

**The State of Housing in the Nordic Countries 2018**  
Trends and challenges in the non-profit  
social and cooperative housing sector

**An NBO review**





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## FOREWORD

Urbanization, ageing populations, and an uneven economic recovery are some of the trends and challenges affecting the non-profit corporative and social housing in the Nordic region. Many of these challenges are addressed in the *State of the Nordic Region 2018*, a report released by the Nordic Council of Ministers earlier this year. That report gives a wide insight to the demographics and economics in the Nordic countries, however housing is not included in that report.

The omission is unfortunate, as a decent dwelling is an absolute cornerstone of every person's life. Therefore, in this publication NBO – Housing Nordic intends to remind Nordic policy makers of the importance of housing, to ensure sustainable development in social, economic, and environmental health for societies and individuals alike.

NBO – Housing Nordic maintains 2.5 million dwellings across Norway, Sweden, Iceland, Finland, and Denmark, providing housing to a total of more than 4.7 million people. Our vision is to provide economically, environmentally, and socially sustainable dwellings for all in need within the Nordic region. This work is extremely important because the existing cooperative and social housing models across the region are under a variety of demographic, economic, and political pressures.

Access to good-quality and affordable housing is fundamental to achieving several of the Nordic Council of Ministers' policy objectives concerning the economic and growth agenda; such as enhancing equality of opportunity, increasing social inclusion and mobility, as well as greening the economy, and promoting sustainable cities with diverse populations.

With this publication, we invite the Nordic Council of Ministers to look to the future and engage with us on how we, together, can strengthen the cooperative and social housing models, while at the same time benefitting human and economic growth in the Nordic countries.

Bent Madsen  
Chairman of NBO – Housing Nordic

## EXECUTIVE SUMMARY: KEY FINDINGS AND RECOMMENDATIONS

Demographic, economic, and political developments put multifaceted and continual pressure on the housing market in all five of the Nordic countries. The most affected populations are living in non-profit cooperative and social housing. We have identified 5 main trends and challenges. They are:

- Urbanization
- Ageing populations
- Immigration stemming from refugee and migrant influxes
- Uneven economic recovery following the financial crisis
- Increasing construction costs

We suggest the following ways in which we can strengthen the non-profit cooperative and social housing models in order to secure them in the future:

- Create a solid, joint legal framework covering the entire Nordic construction market, including common rules for housing construction.
- On the basis of the new legal framework there should be created a common construction market in the Nordics which will improve competition and drive down costs thereby ensuring more value for money in the cooperative and housing projects in the region.
- Establish a formal cooperation with the Nordic Council of Ministers to ensure the proper implementation of the Council's policies for the housing sector, as well as to explore new areas for further cooperation and procedural streamlining.

The brief summaries of the housing situation in each of the Nordic countries, and the case studies we present illustrate both the need and the benefits of innovative, non-profit cooperative and social housing.

# WHO WE ARE AND WHAT WE ARE WORKING FOR

## Who we are

NBO-Housing Nordic was formed in 1950. Its composed of eight non-profit cooperative and social housing associations in Finland, Iceland, Norway, Sweden, and Denmark. The aim of the organization is to strengthen the ties between the member organizations, thereby facilitating shared knowledge and the collective promotion of common interests for the 2.5 million dwellings and the almost 5 million persons living in them.

Housing officials across NBO's member organizations agree that better accessibility to affordable housing, accessible housing for vulnerable groups, the incorporation of economic, social and environmentally sustainability in the chain of business, are all top priorities when it comes to contributing to the Nordic region's future. NBO-Housing Nordic strives to create a Nordic region with economically, environmentally, and socially sustainable housing for all.

## What we're working for

At NBO-Housing Nordic, we aim to develop and promote cooperative and social housing. We provide safe conditions, while also allowing our inhabitants to influence and develop their surroundings. By doing so, we create the preconditions for increased economic growth in local and regional municipalities.

### *Economic sustainability*

Decent, safe, and affordable housing fulfills a basic human need, and should be accessible to low income populations who would otherwise be excluded from the housing market. Providing good quality, affordable housing can lead to a variety of positive outcomes. UNECE points out

that housing is 'an integrative good, it is linked to many other sectors such as: health, economic security, energy security, transportation, education, employment. Not least it influences issues such as social cohesion and the sense of neighborhood security.'<sup>1</sup>

While the individual's benefit of social housing may appear obvious, the rewards spread through the whole society as well. Inadequate housing costs EU economies nearly €194 billion per year - in direct costs associated with healthcare and related medical and social services, and indirect costs such as lost productivity and reduced opportunities<sup>2</sup>.

### *Social sustainability*

The most vulnerable citizens in our societies are an important target group for housing providers; those who are homeless or on the verge of being so. Historically it has been difficult to track homelessness, but it is possible to identify trends. The most recent available evidence<sup>3</sup>, shows an alarming situation with increasing homelessness in 15 countries within the EU. Finland is the only example in the EU of a country which has managed to decrease homelessness through an effective 'housing first policy'. In Denmark, the number of homeless people has increased 23 % between 2009 and 2015.

