



REDUCING
HOUSING
INEQUALITIES

National Report on the Housing System from a Multi- Level Perspective: Norway

An extract from Deliverable 4.2, '*National Reports on the Housing System from a Multi-Level Perspective*', of the ReHousIn project

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FOREWORD

This report is an extract from Deliverable 4.2, ‘National Reports on the Housing System from a Multi-Level Perspective’, of the ReHousIn project, which analyses housing systems in nine European countries, focusing on tenure-policy frameworks and housing supply dynamics.

The full version of the deliverable is available [here](#).

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The ReHousIn project aims to spark innovative policy solutions towards inclusionary and quality housing. To achieve this, it investigates the complex relationship between green

transition initiatives and housing inequalities in European urban and rural contexts, and develops innovative policy recommendations for better and context-sensitive integration between environmentally sustainable interventions and socially inclusive housing.

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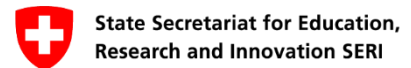


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1 EXECUTIVE SUMMARY

Norway's housing system has historically promoted widespread homeownership as a cornerstone of its welfare model. Through cooperative housing and state-backed financing, this model fostered residential stability and wealth accumulation across broad segments of the population. Since the 1980s, however, the system has increasingly shifted toward market orientation, with reduced public intervention, diminished public land ownership, weakened planning tools, and growing reliance on private finance. This re-commodification has led to mounting affordability pressures, especially in the most populous urban areas of the country like Oslo, Bergen, and Trondheim.

The current housing crisis is characterised by declining accessibility, particularly for first-time buyers, young people, and low-income households. Entry into the ownership market is increasingly dependent on intergenerational transfers of wealth—often referred to as the “parental bank.” Crucially, the *location* of family housing assets matters: property in high-demand areas offers higher returns and better leverage opportunities, reinforcing spatial inequalities and long-term socioeconomic divides.

While policymakers acknowledge the housing challenges, national responses remain fragmented and insufficient. The social rental sector is minimal, private renting is precarious, and innovative models such as shared ownership or third-sector housing remain marginal. At the local level, municipalities lack the regulatory and financial capacity to steer housing development toward affordability goals.

Importantly, the Norwegian housing system has shown limited capacity to respond to major crises. During the 2008 financial crisis and the COVID-19 pandemic, no significant counter-cyclical housing measures were introduced. Public and cooperative sectors lacked the scale and instruments to buffer market shocks or address rising affordability issues. Instead, ownership-friendly tax and credit policies continued to reinforce housing as a speculative asset.

Within this housing system, the implementation of environmental and climate policies—such as energy retrofitting, nature-based solutions (NBS), and urban densification—*risks reinforcing existing inequalities*. These policies often target privately owned housing, are shaped by market dynamics, and lack integration with social and affordability goals. Without safeguards, they may increase costs for vulnerable groups, displace low-income residents, and exacerbate existing spatial divisions.

2 THE HOUSING DEBATE

Norway's housing policy has long been characterised by a strong emphasis on homeownership, with both individual and cooperative ownership forming the institutional backbone of the system (Sandlie & Gulbrandsen, 2017). This ownership-oriented model has been sustained by broad political consensus and social legitimacy, fostering high rates of homeownership across the population (Annaniassen, 1996)- see also Tables in Appendix 6.1.1. The social rental sector, by contrast, plays only a marginal role, primarily targeting vulnerable groups through municipally owned dwellings and housing allowances (Sørvoll, 2019). Similarly, the private rental market has historically been limited in scale and politically discouraged as a long-term solution (Ann Stamsø, 2023).

This ownership-oriented model has contributed to residential stability and wealth accumulation for many households. However, over the past two decades, signs of strain have become increasingly visible. A growing housing affordability and accessibility crisis is affecting Norwegian cities, particularly the major urban areas of Oslo, Bergen, and Trondheim (Cavicchia et al., 2024). These challenges are especially acute for young people, single-person households, and first-time buyers, for whom entry into the housing market is becoming progressively difficult.

One of the key dimensions of the current crisis is housing accessibility. Structural changes in the housing market, combined with urban population growth and limited supply, have contributed to a situation in which housing is increasingly out of reach for segments of the population not already embedded in the ownership system. In parallel, housing affordability has deteriorated due to high property prices and rising interest rates—especially in the last three years—which have significantly increased the cost of borrowing. At the same time, rents in the private sector have also risen sharply, while mortgage debt levels among homeowners remain among the highest in Europe (Cavicchia et al., 2024).

These developments have brought issues of intergenerational justice to the forefront of public debate. Young people are increasingly reliant on parental support to access the housing market, a trend often referred to as the “parental bank” (foreldrebanken). These assets are clearly unevenly distributed (Statistics Norway, 2019). What matters is not only whether parents can and are willing to support their children in entering the housing market, but also *where* their housing assets are located. Property in high-demand areas can be sold or leveraged to support intergenerational transfers, such as down payments or mortgage guarantees. As Galster and Wessel (2019) show, individuals whose grandparents owned large homes in Oslo in 1960 were significantly more likely to be owner-occupiers in 2014—illustrating how location shapes the long-term value and utility of housing wealth. This dynamic reinforces existing socioeconomic inequalities and limits housing opportunities for those without family wealth, exacerbating social and spatial divides. The issue in Norway, then, does not seem to be related to a late ownership era (Forrest & Hirayama, 2018), but to the growing dependence on family resources and the financial risks it entails. While intergenerational transfers have enabled many young people to buy homes, this model of access has become increasingly stratified (Sandlie & Gulbrandsen, 2017). Those without such support face higher entry barriers, often relying on large mortgages that leave them vulnerable to changes in interest rates or employment.

