

Summary and conclusions

Summary

In this report, we have investigated various reasons for the weak net growth in municipal housing stock during the last years, and we have examined which initiatives could contribute to strengthen growth. There is no single factor which explains the weak development in municipal housing during the last years. The reasons for this development are not identical for all municipalities, either. In some municipalities, the most important single factor is a generally weak political prioritization of work in this area, in others, political goals to create new municipal housing are not followed up by the actual allocation of funds. Stretched municipal finances in combination with fewer government subsidies and rising housing prices have also contributed to weak growth. We suggest various organizational, economic and legal initiatives aimed at increasing growth. Some of these initiatives are targeted at the Norwegian government, others at the municipalities.

Background

The overall vision for Norwegian housing policy is that *everyone should have a good, secure place to live*. Those who need support and special arrangements to find a place to live and to be able to hold on to it, are entitled to help. Today's reality in many municipalities is that many economically disadvantaged groups in the housing market do not receive the municipal support they need. The amount of municipal housing on offer does not cover current demand. This is why the Norwegian Ministry of Local Government and Regional Development has asked the Norwegian State Housing Bank to look into the reasons for the weak net growth in municipal housing, and to suggest possible initiatives that can contribute to higher growth.

Question and method

Our mandate for this project has been to examine various reasons for the weak growth in municipal housing stock during the last years, and to suggest actions and initiatives which can contribute to increased growth. We have run case studies in eight selected municipalities.

Conclusions and recommendations

There is no *single* factor which explains the weak development in municipal housing during the last years. The reasons for this development are not identical for all municipalities, either. In some municipalities, an unclear allocation of responsibilities and insufficient prioritization of work in this area seem to be an important explanation for weak growth, in others, political goals to create new municipal housing are not followed up by the actual allocation of funds.

Stretched municipal finances in combination with lower government subsidies during the last years have also contributed to weak growth. It is clear that strong price and cost increases in the housing market have led to a reduction in available housing stock. During the last year, the tight housing market has caused an increase in new target groups, the "newly poor" which no longer manage to find a place to live without outside help.

We believe that the following **government initiatives** could bring about an increase in municipal housing stock:

- Increased national focus on work with municipal housing
- More pro-active attitude towards the municipalities
- Tighter reporting rules and follow-up of results in the area of housing policy
- Increased level of subsidies for acquisition and/or construction of municipal housing
- Interest-free loans for rehabilitation
- Housing grants accessible to a larger circle of claimants
- Inclusion of costs for communal areas into cost basis for grants/subsidies
- Extension of time period during which municipalities can receive funding for knowledge/competency development and project trials in the area of building and housing policy
- Clarification of rules and information about the possibilities for VAT refunds

As far as **initiatives aimed at the municipalities** are concerned, we believe that the following actions are important in order to achieve an increase in municipal housing stock:

- Better organization of the work process, with a focus on the division of responsibilities, increased cooperation and housing-policy related action plans
- Adapt today's housing stock according to present needs of main user groups
- Systematic evaluation of tenant turnover in municipal housing
- Better planning of land use

The following initiatives should be considered:

- Trial project on "affordable housing", i.e., buildings that do not need to comply fully with today's very high technical standards for new housing
- Setting up a framework for a cooperation between municipalities and private property developers
- Legal/statutory right to a place to live for certain groups
- Earmarking of funds for municipal housing within increased municipal budgets