

The Norwegian housing model:

Homeownership triumphant

Homeownership is an integral part of the 'Norwegian model of housing'. Since 1945 politicians from left to right have consistently and increasingly advocated for the expansion of homeownership. Arguably, this has made rental housing a forgotten tenure in Norwegian housing policy.

Since the 1940s individual and cooperative homeownership has been promoted by the Norwegian state. In contrast to most other European countries, for instance neighbouring Sweden and Denmark, public-rented housing only played a marginal role after the Second World War. The full weight of the Norwegian state's housing policy, including brick and mortar subsidies, tax breaks and housing allowances, has been geared towards the expansion of homeownership. At the present time 80 percent of all Norwegian households are homeowners of some kind. Furthermore, it has been estimated that 95 percent of the population are homeowners for longer or shorter periods during their lifetime. Rental housing is a temporary stop for most people, with remarkably few exceptions Norwegians are not renters for life.

The dominant political conception of homeownership did, however, change during the course of the post war-years. The social democrats of Labor, the governing Party for much of the period from 1935 to 1981, had its own distinctive understanding of homeownership. Labor regarded cooperatively-owned housing as an instrument to better the housing conditions in urban areas and eradicate the exploitative power of landlords. The long term goal of Labor and its allies in the housing movement, including the Tenant's Association, was to replace all private-rented housing with collectively owned cooperatives. According to social democrats, homeownership gave families the right to a secure, decent and affordable dwelling, but not the right to sell their home at market prices to the detriment of others. In line with this non-commercial, non-speculative conception of homeownership, the



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Karl Johans street in Oslo getting ready for Christmas.

sale of cooperative flats was subject to strict price regulations up until the 1980s.

The political and economic structures of Norwegian homeownership changed in the 1980s and 90s. Somewhat simplified, a rationed, regulated and state funded tenure was replaced by a form of homeownership governed by the market and individual families. The State's Housing Bank's interest subsidies for homeowners were gradually abolished, a development which paralleled the reduction of brick and mortar subsidies and the rise of "targeted" and market oriented housing

policies across Europe. In the same period financial deregulation and housing market liberalization increased the risks and freedoms of homeowners.

Whereas Labor continued to argue for price regulation and other restrictions on the housing market in the 1970s and 80s, little of this social democratic conception of homeownership remained by the 90s. All of the main political parties had accepted the notion that homeowners had the right to sell their houses at prevailing market rates. Very broadly speaking, a political conception of homeownership, which portrayed housing

as a communal resource which transcended the interests of individuals, was replaced with an understanding that homes existed for the benefit of the particular household who lived in it.

Presently the political support for the “Norwegian model” seems stronger than ever. Even though the Norwegian rate of homeownership is one of the highest in Europe, the government still advocates for further expansion. In oil rich Norway, a prosperous island in a Europe of economic turmoil and bleak prospects, low-income groups are encouraged to become homeowners. Arguably, the political emphasis on homeownership has made rental housing something of a “forgotten tenure”.

In any event, there seems to be ample room for changes to the state’s approach to rented housing. Firstly, whereas the state gives homeowners billions in tax breaks every year, no such favours are granted to tenants. Thus, a reform of housing taxation is necessary to alleviate this injustice. Secondly, ethnic discrimination seems to be a problem in the rental sector.

Thirdly, the need for a stronger national tenant’s association with a national coverage is evident. This would strengthen the position of tenants on the housing market, and give them a stronger political voice. However, as a public committee opined recently, financial help from the state is a necessary requirement for a well-functioning tenant’s organisation. This speaks volumes about the prevailing dominance of homeownership in the Norwegian housing sector, in stark contrast to neighbouring Sweden where around 500,000 households are members of the national Tenant’s Association.

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A rental mediation programme in Spain

The Spanish Constitution recognises ‘the right to enjoy decent and adequate housing’, but public housing policies in Spain have for long prioritised one particular form of tenure, home ownership. There is very limited availability of housing in other tenures for those who cannot afford, or do not want, to be home owners. State intervention is mainly through market mechanisms – financial support though reduced interest rates, subsidies and tax exemptions for home owners.

Nationally 82 percent of all housing is privately owned, the second highest percentage in Europe, about 8 percent is privately rented and another 10 percent socially rented.

A significant part of the population struggles to find decent housing, among them many people with social difficulties. The continuous increase in house and rental prices, while salaries have not increased, has increased the share of household costs for accommodation – in many cases over 40 percent. Overcrowding is one result of this, with poor living conditions for those who cannot afford to buy their own homes, or are ineligible for social rental. In 2007, over two million homes were empty in Spain.

Provivienda, a non profit NGO, mediates between property owners and individuals experiencing difficulties accessing housing in Spain. The aim is to open up opportuni-

ties in the rental market that would not otherwise be available. Provivienda was established in 1989, and initial work focussed on ensuring that young people had access to rental housing.

The methodology was later adapted to meet the needs of other groups at risk of social exclusion, and with limited financial means.

Landlords are typically wary of renting, or impose abusive contractual terms, for those they perceive as having insecure/irregular employment. Provivienda addresses this by arranging multi-risk insurance guarantees for rental payment, either through an insurance company or, more often, providing these guarantees themselves. Agreed rents are approximately 20 per cent lower than market rents, but still attractive for landlords, particularly those whose property was standing empty.

In 2010, Provivienda was directly involved in 32 different projects in five regions of Spain, housing almost 12,000 people and providing nearly 1,900 mortgages to young people. In the last 20 years, the programme has housed 87,000 people and has been scaled up within the autonomous region of Madrid and extended to other regions, where it is currently operating within 25 municipal authorities.

More info from www.provivienda.org