

# **HOME OWNERSHIP AND THE NORDIC HOUSING POLICIES IN THE 'RETRENCHMENT PHASE'**

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## Abstract

Though Nordic countries (=Denmark, Finland, Iceland, Norway & Sweden) are often considered to represent a shared Scandinavian model of welfare, their welfare arrangements differ from each other in a number of specific policy fields, not least in housing policy. There is no one Nordic housing regime, though arguably there are shared features. Recently the historical development of Nordic housing policies has been analysed in a collaborative comparative study. In this paper the findings of this study concerning the nature of national housing policies are presented and the different policies are compared on two dimensions: the scope of policy and its institutional basis. The central institution concerning housing provision is housing tenure. In Norway and Iceland housing policy is based on home ownership, in Denmark on renting, in Sweden and Finland on both tenures. Accordingly the position of owner occupation has been different in different national housing policies. In recent times all the Nordic countries have encountered similar pressures towards less state intervention and more market-oriented solutions in housing provision. The effects of the public sector's retrenchment from housing provision on the position of home ownership are discussed in the paper focusing specifically on the countries where policies are most challenged.

## Introduction

At time of writing all of the Nordic countries are struggling with the consequences of the U.S. banking crisis. The crisis that was created partly by the housing finance boom in the USA has upset the whole of the global financial order. This has repercussions that concern very crucially the housing sector and especially home-ownership in the Nordic countries. The most apparent example of this is to be found in the smallest of these countries, Iceland. In recent decades Iceland enjoyed economic success that was to a great extent based on finances borrowed from foreign banks and other financial institutions. When the debt-induced development path came to an abrupt end this meant severe problems not only to Icelandic businesses but also to indebted home-owners. With the loss of value of the Icelandic currency the value of mortgages went suddenly up thus increasing

nearly overnight the debt-load that indebted households have to bear. In none of the other Nordic countries have the repercussions of the financial crisis been such dramatic ones as in Iceland.. However, we have begun to experience them also in the other Nordic countries. For example, newspapers have reported about the rising unemployment and economic problems in the building branch both in Sweden and Finland. We are also witnessing a change from a rather heated housing markets with a lot of transactions and rising prices to a rather cooled down ones where buyers are hard to find and prices are going down. An increase of homeowners' debt problems is also a possibility, either through rising unemployment or rising mortgage interests and declining equity values. However, on the whole the influences of the global financial turmoil on home-ownership and housing in the Nordic countries cannot be readily observed yet, nor can it be researched in any way.

The focus of this paper is on longer term trends in home-ownership and housing policies in the Nordic countries. I will focus on the recent Nordic housing policies and especially on the role that home-ownership plays in these policies. Unless otherwise indicated, the factual points and most of their interpretations in this paper come from a comparative historical study of Nordic housing policies carried out by a team of five researchers coming from each of the five countries: Denmark, Finland, Iceland, Norway and Sweden.. The results of the project were published in a Swedish language book in 2006 titled *Varför så olika? Nordisk bostadspolitik i jämförande historiskt ljus (Why so Different? Nordic housing policies in comparative historical light)* (Bengtsson (ed.), Annaniassen, Jensen, Ruonavaara & Sveinsson 2006). In this paper I utilise the findings from the country studies (Annaniassen 2006, Bengtsson 2006a, Jensen 2006, Ruonavaara 2006 and Sveinsson 2006), as well as comparative chapters in the book (Bengtsson 2006b and Jensen 2006b). The approach adopted in the project was influenced by what has recently been called *comparative historical analysis* (see Mahoney and Rueschemeyer (eds.) 2003). Comparative historical analysis is a label adopted by some institutionalist political scientists and historical sociologists. As an approach and it places a special emphasis on institutions and their *path dependent* development. The central housing institution the project focused on was *housing tenure*, the sets of practices and rules that provide residents in a society legitimate access to housing. Therefore of special interest were policy events and processes that somehow changed the content of housing tenures or their respective relations. Housing tenures were seen in the project as socially (politically and culturally) produced entities whose properties are highly – though not entirely – dependent on the context they exist in (see Ruonavaara 1993).

