenced immigrants’ choice of tenures and their housing situation. The first immigrants to Denmark, Norway and Sweden tended to settle in older neighbourhoods in 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 cooperatives. As described in the theoretical section, there is evidence in some countries that immigrant-dense neighbourhoods tend to attract more immigrants due to white flight and avoidance, and to some extent due to preferences for ethnic enclaves. It is therefore to be expected that segregation has increased the occurrence of immigrants in social/public housing in Denmark, Finland and Sweden, while in Norway it has been important for immigrants’ settlement in cooperatives.

### Evaluation of housing affordability in the countries

Immigrants most often belong to the low- and moderate-income groups. Of decisive importance for immigrants’ housing options is their ability to pay housing costs and to get loans for acquisition of owner-occupied dwellings and co-operative housing. This on the one hand depends on price and rent levels on the housing market, on the other hand on housing subsidies and finance systems. It is not an easy task to disentangle the effects of housing policy because prices and rents on the housing markets are affected by subsidies and finance. Subsidies are thus to some extent passed on to the prices on the market. Moreover, the structure of subsidies not only influences access and the possibility of keeping a dwelling, but also what kind of tenures that are produced. For example high indirect tax subsidies promote homeownership. Social/public housing requires the existence of specific subsidies.

Table 3 shows an evaluation of the differences in affordability for household with lower incomes in the different tenures in the countries. The table is based on a detailed comparison and evaluation of housing prices, rents and subsidy systems in four Nordic countries (Skifter Andersen 2012). Below is a further argumentation for the judgements.

(Table 3)

Social/public housing in Denmark is in principle affordable for everyone. Also in Finland, rent setting and subsidies make it affordable to live in social/public housing. The municipalities' autonomy in rent setting principles for social/public housing in Norway has resulted in market prices in the metropolitan area (Medby and Langsether 2007). To survive this rent policy, tenants are dependent on housing allowance, often combined with social allowance.

Rents, which are below market rents in the private renting sector in Denmark and Sweden (only in the more urbanised areas), 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 in recent years, prices have increased to market levels in parts of the stock.

Affordability in owner-occupied housing depends on property prices, finance systems, tax support and supply support. Subsidies and state guaranties for loans make it easier for first time buyers and low-income groups to acquire a home in Norway, Finland and Sweden. Low-income home-owners in Norway also benefit from housing allowance. However, new research documents that twice as many of the immigrant population have debts three times their yearly income, compared with the whole population (Ellingsen, 2011). Combined with the fact that immigrants in Norway have a large share of ownership, the high rate of borrowing can be interpreted as lack of rental housing, little attractive conditions in the rental market, and a push to enter the owner’s market to get a satisfactory home.

### Income inequalities on four Nordic housing markets

Immigrants tend to have lower incomes than the rest of the population. The housing situation of immigrants can thus partly be explained by differences in the housing situation of different income groups in the various countries. In the following we will look at these differences described by the extent of tenure segmentation and differences in overcrowding between income groups.

*Income segmentation of the housing market*

It has been difficult to obtain comparable data on income segmentation in the various countries. In Table 4 the proportion of homeowners in different income quartiles is compared, while Table 5 compares the average personal incomes in the different tenures. Based on these figures, two indices of income segmentation have been calculated as shown at the bottom of each table. Table 4 shows to what extent households in different income groups are separated between owning and renting. Table 5 shows to what extent measures of personal income diverge between different tenures.

(Table 4)

(Table 5)

Table 4 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 4 is much higher in Norway than in the other three countries. Table 5 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 in Table 5 covering all tenures is not very different from that of the other 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 (Table 4).

*The unequal distribution of overcrowding*

Another way to look at unequal opportunities is to compare overcrowding of different income groups. In Table 6 the proportion of households in different income quartiles living in overcrowded dwellings is compared between four 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 6)

The table indicates, a bit surprisingly, 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 10 shows that 45 per cent of immigrants (persons) in Norway are in this situation. Given market prices on all housing in Norway combined with immigrants’ low incomes, one explanation could be that many immigrants are forced into smaller owner-occupied dwellings. Moreover, most of the rentals are small dwellings (Schmidt 2009).

