



KOMMUNAL- OG REGIONALDEPARTEMENTET

*Ministry of Local Government  
and Regional Development*

Report

# Market, vulnerable groups and the environment

Norway – National Report to Istanbul +5

Progress in the implementation of the Habitat Agenda 1996 – 2000





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## FOREWORD

The Habitat Agenda, which was agreed at the Istanbul Habitat II Conference in 1996, represents a foundation for national and international efforts to achieve sustainable human settlements development and to improve the living conditions of all citizens. In particular it focuses on the living conditions of those citizens living in poverty and those who for different economic, legal and social reasons do not have access to decent housing and local services.

As minister responsible for human settlements issues in the Norwegian Government, I want to underline the responsibility of governments to take active action to improve the living conditions of the underprivileged in society. In Istanbul we reaffirmed our commitments to the full and progressive realisation of the right to housing and recognised an obligation by Governments to enable people to obtain shelter and to protect and improve dwellings and neighbourhoods. Now – five years later – we still have a long way to go. Even in a rich country like Norway, we face important challenges that we are struggling to resolve. We have since the Habitat-conference been actively trying to modernise and improve our legislation in the field of housing and related issues as well as improving economic support. Structural changes in Norwegian society create new needs and we experience that some people still do not have access to decent housing. Especially the trend towards further urbanisation raises new challenges.

Last year I therefore launched a Plan of Action entitled “The Road to a Housing Policy of Solidarity”. The Action Plan challenges the central government as well as local government and summarises actions to be taken aimed at strengthening the efforts to improve the housing situation for the small number of persons in Norwegian society who still have inadequate

shelter, suffer from intolerable high housing expenses or are homeless.

In Istanbul we also committed ourselves to the goal of sustainable human settlements in an urbanising world by developing societies that will make efficient use of resources within the carrying capacity of ecosystems. In Norway - as in most industrialised countries – there is an increasing awareness of the importance of environmental protection. There are many examples of “good practices” and environmental sound conduct. On the other hand, economic growth and increasing prosperity are leading to increased production and consumption, and thereby increased use of resources and impacts on nature that more than outweigh the benefits of environmental-friendly practices. If we are to reverse these trends, we must change our consumption and production patterns. As a contribution my ministry submitted a sectoral environmental plan of action in the autumn of 2000, which paves the way towards a more sustainable human settlements development in Norway.

International development cooperation has for many years been an important element in Norwegian foreign policy. In Istanbul we committed ourselves to striving for to fulfil the agreed target of 0.7 per cent of the gross national product for official development assistance (ODA) as soon as possible and to increase the share of funding for adequate shelter and human settlements development programmes. Norway has more than fulfilled this target for many years and has in the later years averaged more than 0.9 per cent.

Access to decent housing and security of tenure has been one priority field for cooperation between Norwegian NGOs and NGOs in developing countries. Projects have concentrated on the application of experiences of the Norwegian housing cooperative movement, strengthening of local governments, and trai-

ning, education and research in the field of human settlements in developing countries.

The UN Commission for Human Settlements and the related UN Centre for Human Settlements in Nairobi are the principal UN institutions for multilateral cooperation in the human settlements field. The Norwegian Government has after the Istanbul conference given high priority to the functioning of the Habitat Centre and participated actively in the revitalisation process. A strengthened Habitat is crucial for a

successful implementation of the Habitat Agenda.

The Istanbul +5 event provides an opportunity to inspire governments and all the Habitat Partners to intensify their efforts to comply with the commitments made in Istanbul and to work even harder for a successful implementation of the Habitat Agenda. We must seize this opportunity. People living in poverty, the homeless, the living and natural environment – our common future – deserve our full commitment!

Oslo, May, 2001

*Sylvia Brustad*

Minister of Local Government and Regional development

The Istanbul+5-process is a review of the progress made since 1996 aiming at establishing a forward-looking approach on the basis of gained experiences to move the Habitat Agenda forward into a new millennium. National governments have the primary responsibility for implementing the Agenda. National reports on national experiences are therefore major inputs in the appraisal process.

The Habitat Agenda is a complex document embracing a variety of issues under the two main themes; Adequate Shelter for All and Sustainable Human Settlements in an Urbanizing World. Thus, a detailed and comprehensive assessment of all relevant aspects would be difficult to present within the framework of national reports. In addition, when it comes to measuring progress on the implementation of the Habitat Agenda, five years is a short period. This report therefore concentrates on some main trends in Norwegian human settlements development, and highlights the most important initiatives the Norwegian government has taken since 1996 relevant to the implementation of the Agenda.