## The Nordic housing regime?

As is well-known, Sweden as well as its Scandinavian neighbours, Denmark and Norway, are a part of a specific welfare state model, called social-democratic or Scandinavian model. As two neighbouring countries that are historically closely connected to these three Scandinavian countries and are tied to them by a number of political and cultural ties do not geographically belong entirely (Finland) or at all (Iceland) to Scandinavia, politicians, media and the people in these countries often speak of *Nordic*, rather than Scandinavian, model of welfare. The central features of the Nordic model of welfare are benefits provided for all people irrespective of wealth and income (universalism), high levels of compensation, wide coverage of services, redistribution of income etc. As Jon Kvist has pointed out, the Nordic model is best seen as an ideal type that summarises the central principles of the Nordic thinking concerning the welfare state. The reality of various Nordic welfare policies is, however, more complex than the idea of Nordic model would suggest. Kvist has shown how different Nordic in different times and in different policy areas move closer to or further from the ideal typical Nordic model (see Kvist 1999). In spite of this, there is, however, a core of the Nordic model that helps to understand the nature of welfare arrangements in the Nordic countries.

If the Nordic welfare model is an ideal type that only better or worse accounts for the characteristics of the real welfare states, how then about the Nordic *housing regime*? Is there such a thing? In a recent comparison of the Nordic housing systems, Martti Lujanen, asserts the reader that though apparent differences, there nevertheless is a common foundation in the Nordic housing policies. He describes the unifying features as follows:

All the Nordic countries seek to provide housing of a decent standard for the whole of their population. The division of responsibilities between different housing market actors is similar. National government — the state — and local government — the municipalities — have a fundamental responsibility for the development of housing provision, while the private sector is responsible where this sector functions effectively. (Lujanen 2004, 15.)

Apart from these features Lujanen mentions the role of municipalities in planning and infrastructure provision and the state's role as financiers of housing production and renovation. While there might be some special characteristics of Nordic countries concerning these features of the housing system, it is doubtful whether they actually single out the Nordic housing arrangements as a housing regime distinct from what other European societies have. Moreover, while Lujanen's chapter needs only one page for summarizing the common foundation, it needs five pages for summarizing the differences between the Nordic countries.

As a matter of fact, Nordic housing researchers have tended to regard Nordic housing policies as rather different from each other. For example, when perhaps the most prominent representative of the housing provision approach (see Ball & Harloe 1992) in the Nordic countries, Matti Niva, compared in his dissertation Swedish and Finnish housing policies, he tended to view the two housing regimes as largely opposed to each other. In this comparison Sweden represented a de-commodified housing policy where speculation at the point of production was eliminated whereas Finland represented a kind of market-driven policy that opened door to speculative housing production (see e.g. Niva 1986). The contrast between Finland and Sweden has been regarded as a rather clear one but the other Nordic countries have not been seen as completely similar either.

That there are considerable differences between Nordic housing regimes is actually rather puzzling — assuming that there indeed is something that can be called the Nordic model of welfare or welfare regime. Our research indicates that these differences are embedded in the histories of the different Nordic housing policies but also that on a general level there are some features that all the Nordic housing policies share. One of them is a certain policy bias against private renting: in all of the Nordic countries the housing policy regime that developed after the second world war tended to treat private renting as speculative activity needing to be controlled and regulated for the protection of residents. This, like some other features of the post-war policy regime has been changing. For example, in one of our countries, Finland, private rental housing was rehabilitated in mid-1990s with the removal of the remains of state regulation of that housing sector. A telling sign of the changed attitude is a recent advertisement on the front page of the major Finnish newspaper urging citizens into investing their savings in rental housing provision. The advertisement was signed by both the Finnish real estate owners' and the Finnish tenants' interest organisations. A business profiting on people's need for housing that relatively recently was thought to be in need of control and regulation that exceeds what exists in other markets seems now to action in the public interest. This reflects the that challenge all of the Nordic countries have faced in the recent decades: the pressure towards a more market-oriented housing regime.