### Evaluation of immigrants’ access to housing in different tenures

Immigrants’ access to social/public housing is determined by the general rules for allocation of vacant dwellings and the extent to which local authorities have the right of 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 letting 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 9 indicates that immigrants in Sweden and Finland have much easier access to private renting than in Norway and Denmark.

Cooperatives in Denmark differ very much from cooperatives in Sweden and Norway. Access to Danish cooperatives has been very difficult for immigrants, because allocation of dwellings has been controlled by the boards of the cooperatives, which instead of immigrants have often 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 cooperatives is market based, combined with seniority. The applicants have to be formally accepted by the boards of the cooperatives, but there is not much room for discrimination. In Sweden, allocation is market-based. In new construction, which earlier was 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 various countries, which is discussed below.

In Table 7 an evaluation is made of the ease with which immigrants access 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 7)

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

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

### Comparison of immigrants’ housing situation in four Nordic countries

As described in the introduction, we will compare immigrants’ housing situation in the four countries by looking at the ethnic segmentation of the housing markets, that is how immigrants are distributed on housing tenures, and to what extent immigrants live in overcrowded dwellings.

*Ethnic segmentation*

Ethnic segmentation on the housing market can be examined by comparing the distribution of immigrants on tenures with the distribution of the whole population. Tables 8 and 9 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 for each country is shown. The index is calculated as the 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, weighed by the proportion of the whole population living in the tenure.

(Table 8)

(Table 9)

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 live 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 thus less often live in private renting in Denmark than what would be expected considering their lower incomes.

In Norway and Sweden, cooperatives are important for immigrants, who are over-represented in the sector in both countries, 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 live in cooperatives than the whole population. Considering their incomes, the probability of immigrants moving into cooperatives is even much smaller (Skifter Andersen 2010).

The calculated index of segmentation shown at the bottom of Table 9 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.

*Overcrowding*

Our second measure to compare immigrants housing position between four Nordic countries is relative overcrowding. Table 10 shows 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 10)

The figures are not quite comparable. In the figures from Norway, the number of households is reduced with single adults in one-room dwellings, but this only has a small effect on the comparison between the countries.

The table shows that overcrowding among immigrants is much more common in Norway than in the other countries. 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.

### Conclusions on differences between four Nordic countries concerning immigrants’ housing position and differences between income groups

We have shown that the housing situation of immigrants in four Nordic countries differs much. It is also documented that the differences in immigrants’ position on the housing market cannot be explained by the differences between the countries concerning immigration and general income inequalities alone. This indicates that elements of housing policies may have special effects for the housing situation of immigrants.

*Differences in tenure segmentation*

The evidence in the article displays important differences between the four countries regarding immigrants’ distribution on tenures in the housing markets. The analyses show that immigrants in Finland are most unequally distributed between tenures, measured by our index of tenure segmentation, while immigrants in Norway are the least segmented. Denmark and Sweden are positioned somewhere in between with the strongest segmentation in Denmark.

Norway differs in particular by having a quite larger proportion of immigrants living in owner-occupied housing than in the other countries. Compared with the whole population, immigrants are less often homeowners in Finland than in Denmark and Sweden.

In Denmark and Finland, a large proportion of immigrants live in social/public housing, while the share is very low in Norway due to the very small social/public housing sector in Norway. Compared with the whole population Finland has the largest over-representation of immigrants in social/public 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 the easiest 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. Cooperatives are an important sector for immigrants in Sweden and Norway. This is not the case in Denmark where immigrants live less often than the average in cooperatives, and are under-represented; especially when one considers their lower incomes.

*Large differences in immigrants housing situation measured by degree of overcrowding*

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 are living 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 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 are in fact smaller than in the other countries. 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.

### Analytic conclusions on the importance of housing policies for immigrants’ housing options in four Nordic countries

The research question examined in this article is whether a comparison of immigrants’ housing situation and of housing policies in four Nordic countries makes it possible to identify specific elements of the national housing policies that have had a special significance for the housing outcomes of immigrants.

