

## CHAPTER VI: CASE STUDIES

The 2011 IPRI presents five case studies exploring various aspects of property rights. The case studies also highlight the efforts by IPRI's partner organizations to improve the situation with property rights in their respective countries. We thank the contributors for their invaluable insights that have greatly enhanced the IPRI report.

### Case Study: Immigration and property

*By Marius Doksheim, Civita (Norway)*

Immigrants to Norway, who now make up about 10 percent of the population, are quite successful. Even though they were, until recently, almost exclusively asylum seekers and refugees and tended to come from less developed countries, the immigrant population in Norway has a rate of labor-market participation almost as high as that of natives. Their youth also have higher rates of participation in higher education than among native Norwegian youth. Immigrant pupils and students achieve good results and a very high social mobility. Norwegians are generally more welcoming to immigrants than most others. *Why is this?*

One reason could be the Norwegian policies for property rights and ownership. As immigrants adapt and begin to own their dwellings, these policies help them take on homes that are more dispersed and diverse compared to other European countries. Just looking at neighbouring Sweden and Denmark, the differences are significant. We know that private ownership and diversified housing have beneficial effects. Moreover, we believe these traits have an impact on the integration of immigrants.

Obviously, there is much standing in the way of home ownership for immigrants. One out of every three immigrants has lived in Norway for less than five years. With a shorter resident history, immigrants often have less education, capital, or security. They also have poorer language skills and smaller social networks. These difficulties do not make it easy to compete in a high-priced housing market like in Norway. In addition, immigrants could face plain discrimination in this market.

It is, however, evident that a growing number of immigrants is becoming homeowners. The tendency is for immigrants to engage in the housing market just like any other Norwegian citizen. They increasingly avoid bad flats in impersonal and rundown apartment blocks and move on to freestanding houses with gardens and verandas.

Norway has very strong property rights, and a large proportion of Norwegians own their own home. Even in the cities, a large percentage lives in one-family homes or other small buildings. This has had positive effects for Norway and Norwegians. In the same way, the structure and ownership of immigrant homes can have beneficial effects for immigrants and their integration into Norwegian society.

If one compares neighbourhoods in Oslo with other cities in Europe, one can see several important differences. In Oslo (and other cities in Norway), immigrants are more evenly spread. While in Stockholm (Sweden) we find that residents from minority groups make up more than 90 percent of the local population in certain boroughs, no part of Oslo is made up of more than 50 percent first- and second-generation immigrants.

Additionally, one can see that most countries have focused their housing policies on municipal housing in large apartment compounds. In Norway, the emphasis has been on private ownership. This is seen in a variety of forms, from regular freeholders to joint ownership in private housing associations. Oslo certainly does have its share of rental-based housing complexes, but these large compounds still remain within much more diverse residential areas compared to other Scandinavian and European cities.

When low- and high-priced homes share neighborhoods, and newly arrived immigrants are domiciled within these diverse environments, the odds of successful integration are much more favorable. If this is coupled with strong incentives to become homeowners, immigrants will also tend to copy the housing trends of the majority of Norwegians. The places where immigrants most often live become special in their “extreme diversity, not only in religion and ethnicity, but also by class, living conditions, education.” This diversity makes Oslo rather unique.

In Norway as a whole, 45 percent of the immigrant population live in apartment buildings. While this is higher in comparison with native Norwegians, it is low considering that immigrants more often live in larger cities and have lower incomes. More importantly, this trend is quickly changing. Ten years ago 60 percent lived in rentals. The number of people living in freestanding privately owned estates has doubled from 13 percent in 1996 to more than 25 percent today.

Areas with big apartment blocks and impersonal surroundings can lead to social problems. These areas lack employment opportunities and separate those living there from the rest of society. Those immigrants who succeed move away.

The Norwegian pattern makes people with higher and lower incomes, at a higher degree than in most other countries, live side by side. Living side by side, a stronger sense of a diverse but well-integrated community is stimulated. A setting of natives living alongside immigrants allows for children to attend the same school. Just as important, it encourages successful immigrants to remain in the area longer, moving only from smaller to larger apartments or on to a villa. This again serves as a strong example for newly arrived immigrants and their children.

Together with other Nordic countries, Norway consistently performs among the top countries in the *International Property Rights Index*. Ownership is upheld and enforced by an efficient and trustworthy judicial system. Property can safely be used as investment objects, as collateral for other investments, or most commonly as a safe and lasting home for families. This, along with other policies supportive of private ownership, can explain why such a high percentage – 80 percent – of Norwegians owns their dwelling.

The immigrant population of Norway has higher ownership rates than immigrants in most other countries. Private ownership is increasing among immigrants as they receive higher income and better education. Today immigrants in Norway own their homes to the same degree as *all* of the population in the United Kingdom and Italy, as well as much more often than the populations of Sweden, France, and Germany.

In 2005/2006, 63 percent of immigrants owned their own homes. That is an increase of nine percentage points in only 10 years. This is beneficial for their integration. Private home ownership is beneficial for a plethora of reasons. Being private owners allows immigrants, like all other property owners, to get both the reward of increasing value and the penalty of decreasing worth. Ownership increases savings and financial security.

There are also wider effects to private possession of property. Home ownership has extended benefits. The reason is simple, really: the purchase of a home is the most important and most costly investment a family makes. Ownership gives increased stability and security in so many ways; it is a strong sign that you are staying. If the bank agrees to finance, it sure tells someone else they believe you will succeed as well. Greater stability and stronger ties to the surroundings will lead to a different attachment to the society in which one owns property. The success of that society becomes much more relevant to your own future.

Many social scientists and economists have shown the beneficial effects of ownership. Coulson (2002) argues that ownership works through three channels: owners are taking better care of their property, better care of their children, and become better citizens than renters. DiPasquale and Glaeser (1999) finds that ownership leads to increased investment in local well-being and increased social capital because ownership attaches the owner to the local area. Haurin, Parcel, and Haurin (2002) shows how owners give their

children a better environment for development, better results in schools, and fewer behavioral problems. Boehm and Schlottmann (1999) argues that children of people owning their home more often take higher education and earn more than the children of renters. Rossi and Weber (1996) maintains that owners participate more in their local society and politics. It also looks like high ownership rates makes for high social mobility, according to Rohe, Van Zandt, and McCarthy (2002).

Of course, it is not just that high ownership rates and strong property rights secure the successful integration of immigrants. Several other factors play in. But the ownership structure could perhaps explain some aspects of why integration into Norwegian society has been quite successful. Immigrants, and especially their children, are quickly adapting into the middle class.

*Author's Note: This essay is strongly based on Civitanotat 5/2010: Innvandring og eiendom by Marius Doksheim, Civita.*

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