### Home ownership in the Nordic countries

The Swedish housing model is internationally much better known than those of the other Nordic countries, not least through Jim Kemeny's comparative studies in which Sweden is compared to other countries with different institutional arrangements and housing policies (see e.g. Kemeny 1981). It is usual to point out that home ownership is much less dominant in Sweden than in many other countries, and most significantly the large English-speaking countries, the United Kingdom,

the USA and Australia. There is a large non-profit rental housing, and apart from the main tenures of renting and owner-occupation there is an intermediate form of tenure, sometimes translated simply as co-operative housing, sometimes termed tenant-ownership. However, the Swedish system of housing tenures, that many know, is not the *Scandinavian* (or Nordic) system of tenures. As a matter of fact, there are marked differences between the Nordic countries in the role that owner-occupation plays in the housing provision.

The table below shows the tenure structures of the Nordic countries around the year 2000. It is taken from the chapter written by Karlberg and Victorin for the same comparative study from which Lujanen’s statement of common foundation of Nordic housing policies is taken. In the table the various national forms of housing tenure have been classified into a typology of four kinds of relations of possession of housing: direct ownership, indirect ownership, public and social rented sector and private for-profit rented sector. Fitting the forms of tenure found in the Nordic countries into this typology requires *translations* that in some cases are open to discussion (see Ruonavaara 2005). Though some problematic interpretations, the table gives a good approximation of what we are here interested in, the extent of owner-occupation in the Nordic countries. What needs to be explained is the distinction between direct and indirect ownership. An example of direct ownership is the usual type of owner-occupation of detached housing found in all countries: the adult members of the household living in the house are its legal owners. By indirect ownership Karlberg and Victorin mean ownership of housing in which “the building or property is owned by a legal entity of which the residents are members or joint owners” and “shareholding in the legal entity is linked to the right to the dwelling” (Karlberg & Victorin 2004, 62). The Swedish tenant-ownership, as well as Norwegian, Danish and Icelandic forms of co-operative housing are classified into this category (but not Finnish tenant-ownership, about 1 per cent of the housing stock!). What is here important is that where co-operative forms of tenure are particularly important (that is, in Sweden and Norway) the forms of indirect ownership have gradually developed from regulated housing sectors into more market driven ones *thus making them more and more similar to direct ownership*. So when looking at the significance of owner occupation as a general type of tenure one should not focus only on direct ownership.

Table. Distribution of housing stock by category of owner, per cent in 2000

	Direct ownership	Indirect ownership	Public and social rented	Private for-profit	Other	All
Denmark	51	6	20	19	5	100

Finland	64	-	17	15	4	100
Iceland*	81	5	4	10	-	100
Norway	63	14	5	18	-	100
Sweden*	38	16	23	17	6	100

\* Estimated figures.

Source: Karlberg & Victorin 2004, 58.

Looking at the table, it indeed seems to be the case that Sweden has a rather low rate of home ownership, if that is understood simply as direct ownership. Moreover, Sweden seems to be alone on this level of direct ownership: the other Nordic countries have a rate of direct ownership ranging from Denmark's 51 per cent to Iceland's 81 per cent. Thus, in European comparison exceptionally low rate of *direct* homeownership is not at all a general characteristic of the Nordic housing regimes, but only of Sweden. Iceland is the homeownership society *par excellence* among the Nordic as well as European countries but rates of direct home-ownership approach two thirds also in Finland and Norway. But are the differences as big as they seem?