The content of the report has been discussed in the Norwegian National Committee on Istanbul +5 and members of the committee have made valuable inputs to the report, which has otherwise been drawn up by the Ministry of Local Government and Regional Development.

## Chapter 2 Developments since Habitat II

The chapter describes developments in the housing, building and planning sector in the 1990s.

Economic growth and continued urbanisation  
Macroeconomic developments strongly influence the urbanisation process and the housing situation. The

Norwegian economy has been expanding since 1993. Interest rates have declined, employment has risen and unemployment has fallen to just over 3 per cent. A shortage of labour in many sectors has resulted in a relatively sharp growth in labour costs.

Over the same period of time, the population in the largest towns have been growing at the expense of rural municipalities.

The Norwegian housing market was deregulated through the 1980 s and thus has become more sensitive to development in macroeconomic factors like interest rates and unemployment. This was a clear experience during the late 1980s and through the 1990s when the economy first boomed with rising building costs and house prices, then almost collapsed with a rapid increase in real interest rates and an unemployment rate higher than for more than fifty years. Housing construction made a bottom of 15 000 starts in 1993 and house prices reached a bottom low. Quite some households experienced debt service problems and had to sell off their houses at a low price.

In the second half of the 1990s economic growth has been favourable stimulated by a clear fall in interest rates. Unemployment was rapidly decreasing and the demand for housing has been growing causing house prices to double since 1991. Production of new housing in urban areas has not increased to the same extent as the population. A shortage of housing and high house prices, especially in the capital city of Oslo and surrounding municipalities, have been the result. Especially the main cities and notably the capital Oslo have experienced an increasing pressure on the housing market, with high prices even for older modest housing. This has made it quite difficult for low-income groups to acquire decent housing and especially the municipality of Oslo has struggled to provide reasonable dwellings. These much so as quite substantial groups of immigrants and socially vulnerable people are moving to the city of Oslo.

Increasing housing standards – environmental challenges

At the same time, the general housing situation for most people in Norway is very good. Average housing standards are increasing, and most households express satisfaction with their housing situation. By international standards, although some challenges in the area of social housing policy remain, the housing sector in Norway is well developed.

On the other hand, increasing general standards challenge national environmental policy targets. Housing and construction in general have a fairly substantial impact on the natural environment. In Norway, 40 per cent of all energy and material resources are used to build and operate buildings. In addition, the construction sector generates 40 per cent of the deposited waste. 13 per cent of green gas emissions come from the housing- and building sector, excluding emissions from transport. Although indicators that could measure current trends more precisely are lacking, it is evident that the burden on nature caused by the human settlements development is still too high and increasing.

## Chapter 3 Shelter

The chapter considers the right to housing in a Norwegian context. Access to housing and security of tenure has come to the forefront of housing policy discussion, design and implementation the 1990s. Two White Papers<sup>1</sup> presented by the Government in 1998 and 1999 identify challenges and describe measures and actions to be taken. In addition, the Government appointed in the year 2000 a Governmental Committee to review the entire Norwegian housing policy and make recommendations on necessary adjustments. The Committee is expected to submit its report by the end of 2001.

Housing legislation – secure tenure and market orientation

After a stepwise transition to a deregulated and market-driven housing sector in the 1980s, there was a clear need for reforming and supplementing the legal framework for housing activities. Practically all the relevant legislation has been revised. Market

orientation, consumer protection, the dwelling as a financial asset - and new elements of regulation of relations between occupants - have been important issues in the legislative reform that has taken place during the last decade. Chapter 3.2 provides a substantive overview over the reforms and the status on “security of tenure” in Norway.

The right to housing is not explicitly regulated in Norwegian housing laws. Municipalities have a duty to make housing available for vulnerable groups that are not able to cope with the housing market and are also obliged to provide temporary accommodation for those who have no shelter.

Housing finance –targeting vulnerable groups

Access to housing is dependent on the cost of housing in relation to household income. The availability of reasonable housing finance and some targeted subsidies is crucial to attain the objectives of the housing policy, especially in a free market setting. Ever since 1946 the Norwegian State Housing Bank has been the government’s main instrument for implementing national housing policy, and it still remains so half a century later. In recent years, loans and grants through the Housing Bank have increasingly targeted groups that have difficulties in the housing market. The Bank has increased total lending the last two years by NOK 4 billion or 44 pct, with priority to higher loan to value ratios and more means tested loans for young people. The grant budget supporting special housing for vulnerable youth and students has also been increased.