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1 (UNECE, 2015)

2 (Eurofound, 2016)

3 (FEANTSA, 2017)

The risk of housing exclusion touches an even larger part of the population. We can identify several ‘categories’ of people who find it increasingly difficult to access and secure adequate housing, and they have diverse profiles, youth without significant parental financial support, the unemployed, recent migrants, etc. For non-profit cooperative and social housing providers catering to these diverse needs is challenging and challenges the traditional design and thinking within the housing sectors.

According to a recent survey conducted by Housing Europe, housing providers have stepped up to this challenge, and now provide additional services for tenants such as money advice, employment training, advice on how to access available social benefits and public services, as well as engage in social mediation and neighborhood services to improve the local area and community. They manage ‘sheltered’ accommodation, such as shelters and retirement homes; they arrange for domiciliary care and support services for residents with specific needs<sup>4</sup>. And all the while, housing providers must cooperate with local level participants, including local authorities and other service associations.

### *Environmental sustainability*

Within the cooperative and social housing community there is a clear consensus that the retrofitting and remodeling of housing must be done in a way that contributes to society’s climate objectives, thereby reducing the rate of global warming. The expertise of the social housing sector in renovation activities is increasing and is particularly relevant for energy policy makers. While social, cooperative and public housing average only 11% of the housing stock of the EU countries, their energy performance is better than the private rental and homeowner sectors. Meanwhile, social housing providers are doing an increasingly better job with renovation activities, and it is this segment that, by definition, caters to low-income families, people with special housing needs and more generally people who can’t find decent and affordable housing on the private rental market or homeownership.

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4 (Housing Europe, 2016)



**HOW WE DO IT:**  
EIGHT EXAMPLES OF  
THE BENEFICIAL EFFECTS  
OF COOPERATIVE AND  
SOCIAL HOUSING



## Aspö Ekologi – A prize winning, sustainable model community

*Skövde, SABO, Sweden*

“Aspö Ekologi is a housing project comprised of 242 dwellings and located outside the city center of Skövde. Aspö Ekologi consists of a mix of houses and apartments to encourage a variety of tenants. The community includes high rises and lower buildings, a pre-school, and an elderly home. The project was developed using community focus groups, thereby allowing members of the community to work alongside project leaders in order to have a significant voice in the planning process. Among other things, their input contributed to the fact that tenants now have access to communal areas such as a vegetable garden, greenhouses, and outside dining.

The project stands out for its massive, holistic and ecological approach to building and housing. Aspö Ekologi has received triple environmental certification (The Swan; Passive House Standard Feby12; Miljöbyggnad Gold) by utilizing PV panels, using solar thermal technology, storing rain

water for use in the communal vegetable garden, and by providing low maintenance façades. Additionally, Aspö Ekologi features carpool facilities, bike sharing, and excellent access to public transportation.

Despite the project’s high ecological and environmental ambitions, it was crucial that costs didn’t spin out of control. In cooperation with the contractor Skövdebostäder, the cooperative and social housing cooperation, SABO, worked to keep production costs down. Because of these efforts, rent could be set at a reasonable level, below the governmental threshold, which enabled it to accept an investment subsidy; a unique feature for a project with this type of environmental performance. Due to its many excellent qualities, Skövdebostäder was given the SABO sustainability award in 2017



## Creating an accessible, inclusive, and safe environment for the elderly

*Årdal, NBBL, Norway*

Årdal is an old industry municipality in the western part of Norway. Although popular among the citizens due to their proximity to shopping and service facilities, many of the old, low apartment buildings lack elevators. Consequently, many elderly people are prevented from living in the buildings.

Årdal House-Building Co-operative (ÅBBL) consist of many buildings with three floors. Many old and ill people have historically lived here but they had difficulty getting out and around the local community. ÅBBL initiated a process to retrofit elevators into the buildings to create more accessible and inclusive dwellings.

With community and residential input and support, the project began looking for funding. Fortunately, the municipality saw the possibilities in the project and supported it, as did the Housing Bank. The project also received a smaller grant from a state social service agency. This project and its well-functioning, retrofitted elevators inspired another housing cooperative in the area to do the same. The result of the elevator project is a community of satisfied residents; the elderly, but also young people with children, appreciate the possibility to use the elevators. The mayor of Årdal has stated that Årdal doesn't need as many care-homes for the elderly as was thought before the elevator installation project.



## **Jakomäki – Total makeover through demolition**

*Helsinki, KOVA, Finland*

In the outskirts of Helsinki, the Jakomäki neighborhood has received scarce care and affection since its construction in the 1960s and 1970s. It is unique in Helsinki because almost all the buildings are affordable rental housing buildings owned by the Helsinki City Housing Company Ltd (Heka). The other buildings were renovated in the beginning of the 2000's.

While refurbishment and renovation are normally preferred, another, more radical, approach was chosen. The cost of renovation was only 20% cheaper than that of new construction, therefore demolition and rebuilding from the ground up was optimal. There were 280 exclusively studio and one-bedroom apartments before the project started. Heka decided to create a broader mix of

apartments in the new buildings. After new construction 268 apartments were built, including all sizes from studios up to four-bedroom family apartments.