Despite widespread recognition of the problem, policy responses have been fragmented and, so far, largely ineffective (Sørvoll & Nordvik, 2020). There is broad political consensus on the need to address the housing shortage and to facilitate the construction of more dwellings, including through public support schemes such as those provided by the Norwegian State Housing Bank (Husbanken). However, the effectiveness of such instruments has diminished in recent years due to reduced funding and shifting priorities (Sørvoll, 2021).

Some political actors have advocated for more transformative measures, such as the development of a third housing sector—neither fully public nor fully market-based—as a way to provide long-term, affordable housing especially in urban areas with pressured housing markets. Others have pushed for the reintroduction or strengthening of rent regulation in the private rental market. Nevertheless, experimental initiatives to implement new housing models and policies—such as pilot projects for affordable ownership schemes or cooperative rental housing—have so far largely failed to scale up or influence mainstream housing policy (Kjærås & Haarstad, 2022).

3 HOW THE HOUSING SYSTEM HAS CHANGED

3.1 Q1: Degree of commodification

- I. *What is the direction of travel of the national / local housing system: are these becoming more de-commodified (universalist) or re-commodified (residualist) over time?*

The Norwegian housing system has undergone a significant transformation in the post-World War II period, shaped by broader shifts in welfare state orientations and housing regime configurations. During the three post-war decades (1950s–1970s), Norway developed what scholars have described as a "social homeownership" model (Kemeny, 2006; Sandlie & Gulbrandsen, 2017), whereby homeownership—particularly cooperative and individually owned homes—was promoted as a universal welfare good through state-subsidized loans, land policies, and price regulation (Kohl & Sørvoll, 2021). In this period, housing was embedded within a universalist welfare regime and treated largely as a de-commodified good, intended to secure social integration and upward mobility for broad segments of the population. However, since the 1980s, the direction of travel has shifted toward re-commodification, as housing policy increasingly embraced market-oriented principles. This transition has been enabled by political reforms supported by a broad coalition of actors across the socio-democratic and conservative spectrum, reflecting a growing belief in the capacity of the market to deliver welfare outcomes.

This shift is evident across the three main housing tenures—owner-occupation (OO), private rental (PR), and social rental (SR)—and is closely linked to transformations in land supply mechanisms, financial instruments, and regulatory frameworks. The Norwegian housing regime, long centered on high rates of owner-occupation as both a normative ideal and policy objective, has become increasingly exclusionary and market-dependent. This section examines the evolution of the Norwegian housing system through the lens of de-

commodification and re-commodification, distinguishing two key phases: the consolidation of a de-commodified, universalist model from the interwar years to the early 1980s, and the gradual marketization of housing from the 1980s to the present (Sørvoll & Nordvik, 2020).

1. De-Commodification and Housing as a Welfare Good (Interwar Period to Early 1980s)

The post-war housing system in Norway was strongly rooted in a welfare-state logic, emphasizing de-commodification through state-led housing production, public land policy, and cooperative ownership models (Annaniassen, 1991). The establishment of the Norwegian State Housing Bank (Husbanken) in 1946 was a foundational moment, allowing both individuals and cooperatives to access favorable, non-means-tested loans (Annaniassen, 1996; Kohl & Sørvoll, 2021). These loans were used to finance a broad spectrum of housing, including private homes, cooperative apartments, and, occasionally, municipal dwellings, all subject to regulations regarding size, standard, and affordability.

The system promoted OO on a universal basis, extending subsidies through production-side support rather than demand-side benefits. Cooperative housing (e.g., through OBOS, the largest housing cooperative in Norway, founded in 1929) played a particularly important role in urban areas, operating on a cost-price principle and reinforcing the norm of owner-occupation without opening avenues for speculation or large-scale commodification (Kronborg, 2014). Simultaneously, municipalities acquired land and prepared it for development, leasing or selling it at regulated prices—a mechanism that further restricted speculative pressures (Annaniassen, 1996).

Although the housing policy did not redistribute wealth per se, it made new, modern homes accessible to large portions of the population. Housing was thus treated as a welfare good: not entirely divorced from market logic (since private contractors still built the housing), but shaped by public intervention to ensure affordability and accessibility. Price regulation on resale further limited commodification, especially in cooperative and joint-stock housing until the 1980s (Sørvoll & Nordvik, 2020).

The PR sector, by contrast, was never strongly developed as a long-term tenure. Early rent regulation introduced in 1915 and expanded after World War II helped protect tenants, but no coherent or sustained rental policy emerged. Rather, PR was seen as a transitional phase until families could access OO (which is still the case). The labor movement and state policy both favored OO, and this priority was reflected in the lack of investment in dedicated rental housing (Kohl & Sørvoll, 2021).

The SR sector remained residual and minimal throughout the post-war period. Apart from a brief experiment in public housing construction in the interwar years, most municipal social housing was provided through the purchase of existing units within the general housing stock (including co-ops). Social rental was targeted strictly at vulnerable groups, never developing into a universal alternative to OO.