To assess the importance of ownership as an institution of access to housing we should take into account also indirect owner-occupation. What is actually a distinctive feature of Sweden, but also of Norway is the internationally high percentage of indirect home-ownership, that is, tenant-ownership and co-operative tenure. However, in both countries these forms of tenure have gradually evolved from being housing sectors partly de-commodified by regulation of prices and transactions into ones that more and more resemble direct ownership. For example, it can reasonably be argued that the Finnish *limited housing company*, which is a form of tenure for owner-occupation of flats in multi-family housing in Finland, is rather close to the present form of Swedish *tenant-ownership*, usually understood as co-operative housing (see Ruonavaara 2005). Looking at home ownership more broadly, as a type of tenure based on the institution of ownership, it seems to be dominant in all of the Nordic countries, including Sweden. The highest proportions of rented housing, found in Denmark and Sweden, are not more than 40 per cent of all housing.

To sum up: there are large differences between Nordic countries in the importance of home ownership but how big these are depends on what forms of tenure based on ownership are qualified as home-ownership proper. However, that people live in different kinds of owner-occupied housing

does not exclusively determine the social and economic nature of their housing arrangements. For example, owner-occupation cannot be equated with speculative housing markets. For example, in both Iceland and Finland there have been “social” forms of owner-occupation where access is needs-tested and price levels regulated. To investigate the social and economic nature of owner-occupation one should look at the social and institutional arrangements around different tenures. Here we will focus on how they, and especially owner-occupation, figure in the housing policy of a country.

### Housing policies and tenures

One of the defining characteristics of the ideal typical Nordic model has been the focus on general or universal provision of benefits and services in contrast to serving only the needs of the those that need them the most. The latter kinds of selective policies use means and needs testing in the allocation of benefits and services so that those who can provide for themselves are not entitled to them. The distinction between universal and selective policies can, of course, be applied also to housing policies. For example, non-profit rental housing where residents are chosen on the basis of housing need and income level, and not simply on the “first come first served” basis, employs a selective policy, as well as all the public housing loan systems where subsidised loans are provided for special categories of residents. The core idea of the selective policies is that they are targeted to the least well-off. Their justification is simple: it is fair to use the scarce resources on those who are disadvantaged and not use them for those who can afford to provide the good or service for themselves. The justification of the universal policies is based on another norm of fairness stressing equal rights and obligations: everyone should be entitled to the same benefits and services irrespective of her or his social position. When this is the case enjoying the publicly provided benefit or service cannot be stigmatising in any sense – which can be and often is a problem with selectively allocated benefits and services. To put the difference of policy orientation in the nutshell: universal policies are targeted to all households, selective policies to the needy households.

Sweden has been well-known for the reluctance of using selective housing policy instruments. For example, the relatively large municipal rental housing sector in Sweden is not strictly speaking social housing as it has not been in principle allocated according to needs and means testing – though in practice it has increasingly been mostly in charge of housing less well-off households. Also the Swedish policy has had an ambition to make the direct and indirect public subsidies to the housing sector as tenure neutral as possible. Apart from Sweden, also Denmark has predominantly

universal housing policies. This, however, does not mean that all of the housing policy instruments in these countries would be universal. Both countries use also selective housing policy measures. For example, in Denmark and Sweden, like in other countries, housing allowances are not allocated to all households but only to those that are entitled to them. General or universal policies are rather a mixture of universal and selective policy instruments with no special focus on some (disadvantaged) categories of household or forms of housing. Similarly also selective housing policy regimes may use universal benefits.

Of the five Nordic countries Finland and Iceland represent most clearly the selective model. In Finland housing policy has mostly been understood as social policy aiming primarily to provide decent housing for those who cannot acquire it in the market and to even out differences in housing standard among affluent and disadvantaged households. In the Finnish housing policy discourse ‘socially responsible’ has usually meant ‘selective’, and the worry about the stigmatising effects of selective policies has not at all been so distinctive as in the Swedish policy discourse. Both Finland and Iceland have *dualist* housing regimes in a broader meaning than what Kemeny gives to the term. Instead of there being only a dualist system of *rental* housing, where one part of rental housing is private and profit-driven and another part is public and non-profit (Kemeny 2006, 2), in Finland and Iceland this has concerned all housing. In both countries there has been a subsidised sector of “social” owner-occupation where access has been means-tested, prices administratively determined and transactions controlled. That in Finland production of state-financed owner-occupied housing where such regulations were applied was substituted by a less regulative system of interest subsidy loans in 1996 and in Iceland transactions of workers’ dwellings were deregulated in 2002, will not alter the basic point: selective policies are historically not only restricted to public rental housing. Therefore housing tenure orientation and policy orientation are distinct aspects of the housing regime. How does Norway fit into the general/selective typology? The housing regime that evolved in Norway during the late 20<sup>th</sup> century developed towards the Swedish model which Norwegian policy makers were directly influenced of – but as will be seen later, this has somewhat changed.