Action Plan – The Road to a Housing Policy of Solidarity

In July 2000 the Minister responsible for housing policy in Norway submitted a plan of action - “The Road to a Housing Policy of Solidarity” - which pinpoints the main challenges to Norwegian housing policy. The Action Plan challenges the central government as well as local authorities and summarises actions to be taken aimed at strengthening the efforts to improve the housing situation for the small number of people who still have inadequate shelter, suffer from intolerable high housing expenses or are homeless.

## Chapter 4 Sustainable human settlements development

The chapter highlights environmental management, land use planning and governance.

1 Report no 49 (1997-98) Concerning the Establishment of Dwellings for Young People and Disadvantaged Individuals, and Report no. 50 (1998-99) On the distribution of income and living conditions in Norway



Environment. Increasing attention – increasing problems

The Norwegian Government has in the second part of the 1990s submitted a series of reports and taken initiatives to stimulate a sustainable human settlements development in Norway. Environmental targets have been identified and strategies and measures to meet these targets have been adopted. A governmental plan of action on sustainable housing and building has been introduced. The biggest towns have in cooperation with the national authorities conducted large-scale experimental projects to examine the basics for sustainable planning and urban development. Local Agenda 21s have proved to be effective means of addressing local environmental challenges in Norwegian municipalities. Also in the real estate and construction industry the environmental challenges are now much more focused than only a few years back. Many “good practices” have been documented. In general, environment clearly has a higher priority among all the Norwegian Habitat Partners five years after the Habitat II Conference than before.

Even if ecology receives increased focus among all the actors that influence the built environment, Norway still has a long way to go before the actual human settlements development is sustainable as defined in the Habitat Agenda. Developments in Norway could in many ways illustrate the challenges that most developed countries face in their efforts to promote a more sustainable society. On the one hand,

there is increasing awareness of the importance of environmental protection and many examples of “good practices” and environmentally sound behaviour. On the other hand, economic growth and increasing prosperity lead to increased production and consumption, and thereby increased use of resources and impacts on nature that more than outweigh the benefits of environmentally friendly practices.

To turn these trends, a change in lifestyle and consumption patterns is needed. Measures to reduce the environmental impact of activities in the human settlement sector will have to challenge well-established preferences and attitudes. Changes in human behaviour are not easy to achieve. In this connection, the five years since Habitat II is a short period of time. However, the priority given to the environmental challenges in the second half of the 1990s – both on the part of central government, local government and the construction industry – should have paved the way for a more sustainable development in Norwegian human settlements.

#### Local Agenda 21 breakthrough

In this context it is promising that after a slower start than in many other countries, Norwegian local governments now assign high priority to Local Agenda 21s. More than half of Norwegian municipalities have signed the “Fredrikstad declaration” adopted at a national conference on local environment in the town

of Fredrikstad in 1998. By signing the declaration, local authorities committed themselves to contribute to sustainable development by adopting Local Agenda 21s.

#### Sustainable planning development Sustainable cities

At the national level, the effectiveness of the planning system as a tool for sustainable development has been questioned. A governmental committee was appointed in 1998 with a mandate to consider the Planning and Building Act in the light of experiences gained in the last ten years. The committee submitted a first report late January 2001 focusing on general issues and principles. The report will be discussed among all stakeholders before the Committee will draw its conclusions and make recommendations to the Government.

The Sustainable Cities Programme - an experimental development project in five Norwegian urban areas - has been carried out in order to develop methods and models for more sustainable cities. The main idea of the programme has been to view and approach the environmental challenges in the cities in a comprehensive manner, where both long-term planning efforts and short-term measures and instruments are utilised at the same time. The programme was concluded in the fall of 2000 and identifies main elements in a sustainable city structure.

#### Governance – strengthening the municipalities and local participation

At the same time the system for local and regional administration in Norway is being debated on the basis of a report submitted by another governmental committee. Especially the regional administrative level and its functions have been debated, and hence the municipalities' economic ability to fulfil their assigned functions and tasks. The government, following up the report, presented in March 2001 a white paper on the distribution of responsibilities between the state, regional and local level<sup>2</sup>. In the white paper, the Government proposes to strengthen municipalities by increasing the general funding at the expense of earmarked funding, and also by assigning new tasks to the local governments i.e. on environmental management and agriculture. According to the proposal, counties will be given wider responsibilities for planning in the transport sector while the responsibility for hospitals will be transferred to the state.