Although radical, the demolition project in Jakomäki resulted in a complementary building solution with high-quality dwellings, offering the tenants modern, comfortable, and affordable housing. Because of the project, the community consists of a more balanced mix of housing and demographics in the area. The area is now much safer than it used to be, and the new buildings are better suited for the elderly because they contain elevators. The new buildings are also much more energy efficient than the previous ones.





## Modern, high-quality specialized homes – for residents and employees alike

*Reykjavik, Félagsbústaðir, Iceland*

In recent years, Reykjavik Social Housing (Félagsbústaðir) has been focused on building new, modern, and specialized homes. In the planning of Reykjavik, new sites for specialized homes have been defined within both upcoming and existing residential housing areas. Those sites are allocated to Félagsbústaðir for development based on a needs-based analysis made by the welfare department of Reykjavík.<sup>5</sup>

The fact that the residents are disabled and need services challenges the traditional social norm of the home. The specialized homes are therefore designed to facilitate relationships and bonding between residents and staff while at the same time allowing for privacy within each apartment. Designing a project serving the needs and requirements of a home and workplace provided

a unique challenge to the design team. The residents should enjoy the privacy and quality of a normal home while the staff should enjoy good working conditions in a functional workplace. The resulting new specialized homes typically consist of six apartments, common areas, and facilities for staff and services, as each home is also a workplace for over 20 employees.

An additional goal of the new specialized homes in Reykjavik was to integrate these into the surrounding area by using building and construction materials like those used in the surrounding neighborhood. Furthermore, special emphasis was put on accessibility to the gardens and paths by residents and staff. Both residents and staff are satisfied with the newly designed homes.

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<sup>5</sup> (Reykjavik 2016)



## **Ny Rosenhøj – Becoming an attractive residential area through massive refurbishment**

*Aarhus, BL, Denmark*

Ny Rosenhøj is an example of how a worn-down residential area can be transformed into an attractive neighborhood through a holistic approach. The area has been converted from an isolated and socially disadvantaged residential area into a thriving and integral part of the Viby Syd district of Aarhus. The transformation has been handled with two insights in mind; opening the area up and including it in the surrounding city, and to support and stimulate the creation of a common identity within the community.

The cornerstones of the transformation have been a radical physical refurbishment of the 27 blocks containing 840 homes, and an extensive rearrangement of the supporting infrastructure and recreational spaces. For example, new streets have been built just as new paths for pedestrians and common courtyards have been created. Prior to the renovation there was no housing accessible to the physically disabled. After the renovation,

however, 191 homes are fully accessible, either by elevator or ground floor, single-level housing.

Energy consumption has changed in the community as well. Solar panels have been installed on all the rooftops and the climate screen has been upgraded to the latest energy requirements for building regulations. At the same time the new windows, ventilation systems, and insulation has significantly increased the quality of life for the community's approximately 2,200 residents. Energy consumption has been reduced by approximately 50%.

The long waiting lists for Rosenhøj are evidence of the physical transformation's success. In the past, people moved to Rosenhøj in the absence of an alternative – today it is a popular choice and the waiting period for housing within the community has significantly increased.



## **Smiðjuholt – Transforming an industrial site into a beautiful housing complex**

*Reykjavik, Búseti, Iceland*

Smiðjuholt, located on the edge of Reykjavík's city center, is the result of a massive transformation of a former industrial site being turned into a beautiful housing complex. Since the 1940's the Smiðjuholt site had been a busy industrial area. In the early 2010's Reykjavík made a new local plan for the site in cooperation with Búseti. The plan emphasized sustainability, communal spaces and landscaping, mixed type of housing, sustainable transportation, and underground parking spaces.

Today, Smiðjuholt is a complex consisting of 9 different buildings, containing 203 apartments of various sizes. A special effort has been made to keep the site's industrial history alive within the complex. Each of the 9 buildings has historic photographs and information at the building's entrance linking it to the factory that used to stand there. This tribute has been greatly appreciated by the inhabitants, guests, neighbors, and pedestrians

in the neighborhood, exemplifying how a simple nod to the history of the area is appreciated by all.

The transformation has increased the diversity within the social demographics of the complex. The apartments in Smiðjuholt were designed with variety and flexibility in mind, allowing residents to move between the apartments as their life situations develop and change.