Housing regimes are at present in a state of change. A new regime is emerging but it has not yet fully been formed. The table below cross tabulates the Nordic housing regimes institutional basis in terms of housing tenures and their policy orientation: universal or selective. The institutional basis refers to the housing tenures the housing policy mainly works with, and tenures are here reduced to two: ownership and renting. The ownership category thus includes the “intermediate”, more or less co-operative forms of tenure. Housing regimes are not stable and unchanging entities, and the table



here attempts to portray the housing regime that evolved in the late 20<sup>th</sup> century *at its high point*, that is, at the point before the recent pressures towards retrenchment of housing policies started to affect the Nordic regimes. The high point was reached in slightly different times in different societies but broadly speaking the high point was in the 1980s.

Table 2. The policy orientation and institutional basis of Nordic housing regimes

		Institutional basis		
		Ownership	Ownership/renting	Renting
Policy orientation	Universal	Norway	Sweden	Denmark
	Selective	Iceland	Finland	

Source: Bengtsson 2006b, 328.

All combinations seem to exist, except a case of selective policy focus with a basis on renting. However, in recent times Finland has been moving to this direction as state involvement in housing has to a large extent been shifted towards a more focused support of social renting. This is well in line with the selective orientation of the Finnish policy. Rental housing is an option for the less well-off households, and targeting resources to rental housing means thus using them for the benefit of those mostly in need. However, until the 1990s state-financing of owner-occupied housing was an equally important tool for the Finnish housing policy as state financing of rental housing. Actually the financing divide between state-financed and “freely financed” housing has been more important in the Finnish housing policy than the tenure divide. State housing finance has in the past included regulations that have made both state financed owner-occupied and rental housing sectors that do not operate entirely on market principles.

Apart from Finland also Sweden is a country where housing policy has operated through both renting and ownership. The municipal rental housing sector that covers about one fifth of the housing stock in Sweden has been the central policy instrument in the Swedish housing policy. Such housing exists also in selective housing regimes but there it has the character of social housing serving the needs of the most vulnerable groups. In Sweden municipal rental housing is open for everyone. In fact the importance between the municipal and commercial rental housing is not as important as elsewhere as both are a part of an integrated rental market with a internationally unique system of rent negotiations between the organised parties of the rental housing market. Rent setting

is based on one hand on the historic costs of housing and on the other hand on assessment of the “use value” of housing. Why the Swedish policy is not, however, based entirely on renting is because of two reasons. As pointed out already above, the marked policy objective of the Swedish housing policy has been tenure neutrality in the distribution of state subsidies to housing. Moreover, the Swedish form of co-operative housing, tenant ownership, that has been important in the Swedish housing policy has here been classified into ownership.

In the two other Scandinavian countries with universal housing policies the institutional basis is to be found in only one tenure. For the Danish housing policy the basis is in non-profit rental housing that also in the Danish case stands for about one fifth of dwellings. The distinctive feature of the Danish system is that it is not municipalities or national non-profit developers that are the owners of rental housing but publicly subsidised and regulated voluntary associations. Associations operate in close contact with municipalities and are the instrument by which the municipality works to fulfil its duty to house all citizens in their area but they are not a part of the municipal organisation. The local associations are also nationally organised and act through their organisation as an important interest group in national housing policy.