<sup>2</sup> Report no 31 (2000-2001) Local- and regional government and the state –improving the division of responsibilities.

A third committee has submitted a report on the Norwegian electoral system. A decrease in voting, especially in local elections, has been of concern and regarded as a symptom of decreasing confidence in the political and administrative system. The committee, however, with reference to recent research argues that the Norwegian population in general is very satisfied both with the way local democracy functions and with the local welfare services provided. What can be observed, however, is that political participation requiring continuous engagement, for instance in political parties, is decreasing, while more ad hoc political activities outside the political parties is increasing. Thus, the committee concludes that democracy is functioning well; the political parties on the other hand are struggling.

## Chapter 5 International cooperation and development assistance

### Support to UNCHS (Habitat) and Cities Alliance

The Norwegian government has after the Istanbul conference given high priority to the functioning of the Habitat Centre and participated actively in the revitalisation process. The Centre needs strengthening if it is to play the intended role as the focal point for human settlements issues in the United Nations system. Against this background, Norway has contributed NOK 5 million to the Human Settlement Foundation in 2001, and has also supported the work on gender issues as well as supported financially participation from the least developed countries in the Habitat II+5-process.

The Cities Alliance initiative is a good example of a synergetic partnership between the UN, the World Bank and donor countries and has a significant potential for being a forceful tool for combating urban poverty. Norway has therefore joined the initiative and supports the Cities Alliance financially.

### Poverty reduction and urban development

In the chapter the Norwegian commitment to the target of official development assistance (ODA) is confirmed.

Poverty reduction is a main priority in Norwegian development assistance. Traditionally, Norwegian bilateral development assistance has prioritised rural development. Based on the observation that a growing share of the world's population lives in cities, and poverty is increasingly becoming urbanised in many developing countries, the Norwegian Agency



for Development Cooperation (NORAD) has initiated a study on these developments and their bearing on Norwegian aid policy.

Although Norwegian development assistance has primarily been oriented towards rural areas, and human settlements development programmes often are more urban in character, quite a substantial part of Norwegian development assistance can be related to human settlements like water and electricity supply, education and social services. In this chapter a short presentation is given of some projects specifically aimed at improving housing conditions, land use planning, mapping and land registration, and local democracy and good governance.



## 2.1. National macroeconomic developments strongly influence urbanization and the housing situation

During the 1980s the housing market in Norway was deregulated in the sense that house prices and rents – except for some limited regulations – were determined by supply and demand. The financial market was also deregulated and harmonised with EEA regulations.

Interest rates are determined in an international setting even if domestic inflation and developments in international financial markets determine interest rates. The importance of the oil sector in the national economy through the world market price for oil influences the stability of the krone exchange rate and thereby interest rates. The monetary policy conducted by the Central Bank of Norway has been oriented towards the objective of exchange rate stability. In recent years, monetary policy has been oriented towards stabilising domestic activity levels with a view to curbing inflation.

In the 1990s, there has been increased focus on the relationship between interest rate variations and house price developments. The relationship reflects the ability of households to bid for housing in relation to the interest cost of loans. With a favourable trend

in employment and earnings, combined with a decrease in interest rates, housing demand has increased considerably during the second half of the 1990s.

House prices have almost doubled since 1993 compared with the CPI, which has increased by only 18 per cent over the same period.

Thus, developments in the housing sector have been clearly linked to domestic macroeconomic developments and indirectly also to international developments. This became clearly visible in the 1980s and the 1990s. In the mid-80s there was a boom in the economy, primarily driven by high oil prices and an expansionary credit and fiscal policy. Construction activity especially in the commercial sector boomed, accompanied by a sharp rise in residential construction costs. In 1989, the government had to react with a more contractionary policy and interest rates were increased and tax reliefs reduced. The effects included a sharp rise in bankruptcies, unemployment, increased enrolment in universities and colleges and a sharp decline in the rate of housing construction. Housing construction decreased from an average 30 000 units per year or 7 per 1000 inhabitants in the 1980s to less than 20 000 per year or 4 per 1000 inhabitants in the 1990s.

Table 2.1. Macroeconomic indicators and housing construction during the 1990s.