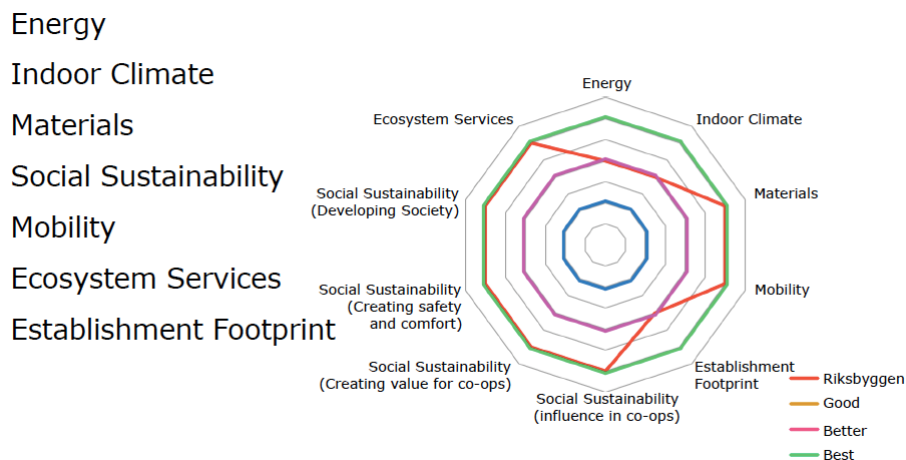
## **Södermanland – New solar energy benefitting residents and the environment**

*HSB Södermanland, Sweden*

Solar energy has a small environmental impact in comparison to alternative energy sources, while simultaneously reducing user cost. The regional HSB association in the county of Södermanland has invested heavily in solar energy. In 2015, HSB Södermanland began installing solar panels on its rental properties with appropriate roofs. First, in 2015 were four pilot projects that generate 256 000 kWh annually. In 2016, another five properties with 21 buildings had solar panels installed. In 2018 HSB Södermanland produce 800,000 kwh per year, creating 12% energy self-sufficiency on the properties.

Going forward all new construction of rental properties in HSB Södermanland will be provided with solar power installations. HSB Södermanland also helps housing associations wishing to invest in solar energy solutions, and about 14 housing associations are under guidance.





## New tools for securing sustainable building processes

### *Riksbyggens Hållbarhetsverktyg, Sweden*

Cooperative and social housing associations provide much more than “just” affordable and accessible housing. In Sweden, Riksbyggen has developed a tool for controlling, balancing, and visualizing measures for environmental and social sustainability in new construction projects. The sustainability tool, introduced in 2017, consists of ten features, such as measuring ecosystem services, energy levels, and degrees of mobility.

Riksbyggen seeks to use standards to secure high levels of sustainability; thus, since 2012 all of Riksbyggen’s new buildings higher than three stories are covered by the standard *Environmental Building certification system*, and are certified according to *Level Silver*. Riksbyggen has more stringent requirements for material choices than those put in place by *Environmental Building certification system*.

As an example, all material choices in the construction process are documented in *SundaHus*, a web-based system that tracks environmentally hazardous materials, enabling Riksbyggen to keep track of and phase out these materials throughout a building’s life cycle.

To promote sustainability once a housing complex has been finished, Riksbyggen offer all new residents a startup package containing a map of local services, information about the public transportation systems, and bicycle routes. The residents of tenant-owned buildings are also invited to informational evenings and lectures about the sustainability solutions in the newer buildings, creating a cycle of shared information to the benefit of all the buildings. .

# TRENDS AND CHALLENGES SHAPING THE FUTURE OF HOUSING IN THE NORDIC COUNTRIES

## Introduction

Despite the many obvious, diverse, and well documented benefits of cooperative and social housing, the models sustaining the benefits are being challenged by strong demographic, economic, and political forces. These forces affect the Nordic housing markets in similar ways. We identify 5 common issues of all the Nordic housing markets.<sup>6</sup>

## Urbanization

According to UN Habitat, more than two-thirds of the world's population will be living in cities by 2050. That is a dramatic increase and a development that appears to be true in the Nordic countries. Stockholm was appointed the fastest growing city in the world, with an expected growth rate of 11% between 2015 and 2020. In the survey, Stockholm was closely followed by Copenhagen, Oslo, and Helsinki in 2<sup>nd</sup>, 3<sup>rd</sup> and 5<sup>th</sup> place respectively<sup>6</sup>. Reykjavik has also had population growth of 30% since 1990<sup>7</sup>. In other words, urbanization is a profound trend across the Nordic countries. The consequences are many and substantial.

All five countries are experiencing increasing house prices in the metropolitan areas and larger cities as a consequence of urbanization. The underlying cause is a mismatch between demand and supply of housing, which has a negative effect on social cohesion and equality. Housing costs are further exacerbated by the fact that the Nordic countries have the highest construction prices in Europe. In fact, citizens of Nordic countries have the hardest time finding suitable urban housing, more so than other EU citizens.

There are also social effects of urbanization.

Nordic countries take pride in their high levels of social cohesion, equality, and trust. With increasing housing prices in the places where more and more people want to live, these key Nordic values are at risk. This is especially problematic in the largest and most economically attractive urban centers. Rising house prices risk pushing large segments of the population out of cities<sup>8</sup>, while prohibiting access of lower income households to opportunities and jobs. If living in major cities in the Nordic countries is not to be reserved for the wealthy, solutions must be found to support and secure housing for low- and middle-class families and individuals, as well as for younger generations and the elderly.

## Ageing populations

The ageing of populations in the Nordic countries has been a common trend in recent years. Citizens will continue to live longer, and the general presumption is that we can expect low birth-rates in the future, supporting this trend. Currently the number of citizens aged 65 and more make up 15-20% of the Nordic population. The prognosis is that this will expand to 25-30% by 2055<sup>9</sup>. This means the number of people in need of welfare services increases at the same time as the number of taxpaying citizens decreases. The consequences of ageing populations in regard to housing have gone unnoticed and unreported by politicians, decision makers, and media outlets alike.