2. Re-Commodification and the Market Turn (1980s to Present)

Beginning in the 1980s, Norway's housing policy shifted significantly toward re-commodification (Sørvoll & Nordvik, 2020; Tranøy, 2008). The most important institutional

change was the reorientation of Husbanken. From being a universal housing finance institution, it became a means-tested welfare tool, focused primarily on disadvantaged groups (Reiersen & Thue, 1996). This move reflected broader market-oriented thinking that gained ground during the period, emphasizing individual responsibility and the perceived efficiency of housing markets to meet general needs (Innset, 2020).

Simultaneously, municipalities withdrew from active land policy. The abolition of land price regulation in 1983, combined with reduced municipal land acquisition and development responsibilities, opened land markets to speculation and pushed up development costs. These changes significantly weakened one of the key tools of the earlier de-commodified system (Sørvoll & Nordvik, 2020).

The OO sector was also transformed. While ownership remained the dominant tenure, its character shifted. Price regulation on used homes was gradually lifted from 1982 onwards. This applied to both cooperative and privately-owned homes, allowing owners to sell their property on the open market and capture capital gains. Although cooperative housing formally remained non-profit and single-shareholding rules prevented large-scale accumulation, the elimination of price control created incentives for individual profit and turned housing into a capital asset (Kohl & Sørvoll, 2021).

Despite the continuation of ownership-friendly tax policies—such as interest deductions, no capital gains tax on primary residences, and low wealth taxation on housing—no general subsidies were introduced for OO. Instead, homeownership became increasingly reliant on access to affordable credit. For most of the past 30 years, this has remained widely available, helping to sustain high levels of OO despite rising prices. However, the last 10–15 years have seen a slight decline in homeownership, especially in large cities, due to affordability constraints. This suggests growing exclusionary dynamics within the commodified system.

The PR sector, historically underdeveloped, grew in importance but remained structurally precarious. The repeal of rent control laws culminated in 2010, ending long-standing protections for tenants. Most rental housing is provided by small-scale landlords letting out one or a few properties, and much of the stock was not originally built for rental use. There are no significant policies to regulate or support this tenure, and its expansion has been largely market-driven. While housing allowances continue to exist, they are strictly means-tested and have become increasingly targeted since the 1980s (Nordvik & Sørvoll, 2014).

A major turning point for PR came during the 1980s and 1990s, when large parts of the 19th-century rental stock in central Oslo were converted to OO as part of a state-supported urban renewal programme. Though the stated aim was to improve living conditions and eliminate urban decay, the result was a large-scale reduction in rental housing stock and a boost to homeownership—effectively a re-commodification of previously regulated rentals. In retrospect, this initiative marked the beginning of gentrification processes in Oslo and reinforced the marginal status of PR.

The SR sector remained residual throughout this period. With no public investment in new social housing, municipalities continued to rely on purchasing individual dwellings from the general market. Today, SR represents only about 4% of the total housing stock. Its role is

strictly limited to housing the most disadvantaged, and its marginality reflects the broader commodified structure of the housing system (Sørvoll, 2019).

These structural shifts in Norway's housing system have not only reshaped tenure patterns and access but have also contributed to a broader transformation of the country's political economy. As Tranøy (2008) argues, Norway's growth model has become increasingly similar to that of the United States, driven by rising private consumption underpinned by housing wealth and the housing–monetary policy nexus. Easy access to credit—particularly through flexible, floating-rate mortgages—and rapidly appreciating property values have enabled households to extract and reinvest housing equity, thereby fuelling domestic demand. This dynamic has deepened the financialisation of the housing sector, increased macroeconomic volatility, and amplified distributional inequalities within a re-commodified housing regime.

