

Summary

This report presents the empirical analysis of a project where we have been investigating different aspects of the municipal housing sector in Norway. Social housing in Norway is mostly undertaken by the municipalities. However, in some cases, the housing units are owned by private landlords. The main object of this study is the rent determination in social housing. The rents in social housing have traditionally been determined independently of the private rental market. In recent years, however, market-based rent setting is supposed to have become more common, partly as a result of the new Tenancy Act of 1999. This act opens up for market-based rent setting both in the private and municipal housing sector.

The aim of this project has been to study differences between municipalities regarding the following questions:

- Is the rent determination in social housing based on market rents in the private sector, on costs (including opportunity costs), on expenditures, related to some historical level or is it related to the income level of the tenants?
- What are the size, structure and routines of management applied in the municipal housing sector?
- What is the involvement of private landlords in social housing?
- What is the degree of means-testing regarding access to the dwellings?

Our analysis is based on data obtained from two sources. First, we used data from Statistics Norway. Secondly, as a part of the project, we carried out a new survey, based on a web-based questionnaire sent to all Norwegian municipalities.

Our analysis shows considerable differences between municipalities with respect to all the questions mentioned above. Our main finding is that market-based rent setting is still used only by a minority of Norwegian municipalities. In new contracts, 60.2 per cent of the municipalities in our survey do not use private market rent estimates in their rent determination for any housing unit. Even municipalities that use such rent setting procedures, do not use this principle for all housing units.

In ongoing contracts, the Tenancy Act allows adjustment to a reference rent (based on the market level) after three years. Such adjustment is also

allowed in municipal housing. However, most municipalities in our survey (59.3 per cent) do not practise such adjustments.

Finally, there seems to be a weak correlation between rent determination in new and existing contracts.