Year:	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
GDP growth pr year	2	3.1	3.3	2.7	5.5	3.8	4.9	4.7	2	0.9
Unemployment	5.3	5.6	6	6.1	5.5	5	4.9	4.1	3.2	3.2
Housing starts	21 831	17 262	15 600	16 190	21 240	20 011	18 743	21 259	19 646	20 492
CPI	83.7	86.6	88.6	90.6	91.9	94.2	95.3	97.8	100	102.3
House prices	100	95	95.8	108.3	116.5	126.4	137.6	150	164.9	
Nominal interest rate	14.4	14.1	13.7	10.7	8.2	7.6	6.9	5.7	7.7	7.9

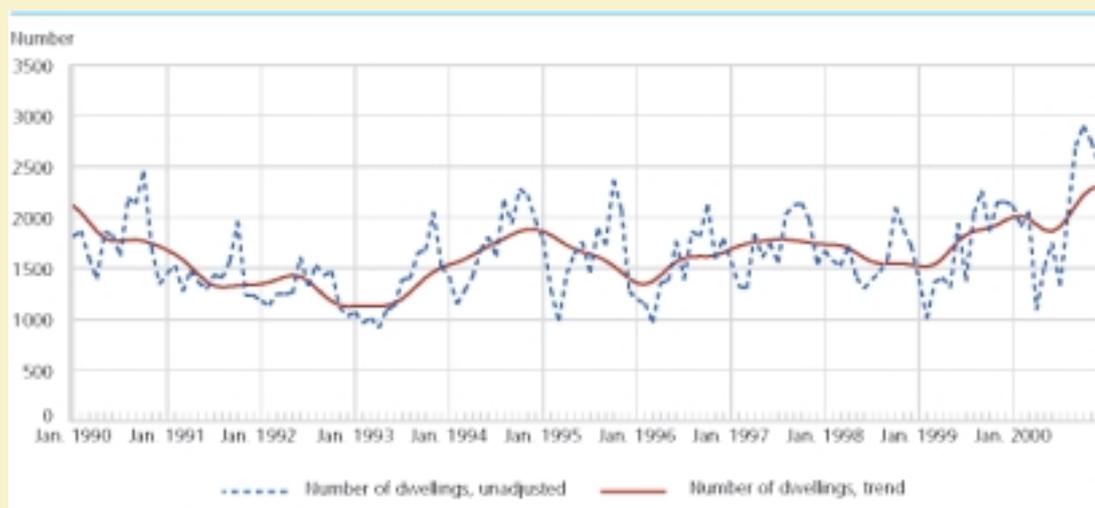


Figure 2.1 Number of housing starts. Unadjusted and trend. January 1990-December 2000 (Source: Statistics Norway, Monthly Bulletin December 2000)

However, Statistics Norway's monthly building statistics issued recently show 24 688 housing start in 2000. This is 22 per cent more than in 1999, the highest number of housing starts recorded since 1989.

## 2.2 Demographic trends, urbanisation and local housing markets

### 2.2.1 Population growth and household size

The total population in Norway is projected at 4.5 million by the end of 2001. In recent years, the population has been growing at an average rate of around 0.7 per cent per year, amounting to on average of approximately 30 000 thousand persons per year. The influence on housing demand is particularly related to net growth of new households. From 1994 to 1998 the number of households increased by almost 50 000. In 1998, Norway had 2 049 000 households. Of these 40 per cent were one-person households. There have been small changes in the number of one-person households, while the number of two-person house-

holds has increased steadily during the entire period from 1990 to 1998. Oslo had the highest number of people living alone: 55 per cent of its households consist of only one person. Large households are relatively rare in Norway today. In 1998, only 4 per cent of the population lived in a household consisting of six or more members.

### 2.2.2 Internal migration and local housing markets

However, equally important for developments in the housing sector is internal migration. People move but houses do not. Thus the housing situation has developed quite differently in different regions of the country. The trends in internal migration in Norway during the 1990s and especially in recent years are that urban areas are growing fast at the expense of rural municipalities. As many as 200 of 435 municipalities experienced a decline in total population in the 1990s. In Statistics Norway's population projection it is expected that between 126 and 224 municipalities will experience a decline in the population over the next 10 years, while between 179 and 283 municipalities will

Table 2.2 Number of municipalities with growth/decline in the population in 1999-2010 (Source: Statistics Norway)

	VARIANTS					
	Low national growth LLML	Medium national growth MMMM	High national growth HHMH	Low centralisation MMLM	High centralisation MMHM	No migrations MMOO
Decrease	224	171	126	143	204	153
No change <sup>1</sup>	32	25	26	27	21	52
Increase	179	239	283	265	210	230

<sup>1</sup> i.e. less +/- 0.05 per cent change per year.

grow. Municipal growth is affected by the degree of centralisation of the migration (variants MMLM and MMHM, table 2.2), but often even more so by fertility, which accounts for the most important difference between the low, medium and high national growth variants.