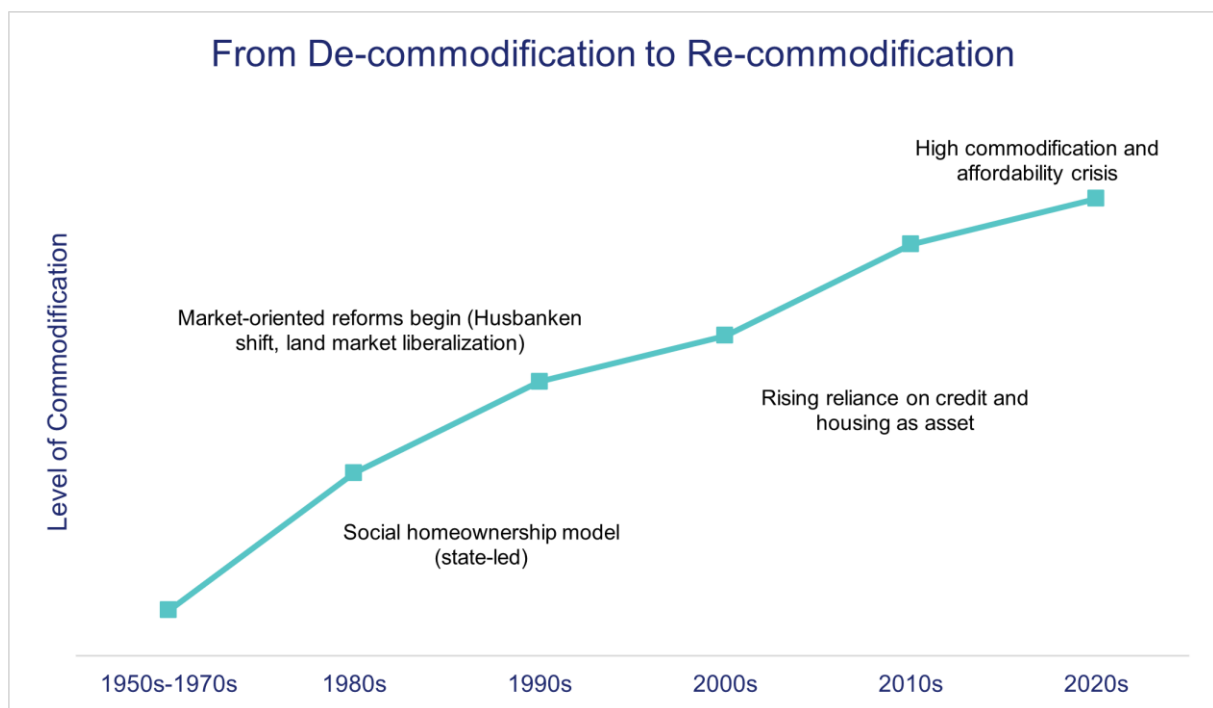


Figure NO 1. Historical trajectory of the Norwegian housing system

II. *Are there structural divergences (tensions) between the direction of travel (universalist - residualist) of the national housing system, and the local housing system?*

In Norway, national and local housing systems have generally evolved along similar trajectories, largely due to the centralized nature of housing governance, which ensures that key features of the national framework—such as the emphasis on homeownership, a residual private rental sector, and a minimal social rental sector—are mirrored at the local level.

However, some divergences do emerge, particularly at the municipal level, where housing challenges are most acutely experienced and become most visible for local authorities. These differences are especially pronounced in municipalities experiencing high housing market pressures, where local responses, especially to provide affordable housing, may diverge from national patterns in order to address specific contextual needs. Some of these experiences are discussed in section 3.3 on the capacity of local authorities to provide affordable housing.

III. What synergies and/ or conflicts exist between the vertical and horizontal governance levels?

In Norway, there is a high degree of vertical alignment between the national and local housing systems, due to the centralized governance of housing policy. Both levels reflect a broader shift from a universalist orientation to a residualist and market-dependent model that increasingly limits public responsibility to the most disadvantaged.

However, structural tensions do exist, particularly at the municipal level, where local authorities are tasked with ensuring housing provision but are constrained by national policies, limited financial instruments, and weak regulatory tools (Granath Hansson et al., 2025). While municipalities formally hold responsibility for providing housing solutions, especially for vulnerable groups, they lack the capacity to implement proactive, non-market alternatives due to declining public landownership, limited public housing stock, and the absence of dedicated funding mechanisms (Cavicchia, 2023; Kjærås & Haarstad, 2022).

This divergence is most visible in urban municipalities under housing pressure, which in some cases seek more progressive approaches (see section 3.2).

Thus, while the direction of travel is broadly consistent, a governance gap has emerged: municipalities are expected to address complex housing challenges but are not equipped with the tools or resources to diverge meaningfully from the residualist trajectory set by the national system

3.2 Q2: Impact of exogenous macro-trends, policies and crises: What have been the events that really made a change in each tenure?

I. To what extent are processes of de-commodification and re-commodification in each housing system driven by, or respond to, the identified exogeneous macro-trends and crises?

In Norway, processes of both de-commodification and re-commodification in the housing system are shaped primarily by national rather than external pressures, although global macro-trends and economic crises have exerted a growing influence in recent years.

The more significant driver has been the long-term restructuring of the welfare state, with housing often described, following Torgersen (1987), as the “wobbly pillar” of the Norwegian welfare. The gradual retreat, since the 80s, of the state from housing production—through the reduction of direct subsidies, public land development, and large-scale construction of social housing—has contributed to the re-commodification of housing. Homeownership is heavily incentivised through tax advantages, while public and cooperative rental options have stagnated.

Nevertheless, Norway’s gradual re-commodification of housing has not resulted in full-scale financialization. While corporate landlords such as Heimstaden Bostad and Blackstone have entered the Norwegian housing market, their presence remains limited compared to their more expansive operations in neighboring countries like Sweden and Denmark (Christophers, 2024). Structural features—most notably the dominance of owner-occupied cooperative housing (borettslag)—have acted as barriers to large-scale acquisition by institutional investors and global financial actors. The cooperative model itself imposes restrictions that discourage speculative ownership, such as limits on the number of shares a single entity can hold and rights of first refusal granted to existing members. These legal constraints help preserve certain de-commodifying elements—not through active state intervention, but as a legacy of the institutional design of Norway’s housing regime.

As a result, unlike contexts where financialization is driven by corporate landlords and investment funds, in Norway it operates primarily through households and public policy. Tax advantages (e.g., mortgage interest deductions, capital gains exemptions), widespread access to credit, and favorable mortgage conditions have encouraged individuals to treat homeownership as a means of asset accumulation. In this way, housing has increasingly come to function as a financial asset rather than a universal social right, embedding financial logics at the heart of everyday housing practices (Poppe et al., 2015).