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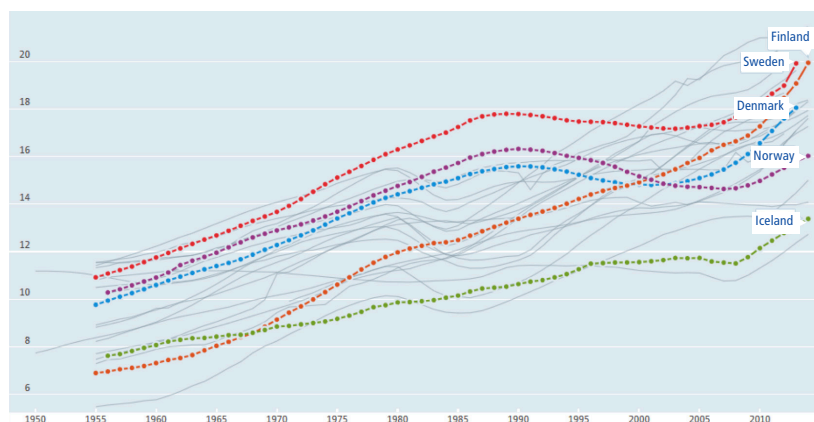
6 (Stockholm's handelskammare 2015)

7 (Norden)

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8 (OECD, 2016)

9 <https://norden.diva-portal.org/smash/get/diva2:1146911/FULLTEXT05.pdf>



Percent of populations 65 and older by country, 1950 – 2014.  
Source: OECD Labor Force Statistics: Summary of tables

With more elderly in need of decent and affordable housing, Nordic societies need to be able deliver smart solutions that do not overburden the welfare budgets. In this respect, smart cooperative and social housing planning can often provide housing that makes it possible, and attractive, for the elderly to live longer in their own homes. This has both positive impact on the individual's personal welfare, as well as on the public budgets. At the same time, cooperative and social housing can promote community and the sense of fellowship among its residents; thereby reducing feelings of loneliness and mental illnesses such as depression, anxiety, and stress. Research conducted by *The Happiness Research Institute* shows that strong relationships and an active social life are key factors for an individual's well-being, and points to the fact that older generations, predominantly men, are at risk of isolation<sup>10</sup>.

### Immigration

Immigration, one of the hottest political issues lately, also has noticeable ramifications for cooperative and social housing. 2015 saw the highest number of displaced persons worldwide since World

War II<sup>11</sup> and at the same time a significant wave of migration from Africa and other regions have reached Europe; many of the newly arrived populations have headed toward the Nordic countries.

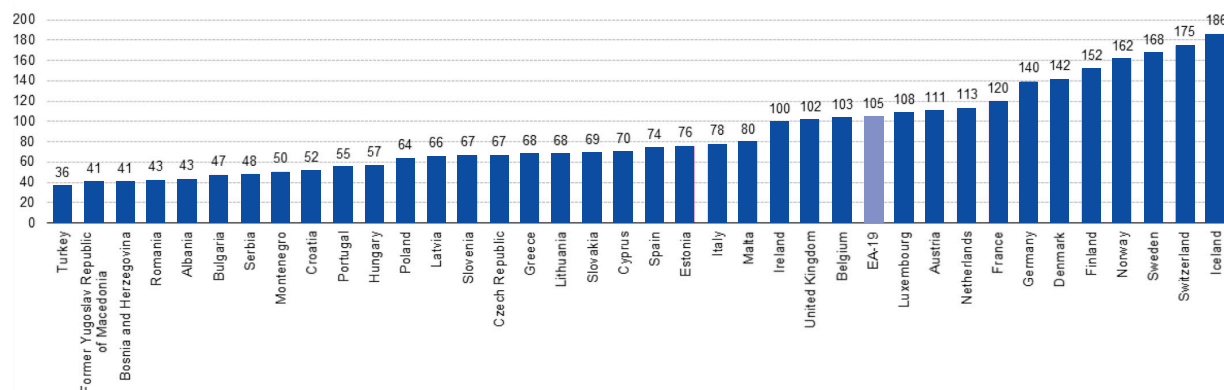
This puts some new layers of pressure on the cooperative and social housing in the Nordic countries. With the large influx of migrant populations, particularly in Sweden, demand for social housing has drastically increased. Many of the newly arrived refugees and immigrants have less capital and fewer skills, making it hard for them to function well in their new home countries. Immigration has been politically very controversial in most of the Nordic countries; political parties have suggested and implemented some rather harsh measures because of what is perceived as 'ghettofication'. Many of these policies reduce the quality and effectiveness of the most vulnerable cooperative and social housing areas in the Nordic region.