If we continue to have a migration pattern with a high degree of centralisation or low national growth, the population will decline in the least central municipalities over the next 10 years, but otherwise grow slowly. According to the high centralisation variants (MMHM), the fastest growth will occur in the Oslo and Stavanger areas, the slowest in inner Eastern Norway and Northern Norway. The same will apply if there is a migration pattern of low centralisation (MMLM), except that Oslo will then have the slowest growth.

The migration pattern affects the local housing markets. Today there is a housing shortage in central areas, especially in the Oslo area, while many of the least central municipalities experience a housing surplus. As shown in figure 2.2, the regional differences in housing prices are significant. The figure indicates that average housing prices are more than double in Oslo compared to the average in the rest of the country and almost 3 times higher than in Finnmark (The northernmost county in Norway) – and the differences seems to have been increasing during the 1990s.

The figure also indicates that the market situation

in Oslo differs considerably from the situation in the rest of the country. A fairly low rate of housing construction seems by the year 2000 to have curbed the population growth in the city of Oslo. Thus we are experiencing imbalances in the Oslo area housing market, fuelling high house prices and a tendency towards long-distance commuting. At the same time we are experiencing a tendency of preferences towards central dwelling location, especially among students and other young persons.

As illustrated in figure 2.3, local markets within the regions may also vary significantly. The figure shows that prices for cooperative housing with comparable standards in Oslo may vary as much as from 1 to 2 depending on location.

## 2.3 The housing situation

### 2.3.1 Housing standards

Developments within the housing sector in the 1990s have resulted in good living conditions for most people. In particular, the standard of housing has improved. Most people also live in a safer local environment. With a housing stock of around 2 million dwellings to house a population of 4.5 million there are on average 2.3 persons per dwelling. The average size of dwellings was estimated in 1995 at 112 m<sup>2</sup> dwelling area per household or 49 m<sup>2</sup> per person. This figure has probably exceeded 50 m<sup>2</sup> per person in 2000/2001.

**Figure 2.2** Average price (NOK) per square meter  
Detached housing 1991–1999  
(Source: Statistics Norway)

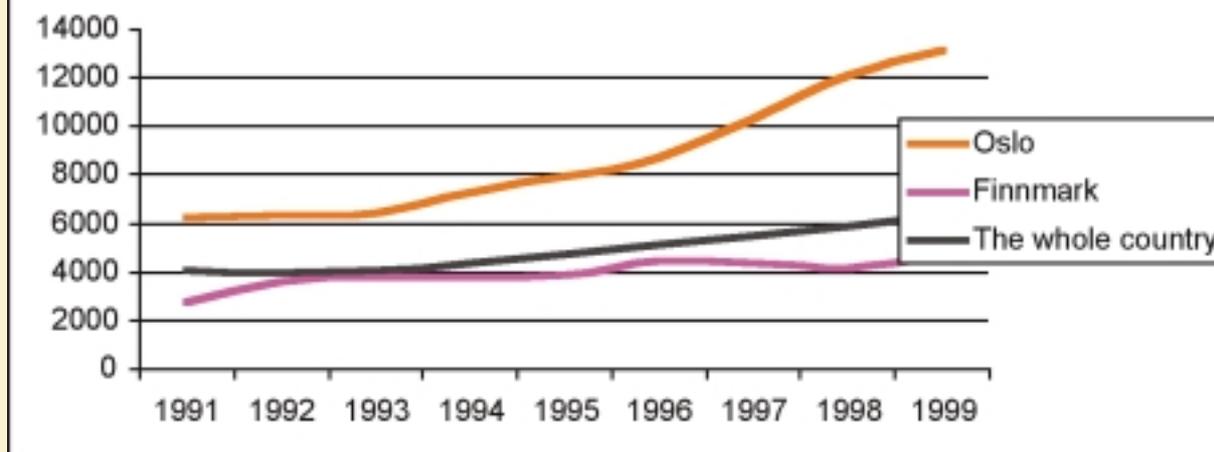


Figure 2.4 shows developments in the number of persons per room. While in 1973 40 per cent of the households had more than one room per person - and in 5 per cent of the households 2 persons or more had to share one room - the figures in 1995 were 67 per cent and less than 1 per cent respectively.