Recent macro-economic and exogenous crises have exposed vulnerabilities and amplified commodification pressures. The global urban housing affordability crisis—what Wetzstein (2017) describes as a systemic and structural mismatch between housing costs and income levels—has manifested in Norway as well, particularly in cities like Oslo where rising prices and demand outpace supply (Cavicchia, 2021). This crisis is not merely a function of local market failures but a reflection of global shifts in how housing is financed, governed, and treated as an asset. In the Norwegian context, it intersects with rising interest rates, increased construction costs, and a weakening of the Norwegian currency, all of which make housing less accessible, especially for first-time buyers. These pressures disproportionately affect lower-income groups and have prompted local actors to experiment with alternative ownership and affordability models (section 3.3). However, these responses remain fragmented and largely unsupported at the national level, indicating that housing affordability is still not addressed as a systemic policy issue.

Overall, Norway’s processes of re-commodification have been largely driven by internal policy choices related to welfare restructuring and the promotion of homeownership, rather than exogenous macro-trends. However, global financial volatility and economic crises have exacerbated existing affordability issues and contributed to further commodification pressures.

Where de-commodification occurs, it tends to be marginal and locally driven, rather than embedded in a coordinated national strategy (Kjærås & Haarstad, 2022).

3.3 Q3: Capacity to filter crises: how does each housing system respond to macro-events and crises?

- I. *What is the capacity of the local and national housing system to provide affordable housing?*

In Norway, both the national and local housing systems face significant limitations in their capacity to deliver affordable housing. A foundational challenge that should be mentioned in this context is the absence of an official or widely accepted definition of “affordable housing”. In practice, affordability in Norway is interpreted in terms of *market access*, rather than cost in relation to income, with a strong focus on the accessibility of the ownership market (Cavicchia, 2021). In recent years, it has been introduced in Norway the so called “nurse index,” which indicates the percentage of homes sold in a specific year that a single nurse, with hypothetically no savings and no parent bank, can afford to buy. The index reveals that in high-demand urban areas such as Oslo, even essential workers with stable incomes struggle to access the housing market.

National Housing System

At the national level, the capacity to promote affordable housing is constrained by several structural obstacles. A central issue is the lack of national regulation on housing prices and rental contracts (Sørvoll & Nordvik, 2020). This deregulated environment limits the ability of both national and local authorities to ensure affordability or protect tenants from rising costs. The absence of programmatic public housing production further exacerbates the situation¹, leaving the supply of non-market housing extremely limited. Compounding these challenges is the decline in public land ownership, which has eroded the state’s capacity to steer urban development in line with social and affordability objectives.

Despite structural constraints, the national housing policy continues to prioritise homeownership by promoting new construction (increasing supply is often used as an

¹ It should also be noted that general government expenditures in Norway for housing, housing development, and community development have consistently remained below 1% of total government spending since 1995 (Cavicchia et al., 2024)

argument for increasing affordability) and enhancing individual purchasing power². The policy serves a market-correcting role by supporting more efficient planning and building processes, while offering means-tested social housing support for disadvantaged groups excluded from the commercial market (Sørvoll, 2019). At the same time, Norway's well-developed credit and tax system modestly supports affordability by facilitating access to mortgage financing, for example providing housing saving schemes for young people.

Local Housing System

Municipalities in Norway formally bear the responsibility for ensuring access to housing for all residents, particularly vulnerable groups. However, in practice, their policy capacity is severely limited. While they are expected to pursue social housing goals and ensure adequate provision, they operate within a national framework that offers minimal support and limited flexibility. Crucially, municipalities often lack both the legal authority and financial instruments necessary to influence the tenure mix, promote affordability, or shape the structure of new residential developments in line with social objectives (Cavicchia, 2023).

A number of structural obstacles undermine the effectiveness of local housing governance. Housing development in Norway is overwhelmingly developer-led, with municipalities playing a reactive role, primarily through regulatory approval rather than proactive provision (Falleth et al., 2010). This limits their ability to steer housing outcomes³. Furthermore, municipalities have no authority to impose affordability requirements through zoning or land-use planning (no inclusionary zoning is permitted), a gap present in the national Planning and Building Act that does not allow them to secure affordable housing in private developments (Cavicchia, 2023; Granath Hansson et al., 2025). Their negotiating power is further weakened by the limited availability of public land and the gradual decline of municipal land banks. Additionally, municipalities receive no dedicated funding for the construction of new public housing, restricting their role to the allocation and management of an already diminishing stock of social rental units.

Nonetheless, some enabling factors at the local level offer modest avenues for innovation and intervention. In certain cities, municipalities have initiated or supported locally led housing initiatives aimed at addressing gaps in affordability. Notable examples include OsloBolig, a shared ownership scheme that helps lower the threshold for market entry, the Trondheim Housing Foundation, a nonprofit entity that offers long-term rentals and reinvests its income to

² For example, by applying amendments to the Loan-to-value ratio. According to the Norwegian Ministry of Finance, an amendment effective 1 January 2025 raises the maximum loan-to-value (LTV) ratio from 85% to 90%, meaning the required down payment is reduced to 10% of the property value.