### Uneven economic recovery following the financial crisis

In some ways, the financial crisis of 2008 was the nadir of economic and societal prosperity and progress in modern times. Economic growth has

10 (Nordisk ministerråd 2018)

11 (UNHCR 2016)



Price level indices for construction, 2017, (EU-28=100)  
Source: Eurostat (online data code: prc\_ppp\_ind)

picked up significantly since then, and today all five Nordic countries are experiencing solid GDP growth of about 2% or more annually.

While the economic recovery has indeed been good to the Nordic region and unemployment rates have fallen substantially, the recovery has had detrimental effects to parts of the housing markets, namely rising housing costs. In many places housing prices are back at level or higher than before the economic crisis. Unfortunately, in most Nordic countries housing costs are rising faster than income.

Housing costs are the highest overall expenditure for households in the Nordic countries, ranging from 21% in Norway to 30% in Denmark.<sup>12</sup> This poses a problem to many Nordic citizens. Already, this group of Europeans are spending the largest proportion of their income on housing. Rising housing costs are worsening this fact, and the spiraling costs are disproportionally hitting the poorest citizens.

That housing prices in Stockholm and Oslo are dropping slightly after numerous years of rapid

growth is a poor consolation for lower income populations. The upscale markets these two capitals provide are out of arm's reach to most of the populations of these countries. Consequently, homelessness has been increasing in most of the Nordic countries. This is a clear indication that the economic recovery hasn't benefitted everyone. At the same time it stresses the need for more cooperative and social housing.

### Increasing construction costs

The cooperative and social housing sector has the experience and know-how to provide affordable and accessible housing that is needed to meet these challenges. However, increasing construction costs erode the transformative capacity that social and cooperative housing can have for individuals, cities, and societies. The rising construction costs limits the amount of housing built, affects the public support for housing, and finally, but no less important, it inadvertently drives rents upwards.

For cooperative and social housing to remain effective in the future, it is imperative that relevant parties take a closer look at construction costs and how they can be reduced.

<sup>12</sup> (OECD, affordable housing database HC1.1.2)

## RECOMMENDATIONS: WHAT CAN BE DONE TO COUNTER THE HOUSING TRENDS AND CHALLENGES FACING THE NORDIC REGION

Growth has returned to the Nordic countries. But as it has been outlined above, growth does not benefit everyone, as discrepancies between different social groups appear to widen. This holds true on a general level, and specifically for the housing sector where affordability and accessibility to decent housing is under pressure.

There is a lot that decision makers across the Nordics countries can do to promote and strengthen a housing market for all. The Declaration<sup>13</sup> by the Nordic Council of Ministers is a very solid starting point, wherein the Nordic Council of Ministers commits to creating the world's most integrated market for construction to secure lower construction costs. The Council also wants to make it easier for companies in the Nordic countries to work and compete across borders to stimulate better and more affordable housing in the region. Finally, the Council openly states their commitment to support and promote low-emission construction as part of a joint international climate policy.

It goes without saying that NBO – Housing Nordic strongly supports these propositions, and is very willing to assist and engage in all parts of further processes. When the Nordic Council of Housing Ministers advance its important work, including the upcoming dialogue-conference ultimo 2018, NBO-Housing Nordic would welcome the

opportunity to be in a joint and formalized cooperation with the Nordic Council of Ministers, with the general aim of exploring and condensing how the cooperative and social housing sectors in the Nordic countries can and do contribute. Perhaps such a project could be structured around the UN's Sustainable Development Goals and/or the OECD Better Life Index.

In sum NBO – Housing Nordic recommends the following initiatives:

- Create a common, integrated construction market in the Nordic countries to ensure strengthened competition and consequently more value for the money in the cooperative and social housing projects.
- Create a solid joint legal framework covering the entire construction market, including common rules and norms for housing construction.
- Establish a formalized cooperation with the Nordic Council of Ministers to ensure and quality assure the implementation of the Council's declaration on the housing sector, as well as exploring new areas for cooperation.

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13 Link to declaration by Nordic Housing Ministers  
<http://www.norden.org/da/nordisk-ministerraad/ministerraad/nordisk-ministerraad-for-baeredygtig-vaekst-mr-vaekst/deklarationer-og-erklæringer/erklæring-fra-det-nordiske-bygningsministermoede-29.-maj-2018-stockholm>

## OVERVIEW: HOUSING TRENDS IN THE FIVE NORDIC COUNTRIES

### Finland

#### *The housing market at a glance*

- There are 2 million and 934 thousand dwellings in Finland. A total of 2 million and 600 thousand of these are estimated to be permanently occupied.
- About 64% are owner-occupied, 19% are privately rented, and close to 13% are state-subsidized social housing. Other types of tenures include 1.5% right of occupancy, whereby the buyer purchases an up-front payment corresponding to 15% of the value of the dwelling and pay a monthly charge.

#### *General housing trends*

Property prices in Finland have increased 84% since 1993. While this is a significant increase, it is less than those in other Nordic countries. Unlike other EU countries, the Finnish house market was not significantly affected by the financial crisis in 2008, leading to rising rent and housing prices. Increasing property prices are mirrored by the increase in household debt rivaling that of other EU nations <sup>14</sup>. Nevertheless, the ratios of outstanding residential loans compared to GDP, and compared to disposable household income remain slightly below the EU average <sup>15</sup>.