In 1997 only 1 per cent of households were lacking a WC or bathroom. 1 per cent were lacking a kitchen. Generally, households express satisfaction with their housing situation.

However, some people experience far poorer housing conditions than others in one or more areas,

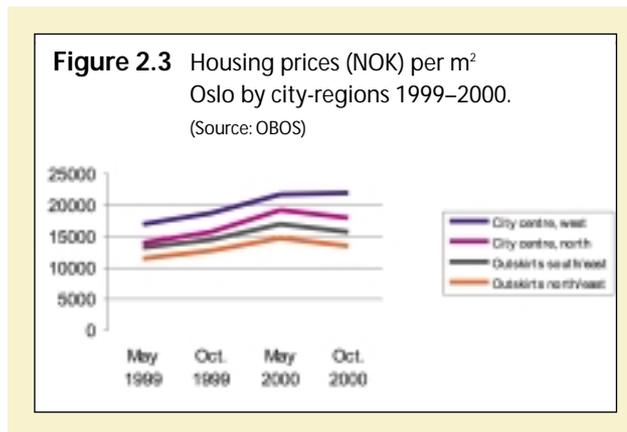


Table 2.3 Numbers and size of dwellings in Norway 1967–1995

Year	Population in Norway	Number of dwellings	Average utility floor space	Total utility floor space per dwelling	Average utility floor space per inhabitant
	Millions	Millions	m <sup>2</sup>	Million m <sup>2</sup>	m <sup>2</sup>
1967	3.79	1.23	89	110	29
1973	3.96	1.38	89	123	31
1981	4.10	1.52	98	149	36
1988	4.21	1.65	108	178	42
1995	4.36	1.89	112	212	49

often owing to high living expenses and low incomes. Single individuals and some single parents have experienced poorer housing conditions than couples with and without children. Single parent households have by far the highest living expenses in relation to their income, primarily because they have relatively low incomes. Families with small children generally have the highest mortgages, and these families have seen the greatest increase in mortgage levels in the 1990s.

Recipients of social welfare benefits and the long-term unemployed are distinguished by their relatively

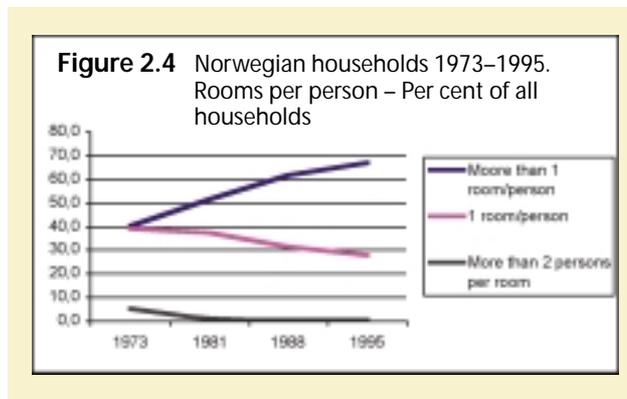
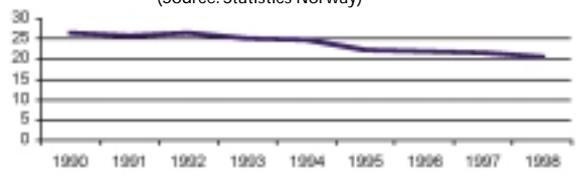


Table 2.4 Norwegian households experiencing inadequate housing conditions, 1997 – per cent. (Source: Norwegian Building Research Institute)

Type of household	Inadequate standard	Insecure tenure	Insecure or inadequate housing environment	Too high housing expenses compared to income	Multiple unfavourable conditions
Single persons	11.9	16.5	11.7	22.3	13.2
Married couples without children	2.3	5.4	14.8	6.6	2.8
Single parents	7.1	17.1	14.2	6.7	9.5
Families with children	11.9	5.0	11.7	4.5	4.3
Average all households	9.2	10.3	12.6	11.6	7.6

**Figure 2.5** Norwegian households – housing expenditure as a percentage of total income 1990–1998.  
(Source: Statistics Norway)



poor housing conditions, and the housing situation for non-western immigrants is generally poorer than for the rest of the population. For immigrants, housing problems may be due to discrimination in the housing market and/or the fact that they reside in specific urban areas where the housing stock is of a low standard. The housing standard for young, single individuals receiving invalidity pensions who do not reside with a family is poorer than for people within the same age group who are not disabled. The problems experienced by handicapped people in relation to housing are primarily related to the lack of accessibility to and proper adaptation of dwellings.