In Norway, like its Scandinavian neighbours, the housing policy has institutionally been based on ownership. In Norway the structure of tenures is dominated by ownership to a larger extent than in the neighbouring Scandinavian countries – or even Finland. As the social rental housing sector is rather small, 5 per cent of the housing stock, its importance as a policy instrument can only be limited. One of the building blocks of the late 20<sup>th</sup> century housing regime was the Norwegian housing policy’s bias against private renting: profiting on “other people’s homes” has not been considered appropriate. If renting has not been a central policy instrument, co-operative tenure has, especially in urban municipalities. The co-operative sector constituted for most of the post-World War II period a “decommodified” housing sector with low entry costs and regulation of prices. The Norwegian bias towards renting has implicated a favourable attitude towards owner-occupation in general, not only co-operative tenure. The universal ambitions of the Norwegian housing policy were realised through a public housing finance system that provided subsidised housing finance for both rental and owner-occupied housing.

Iceland resembles Finland in its selective policy orientation but there the institutional basis of policy is in ownership, as in Norway. The majority of dwellings have been owner-occupied since at least 1940, and the major alternative that existed, private renting, has diminished to one tenth of all dwellings. A tradition of self-building is characteristic to Icelandic housing regime, and the

position of home ownership as the natural solution for satisfying housing needs is even more taken for granted than in the other Nordic homeownership societies. Accordingly state and municipal housing policies were never oriented towards creating a Scandinavian type non-profit rental housing sector but rather on supporting the populations wish to become homeowners. Consequently only about five percent of dwellings are social rental housing. The marginal role of rental housing in Icelandic policy is visible in the fact that Iceland got its first legislation concerning rental housing as late as 1979.

There is one final point to be said about the countries of universal and selective housing policies in the North. In all of the countries with universal housing policies there have been strong organisations that have been among the driving forces of the national housing policy: tenant organisations, social housing organisations and co-operative organisations. Sweden with its corporatist rent negotiation system as well as its tenants' exceptionally high degree of organisation in the tenant movement is a very unique case in this sense, as Bo Bengtsson has pointed out. On that country housing is embedded in the civil society un a way that is very exceptional internationally. To a lesser extent also the two other Scandinavian countries show similar features. Very little of this exists in the Nordic countries with selective policies. Certainly some *non-housing* organisations, especially labour unions, have played an important part in housing policy, often for employment rather than housing policy reasons, but the importance of organisations that directly connect with housing, like tenant movements or home-owners' associations, has been rather limited.

#### Policy retrenchment and home-ownership

The development of housing policies can be analysed with an ideal type that distinguishes four phases: 1) the introduction or establishment phase, (2) the construction phase, (3) the administration phase and (4) the privatisation or retrenchment phase. In the first phase political interventions to the housing market are introduced, in the second phase the primary concern is to eliminate housing shortage by producing as much as possible, in the third phase the concern shifts into the management and the maintenance of the housing created, and in the last phase the responsibility of housing the population is gradually shifted from the public powers back to the market. This model seems to a certain extent apply to all of the Nordic countries. The timing of phases is different in the different countries and sometimes the boundaries between phases are hard to distinguish, but the ideal type nevertheless provides a fruitful framework for analysing the development of housing policies.

Retrenchment started in different times and forms in the various Nordic countries. It can reasonably be argued that its impacts have been less dramatic on housing regimes with selective housing policies. After all, retrenchment means diminishing public involvement in the housing market and targeting what is left of it to those that are considered to need it the most. In the case of already selectively oriented policies this means a diminishing scale and deepening selectivity but no fundamental alteration of policy principles. For example, in the case of Finland four developments could be seen as policy entrenchment: public financing of housing was scaled down, direct public financing was targeted to social rental housing, support for owner occupation was transformed from direct financing to interest subsidies and private rental market was deregulated. Especially the last can be considered to be a significant change of past principles. In the mid-1990s, when the liberalisation of the private rental market was completed, it affected some 15 per cent of households. While the political controversy about the reform was heated, it was not particularly long-standing.