The comparison of countries reveals that ethnic tenure segmentation, which often results in spatial segregation of immigrants, is only to some extent a consequence of income segmentation of housing markets. This indicates that differences in housing policies can have special consequences for immigrants besides the effect on 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 (Røed Larsen and Sommervoll 2011, Søholt and Astrup 2009a).

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 cooperatives, the size of the social/public housing sector and rules of access to social/public housing.

The Danish case shows that immigrants’ housing options and experience of discrimination are 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 the housing possibilities of immigrants in private renting because rents below the market level create queues, which give landlords options to choose between house hunters. They tend to choose family and acquaintances as tenants, and as immigrants seldom have good informal contacts to landlords, they have difficulties in getting access to their dwellings. Moreover, the room for direct discrimination increases, which has to some extent been documented in Denmark. Also price control in cooperatives 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 strict 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 housing. 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 universalistic housing 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 cooperatives. 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 cooperatives and social/public housing.

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Table 1. Immigrants living in four Nordic countries and the proportion of them coming from Eastern Europe and Non-European countries

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|   | Denmark | Finland | Norway | Sweden |
| Proportion of population born outside the country, % | 9.8 | 4.4 | 10.8 | 14.3 |
| Immigrants from Eastern Europe, % | 0.8 | 1.7 | 1.8 | 3.2 |
| Immigrants from non-European countries, % | 4.5 | 1.5 | 5.0 | 6.2 |

Source: Anderson et. al. 2011

Table 2. Tenure composition of the housing markets

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|   | Denmark  | Finland  | Norway  | Sweden  |
| **Distribution of dwellings on tenure, %**  |  |  |
| Owner-occupied | 53 | 59 | 62 | 52 |
| Cooperatives | 7 | 1 | 14 | 18 |
| Private renting | 19 | 14 | 19 | 15 |
| Social/public housing | 21 | 16 | 5 | 14 |
| Other |  | 10 |  |  |
| Total | 100 | 100 | 100 | 100 |

Source: Anderson et. al 2010

Table 3. Comparison between four Nordic countries regarding the affordability of low-income groups in different tenures

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

Most affordable: +++

Least affordable: +

Table 4. 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 segmentation** | **29** | **18** | **48** | **14** |

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 = sum( abs(proportion of homeowners in quartile - proportion of homeowners for the whole population))/100

Table 5. 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 |
| Cooperatives | 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 = sum(abs(income in tenure- average income)\* proportion of dwellings in tenure))/100

**Sources**:

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

Finland: Statistics Finland 2008

Norway: Levekårsundersøkelsen 2007

Sweden: GeoSweden 2011

Table 6. 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 income inequality** | 19 | 20 | 14 | 26 |

Source: Nordisk Socialstatistisk Komité cited in Norman et. al 2009

Index = Sumq= 1-4( abs(overcrowdq – overcrowdall))

Table 7. Evaluation of the ease of access for immigrants to different housing tenures in the Nordic countries\*)

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

Easy access: +++

Greater obstacles: --

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

Table 8. Immigrants and the whole populations distributed on tenures in four Nordic countries (%)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|   | Denmark | Finland | Norway | Sweden |
| **Immigrants** |  |  |  |  |
| Owner-occupied | 30 | 31 | 45 | 30 |
| Cooperatives | 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 |
| Cooperatives | 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 the 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 9. Immigrants’ overrepresentation in the tenure and a calculated index of tenure segmentation

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|   | Denmark | Finland | Norway | Sweden |
| Owner-occupied | -51 | -57 | -27 | -45 |
| Cooperatives | -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= (% of immigrants in tenure x – % of whole population in tenure x)/ % of whole population in tenure x

Index of ethnic tenure segmentation = sumx=1,n (Absolute (% of immigrants in tenure x –whole population in tenure x) \* proportion of population in tenure x)

Table 10. 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 persorns and their children 2008 16+ years. Database at the 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 persons 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 persons 16+ years. Statistic Sweden, Survey on living conditions 2007