Over the past twenty years of upward trending house prices, housing supply has been lagging demand. Restricted availability of building land significantly contributed to limiting housing supply, especially in areas experiencing strong population

growth such as the Helsinki metropolitan area. A lack of affordable housing in Helsinki has made it more difficult for young people and immigrants to find permanent housing, and the rent of privately rented dwellings is high in the metropolitan area. Construction costs in the residential sector are also high in Finland, further contributing to the low supply of housing.

#### *Political and societal trends and challenges*

The main providers of social housing in Finland are municipal housing departments and other non-profit companies and foundations. The sector is relatively large, and is characterized by a high level of diversity. In the beginning of 2017 the metropolitan area's social housing sector set income limits for new tenants, 3,000 euros per month for single person households, and 5,100 euros for household with two adults.

Furthermore, Finland has introduced a series of reforms to end long-term homelessness which have proven particularly successful. In the past few years Finland has managed to decrease homelessness, especially chronic homelessness, contrary to the general trend of increasing homelessness found in many European countries. Based on the 'housing first' model, access to shelters and hostels was reduced, while new apartments with rental contracts and social support for the formerly homeless clients were built.

Finland is dealing with two major demographic trends: ageing of the population and high immigration rate. To tackle these issues, the Finnish government has adopted the strategic document "Socially Sustainable Finland 2020: Strategy for social and health policy". It plans to build a well-

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<sup>14</sup> (OECD 2015)

<sup>15</sup> (EMF 2017)



being network for ageing population, decreasing housing costs down to a manageable level for benefit recipients, develop the housing support system, and building sustainable and community friendly housing, among other measures<sup>16</sup>.

## Iceland

### *The housing market at a glance*

- There are 140,000 dwellings in Iceland
- The municipal social rental sector consists of 3,5 % with approximately 5,000 apartments, about half of them owned by Félagsbústaðir in Reykjavík. Several civil sector housing associations provide an additional 3,5 %. The cooperative housing sector controls about 1,4 % (2,000 apartments).

### *General housing trends*

During the first year after the 2008 financial collapse, housebuilding in Iceland came to a standstill. By 2013/2014, the economic downturn reversed into a strong economic upswing. This resulted in a sharp rise of house prices on the private housing market and soon in the rental market as well, especially in the Reykjavík metropolitan area and most markedly in Reykjavík's central districts. With the enormous growth of tourism in Iceland during the last 5-10 years, more and more apartments, especially in central Reykjavík, are rented to tourists through online services such as Airbnb. Also, due to the continual economic upswing, the influx of foreign workers has reached a record level, which further increases the pressure on the existing rental markets. There is an ongoing concentration of the ownership of private rental housing, at the same time as rents have reached levels that are unsustainable for lower income groups in Iceland. This puts pressure

on social housing companies and non-profit co-operative and social housing associations to build more housing.

### *Political and societal trends and challenges*

In the period of 2000 – 2016 the social housing sector was financed by a 10% contribution from the municipality and 90% special loans for social homes from the state housing fund. This system was used by municipalities and their housing companies to increase the supply of social housing and housing for students.

Late in 2016 a new bill was passed that changed the financing system of the social housing sector. The main themes of the new system are that the State Housing Fund and municipality provide 30-34% of the project costs in the form of a long-term, interest free loan. The remaining financing should be a loan with max 50 years payback period and provided from the market (banks, pension fund, market etc.) but not the state housing fund. Furthermore, only special housing trusts or housing companies owned by municipalities can apply for interest free loans. The use of the project is restricted to social housing or the interest free loan must be repaid immediately.

## Norway

### *The housing market at a glance*

- Norway has a total of 2 million and 547 thousand dwellings by the end of 2017.
- 63% of the Norwegian households are owned by their inhabitants, 14% are co-operatively owned, and 23% are private rentals.

### *General housing trends*

Since 1992 house prices have risen six-fold in Norway, averaging a massive 8% increase annually. Research from Norges Bank suggest that the strong growth in house prices can be attributed to

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16 (Ministry of social affairs and health, Finland 2011)

income development<sup>17</sup>, interest rates, and housing shortages. Tighter credit regulations introduced in January 2017 prompted a minor decline in growth last year. However, with home prices rising again in 2018, these temporary credit regulations were prolonged until the end of 2019.

Higher house prices have led to increased debt among Norwegian households. Nevertheless, interest rate payments are rather low, as the average mortgage rate is historically low at 2.5%. Only 9% of the total house mortgage stock is on a fixed interest rate. Statistics from OECD show that the debt-to-income ratio among Norwegian households is third among the European countries<sup>18</sup>.

#### *Political and societal trends and challenges*

The primary vision for Norwegian housing policy is adequate and secure housing for all. The goals and roles of Norwegian housing policy have been relatively stable, though instruments of policy have been adjusted continuously. Norwegian housing policy was strongly orientated towards housing investments (to build enough affordable housing), now the policy is more orientated towards supporting people who cannot afford decent housing on their own.