In the post-World War II period in Norway the State Housing Bank, Husbank, was a major player in the housing regime. Between 1945 and the end of millennium about half of Norway's two million dwelling had been built with low-interest Husbank loans granted to co-operatives and individuals alike (Gulbrandsen 2004, 166-167). Husbank financing was accompanied by regulations concerning costs, standard and the size of dwellings. Any applicant making an application conforming to Husbank criteria was eligible to a subsidised housing loan. This meant that no means testing was applied to individual applicants. A significant element of deregulation was the removal of the general interest subsidy in Husbank loans in 1995. The abolishment of general subsidy from Husbank housing finance was accompanied by an emphasis of *effectivity* of housing policy measures: the resources used to subsidising housing should be effective in levelling housing inequality and therefore selective direct subsidies should be preferred. This argument had been presented already in 1980s in Norway, at the time when another reform towards entrenchment was introduced. Up to 1982 the reselling prices in the market for co-operative flats were regulated whereas those of owner-occupied flats were unregulated. This caused problems, especially under-the-counter payments and dissatisfaction among co-operative owners that felt themselves unjustly treated, that were solved by deregulating the second-hand co-operative market. This was partly a justification for the later deregulation: with subsidised loans the state was *de facto* supporting households' equity building. With these changes in policy Norway moved *significantly towards a selective housing policy*.

In Denmark the pressure towards entrenchment focused on the attempt to privatise the association based social rental housing. Creating a possibility for tenants in these dwellings to buy their dwellings was one of the central goals of housing policy of the new non-socialist government in 2001. The government's plan aroused stern opposition on the part of the rental housing associations' interest organisation, as well as municipalities' central organisation and the opposition parties. The social political consequences of the reform were scrutinised but there were also difficult legal obstacles to a reform that in a sense meant expropriating an independent association's property and making it a private one. The law got passed in 2004 but in a much watered-down form. A proposal opening a possibility of whatever tenant that so wished to purchase his/her dwelling from the association was transformed into law that gave the right to buy to tenants only if the local housing association and the municipality so wished. The veto right of associations and municipalities made the proposal for a general law a voluntary experiment for those organisations and municipalities that happened to support the government line. This meant that very few dwellings actually got privatised. Thus in Denmark entrenchment policies had a very difficult start — the government has, however, not given up its determination to undermine the social rental sector's position (Gomes Nielsen 2008).

It is of special interest to investigate how the trend towards housing policy entrenchment observable nearly everywhere in Europe has affected Sweden, the country that more than any other country embodies the *Scandinavian model*. Swedish housing regime has been under pressure for change since the early 1990s. The non-socialist government that came to power in 1991 started what in Sweden has been called a "system change": for example, parts of the previously very generous (and costly) subventions to the housing sector were abolished, the state housing loans were substituted by state loan guarantees and the special position of municipal rental housing companies was in legislation and financing was removed. Also the government parties had plans to demolish the corporatist rent negotiation system and introduce market rents in rental housing. Reforms to that direction met a stern opposition by the tenants' movement and had little support in public opinion. What became passed as law made only some changes in the rent negotiation system without changing its central principles, like the leading role of the municipal rental housing companies in the determination of rent levels. Since the social democrats comeback to power in 1994 none of the changes made by the previous government were cancelled: the system change became permanent. However, the heated political debate concerning the corporatist rental housing system and the position of non-profit rental housing sector has continued since.

With the possible exception of Denmark, in all of the Nordic countries retrenchment has progressed and the housing policies have moved towards measures instead of universal ones. One part of this change is the abandonment of the past policies' focus on production. Not only in Sweden but also elsewhere housing policy has more become policy of residence, that is, policy that is concerned less with producing as many dwellings as possible than with maintenance and renovation of existing housing, housing management, the social composition of residential neighbourhoods etc. This is development that is understandable in light of the "life cycle" of housing policy that was outlined above. However, another part of the change is an ideological one; in all of the Nordic countries the traditional social democratic policies are challenged by neo-liberalist new public management. Not only the successful bourgeois parties but also social democrats themselves have come to emphasise the market instead of state provision.