³ Christiansen & Kjærås (2021) refer to the Norwegian housing system as characterized by a so-called "regulatory capture". The term describes a structural weakness in public-private partnerships where the expertise in a certain field often lies with private actors

preserve affordability (interviews⁴), and the municipal company in Sandnes (Sandnes Tomsteselskap), which has worked with strategic land purchase for the provision of more affordable housing -- 10% below the market price (interviews). In a few instances, municipalities also allow tenants to purchase rental units with the help of start-up loans or grants, although these schemes remain small in scale. Moreover, while municipalities can apply for state funding through Husbanken to maintain or retrofit existing housing stock, this support is generally insufficient for expanding or significantly upgrading the local social housing portfolio.

While municipalities are tasked with a central role in housing provision, they face severe structural constraints that limit their ability to deliver affordable housing (Christiansen & Kjærås, 2021). Their efforts are often reduced to fragmented responses, that lack holistic visions, rather than systemic solutions, highlighting the need for stronger alignment between national policy frameworks and local responsibilities.

Yet, despite these challenges, the Norwegian housing landscape retains some institutional infrastructures that could support a more socially oriented model if reactivated (interviews). Most notably, the Norwegian State Housing Bank (Husbanken) and the cooperative housing sector continue to exist, albeit in reduced or commercialized forms. Husbanken, now largely focused on targeted social support, remains a professionally competent agency. Its role as a counter-cyclical financier during the banking crisis of the late 1980s and again after 2008 illustrates its potential to act as a stabilizing force. Similarly, cooperative housing associations such as OBOS and USBL, while increasingly market-driven, retain organizational structures and housing expertise that could support the reintroduction of cost-based or cooperative rental models (interviews).

These institutions represent latent capacities that—if supported by deliberate policy direction and renewed political commitment—could play a critical role in addressing affordability challenges. Their continued existence suggests that the infrastructure for a more de-commodified housing approach is not entirely absent but underutilized.

II. How have the identified crises and macro-trends affected the capacity of these housing systems to provide affordable housing?

As previously noted, Norway's housing system is strongly oriented toward ownership and increasingly influenced by macroeconomic dynamics and financial market trends. The state

⁴ We conducted four stakeholder interviews between March and May 2025, involving representatives from the Housing Foundation in Trondheim, a housing policy expert, Sandnes Tomteselskap, and the Norwegian Tenants' Association.

primarily plays a facilitating role, using instruments such as credit regulation and tax incentives. However, these tools have proven more effective at safeguarding financial stability than at ensuring housing affordability. A clear example is the response following the Global Financial Crisis (GFC), when the Financial Supervisory Authority (Finanstilsynet) introduced stricter mortgage regulations to curb speculative lending. In 2010, the maximum loan-to-value (LTV) ratio was set at 90%, and later reduced to 85%, effectively requiring a minimum 15% down payment (restored to 90% as of January 2025). While these measures aimed to contain household debt and limit house price inflation, they also made it more difficult for first-time buyers and low-income households to access the housing market—particularly in high-cost urban areas (Sandlie & Gulbrandsen, 2017).

Another crucial point to stress here is Norway's tax system, which structurally favours owner-occupiers in multiple ways. First, mortgage interest payments are tax deductible, reducing the real cost of borrowing and encouraging home acquisition through leveraged debt. Second, primary residences are exempt from capital gains tax upon resale, allowing owners to accumulate wealth through rising housing values without taxation. Third, owner-occupied dwellings are significantly undervalued for wealth tax purposes, meaning that housing wealth is taxed more leniently than financial assets. These mechanisms, especially in combination, have promoted widespread homeownership and contributed to the commodification of housing as a financial asset. These dynamics, tax rules and credit liberalisation from the 1980s onward transformed Norwegian housing into a speculative investment good and created a system where housing access is increasingly reliant on individual borrowing capacity and market timing rather than state provision (Tranøy, 2008). The result is a housing system that is highly sensitive to macroeconomic cycles: during periods of low interest rates and monetary easing, such as in the aftermath of the GFC and COVID-19, prices are driven upward, further reducing affordability for new entrants.

III. What challenges have the state and non-profit sector faced, in the light of recent crises?

The recent crises—particularly the 2008 Global Financial Crisis (GFC) and the COVID-19 pandemic—have exposed structural challenges in Norway's housing system, revealing the limited capacity of both the state and non-profit sector to respond to affordability pressures during periods of economic disruption (Conigrave & Hemmings, 2022). These crises underscored the state's inability to deliver counter-cyclical housing interventions and highlighted the institutional weakness of the non-profit and cooperative sectors.

Norway's highly residualised public housing system—administered by municipalities under constrained budgets—provides only a narrow safety net rather than a structural response to housing insecurity. This left the system poorly positioned to scale up or adapt during crises. Following the 2008 GFC, no expansion of public housing or affordability mechanisms occurred. Similarly, during COVID-19, while the state implemented generous income support schemes, it did not introduce housing-specific measures. Meanwhile, house prices continued to rise—driven by low interest rates, liquidity, and stable demand—deepening affordability challenges, particularly for renters and those excluded from the ownership model (Conigrave & Hemmings, 2022).

The cooperative housing sector also failed to play a counter-cyclical role. Over recent decades, the cooperative sector has been increasingly marketised, allowing dwellings to be traded at full market value and diminishing its historical affordability function (Sørvoll & Nordvik, 2020). As a result, these sectors lacked both the scale and mandate to respond meaningfully to the housing consequences of crisis.