### **Sweden**

#### *The housing market at a glance*

- Sweden has a total of 4 million and 795 thousand dwellings.
- 39% are owner occupied, 19% are private rentals, 23% tenants cooperatively own, and 19% are owned and rented out by municipal organizations.

#### *General housing trends*

Much of Sweden is facing a housing shortage, due primarily to significant population growth. Additionally, Sweden has the highest levels of urbanization in the EU. According to forecasts, this trend is likely to continue. Overall, 243 out of 290 municipalities report a shortage of housing, especially for young people, new immigrants, and elderly people. There is a need for approximately 90,000 new dwellings per year until 2020<sup>19</sup>.

High sales-prices, in combination with long queues for rental apartments, effectively exclude these groups from entering the housing market. House prices in Sweden have doubled and apartment prices tripled since 2005<sup>20</sup>. This trend is spurred on by the limited supply and slow movement of the housing stock, particularly around private and cooperative tenant owned housing. Construction has increased the last three years, with 69,000 new dwellings started in 2017. The current prediction is now 56,000 new dwellings will be completed in 2018.

#### *Political and societal trends and challenges*

A major challenge is that Sweden has among the highest housing construction prices in the EU. Lack of competition is one of the significant contributing factors. A survey from 2016 done by SABO showed that in 64% of all new construction projects for public housing received only 0-2 bids<sup>21</sup>.

In another interesting development, private households' debt increased due to high prices for cooperatively, and privately owned dwellings. After a continuous increase since 2009, it is important to note that housing prices have declined

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17 (Norges Bank 2016)

18 (OECD 2015)

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19 (Housing Europe 2017)

20 (Danske bank 2017)

21 (SABO 2016)



slightly in the first quarter of 2018, partly because of the increased rate of mandatory mortgage pay-back with regards to the income-debt ratio.

Steps have been taken in mortgage regulation to avoid over-indebtedness for households. Since 2010 Sweden has gradually introduced several measures aimed at containing mortgage debt growth. For example, from June 2016 there is an amortizing requirement for new mortgage loans with a loan-to-value ratio above 50%, and since October 2010 a maximum loan-to-value ratio of 85% has been applied to all new mortgages.

Recently Sweden has gradually implemented steps to increase the housing supply. Policy action has focused on streamlining the planning and appeals processes to make lead times shorter and more predictable, on simplifying building and zoning regulations, and more generally on reducing the red tape for new construction. Additionally, there has been modest budgetary support for new construction, either in the form of investment subsidies for specific types of rental housing (e.g. for students or the elderly), or of general construction bonuses to encourage municipalities to promote more building activity.

In September, general elections are taking place in Sweden, and almost all the politicians responsible for housing policy are saying that there is a need for a housing policy reform following the elections.

## Denmark

### *The housing market at a glance:*

- Denmark has a total of 2 million and 815 thousand dwellings, of these 2 million and 662 thousands are occupied.
- Approximately 50 % are owner-occupied, 29 % are private rentals and 21 % are non-profit social and common housing.

### *General housing trends*

In the years before the financial crisis property prices in Denmark registered massive increases. The house prices took a big hit in 2009, followed by smaller fluctuations in 2010, 2011, and 2012. In recent years, house prices have stabilized and are beginning to rise<sup>22</sup>. Construction costs in Denmark are among the highest in the EU.

Denmark also has the second highest level of mortgage debt in the EU. The outstanding residential loan to GDP ratio is at 100.8%, and outstanding residential debt to disposable income ratio at 205.7%<sup>23</sup>. Nevertheless, high household debt is matched by a high level of assets, such as real estate and high pension savings, therefore the default rate on mortgages is relatively low<sup>24</sup>.

### *Political and societal trends and challenges*

Recent political debate centers around the use of the National Building Fund. Set up in 1967, the Fund collects part of the surplus generated by rents in the social housing sector once the construction loans are paid off. The Fund's level of investments, as well as the specific focus areas that can be supported within social development plans, are laid out in political agreements made

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22 (Housing Europe 2017)

23 (Ibid)

24 (Ibid)

every four years by Folketinget, the Danish Parliament. The Fund's finances are of recurring interest to political decision makers who want to bring their ambitions for affordable housing to life.

Concentrations of socially isolated and ethnic communities in specific social housing estates has been on the political agenda more than two decades, and still is. Currently social housing associations have been actively promoting initiatives aimed at local community regeneration, such as youth initiatives such as vocational training, after school activities, and implementing crime prevention measures, to name a few<sup>25</sup>.

A political plan to reduce parallel and socially isolated societies in Denmark is on the top of the political agenda. The plan has strong political support in and outside of the government and includes several drastic measures to achieve its overall aim. The cornerstone of the plan, is to demolish up to 60% of the family units in areas the government has defined as 'ghettos'. The persons living in that 60% of the so-called 'ghettos' will need new housing, and will most likely move into other social housing areas, thereby dragging those communities closer to meeting the government's ghetto criteria; a development that could set off further demolitions, the deterioration of well-functioning housing, and the continual displacement of vulnerable populations.

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25 (SFI 2016)