How has entrenchment affected the position of owner-occupation in the Nordic countries? In Denmark the most important sign of policy entrenchment concerned social rental housing. It was to be privatised and to be turned into owner-occupied housing – which, of course, would have made Denmark more a homeowner society. However, the attempted privatisation has so far been a failure. So, it has not had much impact on the tenure system. There some changes in the subsidy system that are not strictly a part of housing policy but have an important housing policy element: from the late 1990s on Denmark has reduced the right to deduct housing loan interests in taxation thus limiting the previously substantial tax subsidy to owner occupation. In Sweden the entrenchment policies have largely been concerned with the corporatist rental market system and the position of municipal rental housing companies. Though substantial changes to the Swedish system have happened, the basic principles of the Swedish housing regime have still been maintained. The non-profit sector has remained significant even though tenure conversions into co-operative housing and sometimes private rental housing have become more common, especially in the largest urban municipalities. There is also a recurring discussion about whether direct ownership of flats in multi-family housing should be allowed. According to Swedish law such ownership is not possible; partly therefore tenant-ownership has come to serve in the role of ownership-based tenure in such housing. Thus the reforms towards retrenchment have attempted to strengthen not only the position of market but also of owner-occupation in the Swedish housing regime.

In Norway the retrenchment has mean a change from wide state involvement in provision of housing to all people through the state housing bank into a regime where the main role of the state is to help special groups to gain access to the housing market. The scale of sate financing of new production of housing has decreased from 75 percent of new production to 25 per cent

(Annaniassen 2006, 214). Homeownership in various forms has been dominant in Norway for some time, and the state still provides loans for self-builders but now without any special subsidy. The level of housing in Norway is now higher than ever, and the present policy considers the market-led homeowner society to be able to provide housing successfully to most households in the country. The state is to distinguish special groups that are unable to enjoy the benefits of the growing housing welfare and to target them special policies. This entails a possibility of segregation and polarisation of households into relatively well-off owner-occupiers and social tenants dependent on public support. Moreover, the safety net that homeowners can rely has worn off quite thin — but that is the case in the other Nordic homeowner societies as well.

In the Finnish case the trend towards entrenchment has in a way crystallised the principles of the Finnish housing regime: that most people provide housing for themselves through the private housing market or self-building and the role of the state is to help those that cannot help themselves. In the Finnish case this change happened in the context of *declining* share of owner-occupation. This rather unique development was caused by the economic depression and the accompanying housing and property market crisis that Finland experienced in the end of the 1980s and early 1990s. Since the mid-1990s the Finnish economy has fared very well, and the people's confidence in homeownership as a solution to their housing needs seems not to have been eroded.

### A brief conclusion

It seems questionable whether there is one Nordic housing regime, and as questionable is whether there is one Nordic pattern of housing tenures. Thinking of owner-occupation the Nordic countries have a fairly large variety of different forms of tenure that can be classified to that general type of tenure. However, distributions of types of tenures are not very informative of what a country's system of housing is like. The content of tenures is constituted by the societal arrangements that are connected with them. In this paper this was illuminated from a rather narrow perspective: what is the role of tenures, and especially homeownership, in a country's housing policy. More or less in all of the Nordic countries housing policies have faced pressures towards entrenchment. Where these policies have been successful, homeownership has emerged more than before as a housing tenure liberated from state regulation — or, alternatively, a tenure left to the mercy of market forces. Whether this proves to be fatal to part of the millions of homeowners in the Nordic countries, remains to be seen. Most of the Nordic countries experienced a banking crisis and a household credit problems less than ten years ago. If there indeed is a new crisis approaching these countries

should be prepared. However, there is little that housing policies can do to prevent the crisis, their possibilities are more in relieving the housing-related consequences of the crisis .

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