Finally, as Tranøy (2008) argues, the transformation of housing into a financial asset has produced political resistance to redistributive reforms. The class of homeowners benefits from tax privileges, rising property values, and accommodative monetary policy—and tend to resist to changes in taxation that increase the costs associated with house ownership and/or reduce the value of housing assets. In both the GFC and COVID-19 contexts, this political dynamic contributed to the preservation of existing ownership structures, rather than structural efforts to address exclusion or inequality.

4 CONCERNS REGARDING THE GREEN-HOUSING NEXUS

The implementation of the environmental and energy policies explored in ReHousIn—energy retrofitting, nature-based solutions (NBS), and urban densification—interacts in complex ways with the Norwegian national and local housing systems. These interactions reveal important governance misalignments, policy gaps, and equity tensions, but also present opportunities to strengthen synergies between environmental goals and housing provision.

Energy retrofitting in Norway is driven by a strong national framework (Cavicchia et al., 2025). While this centralized approach ensures consistency with national climate targets, it leaves little room for municipalities to adapt retrofitting policies to local housing needs. Municipalities have limited capacity to prioritize vulnerable groups, and most of the retrofitting funding is oriented toward private owners. The result is a fragmented and uneven implementation landscape, where deep renovations in disadvantaged housing segments are rare, and funding does not adequately support the integration of energy upgrades with affordability. In the Norwegian context, the central challenge related to housing and retrofitting is, differently from other contexts, less about processes of *renoviction*—where tenants are displaced due to upscale renovations—and more about the limited accessibility of renovation funding for lower-income households, which increases the risk of energy poverty. This reflects a structural gap in the retrofitting agenda, where the absence of targeted financial instruments risks undermining the capacity of vulnerable groups to benefit from energy efficiency improvements (Cavicchia et al., 2025).

Nature-based solutions are increasingly promoted as tools for climate adaptation, biodiversity protection, and urban resilience (Cavicchia et al., 2025). Implementation, however, relies heavily on municipal land-use planning and discretionary funding from the national level. While NBS may create long-term environmental benefits, they can also generate unintended social consequences when deployed in areas with existing housing vulnerability. Projects aiming to “green” urban environments risk contributing to green gentrification, increasing land values and displacing low-income residents if not coupled with affordability safeguards. Additionally, NBS are required in new developments, potentially increasing housing building costs and prices (Cavicchia et al., 2025).

This points to a structural contradiction: while the state encourages NBS for environmental purposes, it does not provide clear social guidelines or housing integration mechanisms. Many municipalities lack the fiscal and technical capacity to deliver both ecological and housing outcomes simultaneously.

Among the three EEPs, densification is the most entrenched in Norwegian planning legislation and policy (Cavicchia et al., 2025). While local governments have formal responsibility for land-use planning, in practice, the densification process is heavily influenced by private developers who propose and drive most new housing projects. Municipalities, especially in high-demand areas, lack the land ownership and legal instruments—such as inclusionary zoning—to ensure that densification contributes to housing affordability. This market-led densification dynamic risks exacerbating spatial inequality (Andersen & Røe, 2017; Cavicchia, 2021). It leads to a proliferation of small, high-cost units rather than a socially mixed and affordable housing stock. The absence of national requirements for social or affordable housing in densification areas reinforces the commodification of urban space. These dynamics are particularly pronounced in Oslo, where the legally protected forest belt (*Marka*) functions as a de facto urban growth boundary. By restricting outward expansion, this geographic and regulatory constraint on the one side represents an important tool against urban sprawl, but on the other side, limits the availability of developable land within the municipal borders, thereby intensifying land scarcity and further inflating development pressures in central and already densified areas (Cavicchia, 2023).

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6 APPENDIX

6.1 Tables on tenure composition

6.1.1 Norway, distribution tenures and social groups

Norway, 2011

Tenures	Absolute number (households)	% of total households	Bottom quintile	2nd quintile	3rd quintile	4th quintile	Top quintile
OO	1 710 393	77,6	50,8	79,9	87,2	90,3	95,2
Outright	561 455	25,5	30,1	30,8	21,7	21,1	20,6
Mortgaged	1 147 131	52,1	20,7	49,1	65,6	69,2	74,6
PR	303 806	13,8	32,1	12,5	7,2	4,7	2,2
SR	11 661	0,53	1,4	0,4	0,1	0,1	0,2
Other/Unknown	175 923	7,99	15,7	7,2	5,4	4,9	2,4
TOTAL	2 201 787	100	100,0	100,0	100,0	100,0	100,0

Table NO 1. Sources: compiled by authors; data from OECD - own calculations.

Norway, 2020

Tenures	Absolute number (households)	% of total households	Bottom quintile	2nd quintile	3rd quintile	4th quintile	Top quintile
OO	1 833 227	72,9	40,9	76,5	81,6	90,4	93,1
Outright	557 734	22,2	19,0	28,3	19,9	19,8	24,5
Mortgaged	1 273 745	50,7	21,9	48,2	61,6	70,5	68,6
PR	586 655	23,4	52,2	19,7	16,2	7,7	5,2
SR	28 565	1,1	2,0	2,2	0,4	0,3	0,1

Other/Unknown	63 869	2,5	4,9	1,6	1,9	1,6	1,6
TOTAL	2 512 317	100	100,0	100,0	100,0	100,0	100,0

Table NO 2. Sources: compiled by authors; data from OECD - own calculations.

*Please note that the proportion of data categorized as 'other/unknown' tenure in 2011 is relatively high (7.99%). This may be due to data inconsistencies that require clarification and could potentially distort the distribution and trends across different tenure categories.

6.1.2 Oslo, distribution tenures and social groups - by decade

Oslo, 2015

Tenures	Absolute number (households)	% of total households	Lowest income quartile	Second income quartile	Third income quartile	Highest income quartile
OO	226 399	70,1	43,3	69,1	81	90
PR&SR	96 741	29,9	56,6	3,9	19	10
TOTAL	323 140	100		100,0	100	100

Table NO 3. Sources: compiled by authors; data from: Statistics Norway (no disaggregated data for private rental and social rental available)

Oslo, 2021

Tenures	Absolute number (households)	% of total households	Lowest income quartile	Second income quartile	Third income quartile	Highest income quartile
OO	237 030	68,6	38,9	67,6	79	89,1
PR&SR	108 219	31,3	61,1	32,4	21	10,9
TOTAL	345 249	100	100,0	100	100	100

Table NO 4. Sources: compiled by authors; data from: Statistics Norway (no disaggregated data for private rental and social rental available)

6.1.3 Norway, longitudinal tenures since 2011 - 2021

Tenures	Absolute number (households) 2011	Absolute number (households) 2020	Change 2011-2021 absolute	Change 2011-2021 (%)
OO	1 710 393	1833227	122834,0	7,2
Outright	561 455	557734	-3721,0	-0,7
Mortgaged	1 147 131	1273744	126613,0	11,0
PR	303 806	586655	282849,0	93,1
SR	11 661	28565	16904,0	145,0
Unknown	175 923	63869	-112054,0	-63,7
TOTAL	2 201 787	2512317	310530,0	14,1

Table NO 5. Sources: compiled by authors; data from OECD - own calculations.

6.1.4 Oslo, longitudinal tenures 2015-2021

Tenures	Total Households 2015	Total Households 2021	Change 2015-2021 absolute	Change 2015-2021 (%)
OO	226 399	237 030	10631,0	4,7
PR&SR	96 741	108 219	11478,0	11,9
TOTAL	323 140	345 249	22109,0	6,8

Table NO 6. Sources: compiled by authors; data from: Statistics Norway (no disaggregated data for private rental and social rental available)

6.1.5 Norway, longitudinal social groups by tenures 2021 and 2020

	Tenures	OO	Outright	Mortgaged	PR	SR	Other/Unkn own	TOTAL
2011	Bottom quintile (% of total households)	50,8	30,1	20,7	32,1	1,4	15,7	100,0
	2 nd quintile (% of total households)	79,9	30,8	49,1	12,5	0,4	7,2	100,0
	3 rd quintile (% of total households)	87,2	21,7	65,6	7,2	0,1	5,4	100,0
	4 th quintile (% of total households)	90,3	21,1	69,2	4,7	0,1	4,9	100,0
	Top quintile (% of total households)	95,2	20,6	74,6	2,2	0,2	2,4	100
2020	Bottom quintile (% of total)	40,9	19,0	21,9	52,2	2,0	4,9	100,0
	2 nd quintile (% of total households)	76,5	28,3	48,2	19,7	2,2	1,6	100,0
	3 rd quintile (% of total households)	81,6	19,9	61,6	16,2	0,4	1,9	100,0
	4 th quintile (% of total households)	90,4	19,8	70,5	7,7	0,3	1,6	100,0
	Top quintile (% of total households)	93,1	24,5	68,6	5,2	0,1	1,6	100
Changes 2011 - 2020	Bottom quintile (% difference)	-19,5	-36,9	5,8	62,6	42,9	-68,8	100,0
	2 nd quintile (% difference)	-4,3	-8,1	-1,8	57,6	450,0	-77,8	100,0
	3 rd quintile (% difference)	-6,4	-8,3	-6,1	125,0	300,0	-64,8	100,0
	4 th quintile (% difference)	0,1	-6,2	1,9	63,8	200,0	-67,3	100,0
	Top quintile (% difference)	-2,2	18,9	-8,0	136,4	-50	-33,3	100
2011-2020	Total inhabitants/househ	7,2	-0,7	11,0	93,1	145,0	-63,7	14,1

Table NO 7. Sources: compiled by authors; data from OECD - own calculations.

6.1.6 Oslo, longitudinal social groups by tenures since 2015 – by decades

	Tenures	OO	PR&SR	TOTAL
2015	Lowest income quartile	43,3	56,6	100,0
	Second income quartile	69,1	3,9	100,0
	Third income quartile	81	19	100,0
	Highest income quartile	89,7	10,3	100
2021	Lowest income quartile	38,9	61,1	100,0
	Second income quartile	67,6	32,4	100,0
	Third income quartile	79	21	100,0
	Highest income quartile	89,1	10,9	100
Changes 2015- 2021	Lowest income quartile	-10,2	8,0	100,0
	Second income quartile	-2,2	730,8	100,0
	Third income quartile	-2,8	12,6	100,0
	Highest income quartile	-0,7	5,8	100
2015-2021	Total inhabitants/househ	7,2	93,1	14,1

Table NO 8. Sources: compiled by authors; data from: Statistics Norway (no disaggregated data for private rental and social rental available)