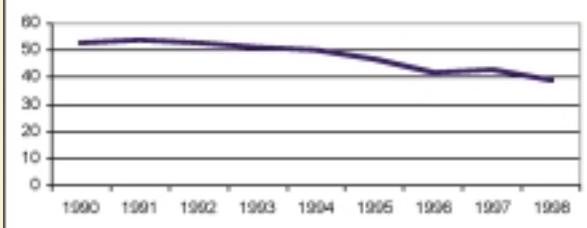
### 2.3.2 Access to housing – costs and expenditures

Norwegian households have for many years spent around 1/4 of their income on housing expenditures, which is high compared to other countries. Figure 2.5 shows the development in the 1990s, and that expenditures on average are declining compared to the income level.

The number of households considered to have high housing expenditure is also high, but declining.

These figures indicate that Norwegians in general are more able to cope with housing costs at the end of the decade than at the beginning. On the other hand, building costs and house prices have increased.

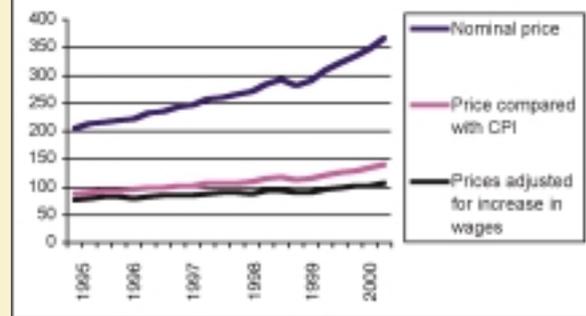
**Figure 2.6** Households with high housing expenditure 1990–1998 - Per cent



Entering into the housing market has not been easier. However, figure 2.7 indicates that although housing prices have escalated, the increase is not dramatic when compared to the increase in wages. But even if the general situation could be seen as satisfactory, this is not the situation for some vulnerable groups.

A survey of housing conditions in Norway in 1995 concluded that single parents, mostly women, under the age of 45 had the highest average housing expenditure compared with their income level. For more than 70 per cent in this group, housing expenditure

**Figure 2.7** Prices on dwelling 1995–2000 – second hand sales. 1980=100



was higher than 25 per cent of their income, and for more than 1/3 in the group expenditure exceeded 35 per cent of income.

In a survey in 1997<sup>1</sup> of low-income groups in four towns in Norway, it was found that 17 per cent of all the households in Oslo had an income lower than the maximum income to qualify for housing allowances from the state. The percentage in the other three towns varied between 11 and 13 per cent. 66 per cent of this low-income group were between 18-34 years of age. Some of these, like students, could be expected to belong temporarily to the low-income groups. It was estimated that 4-5 per cent of the households had more persistent financial problems and were likely to face severe problems in the market.

In another survey from 1997<sup>2</sup> around 6,200 persons were registered as homeless. Although this is a modest figure (0.14 per cent of the population), it still represents a challenge. The reasons for homelessness have not been clearly identified. Most probably there are multiple causes such as unemployment,

1 Norwegian Building Research Institute

2 Norwegian Building Research Institute

lack of income, social problems in combination with misuse of drugs etc.

One of the main challenge to Norwegian housing policy concerns access to decent housing for 4-5 per cent of the population that for various reasons cannot cope with the high level of housing expenditure and especially those who enter the housing market for the first time, mainly in the Oslo area. In particular students and young persons are struggling to acquire a reasonable dwelling, both as a temporary place for living and for settling down with a family, as are one-parent families with modest income, as well as those who are not able to care for themselves.

## 2.4 Human settlements and environment

### 2.4.1 General trends

Norwegian Statistics publishes an annual report entitled "Natural Resources and the Environment". Here indicators for eight priority areas of environmental policy in Norway (see Box 2.1) are presented and general trends are identified. In the 2000 edition, the report shows a mixed picture.

As presented in table 2.8, some factors point to negative trends; for example, emissions of greenhouse gases are still increasing, and the quantity of waste generated by households is still rising sharply, and markedly more rapidly than GDP. Energy use has risen

**BOX 2.1**

**Priority areas of Norwegian environmental policy:**

1. Conservation and sustainable use of biological diversity
2. Outdoor recreation
3. The cultural heritage
4. Eutrophication and oil pollution
5. Hazardous substances
6. Waste and recycling
7. Climate change, air pollution and noise
8. International cooperation on environmental issues and environmental protection in the polar areas.

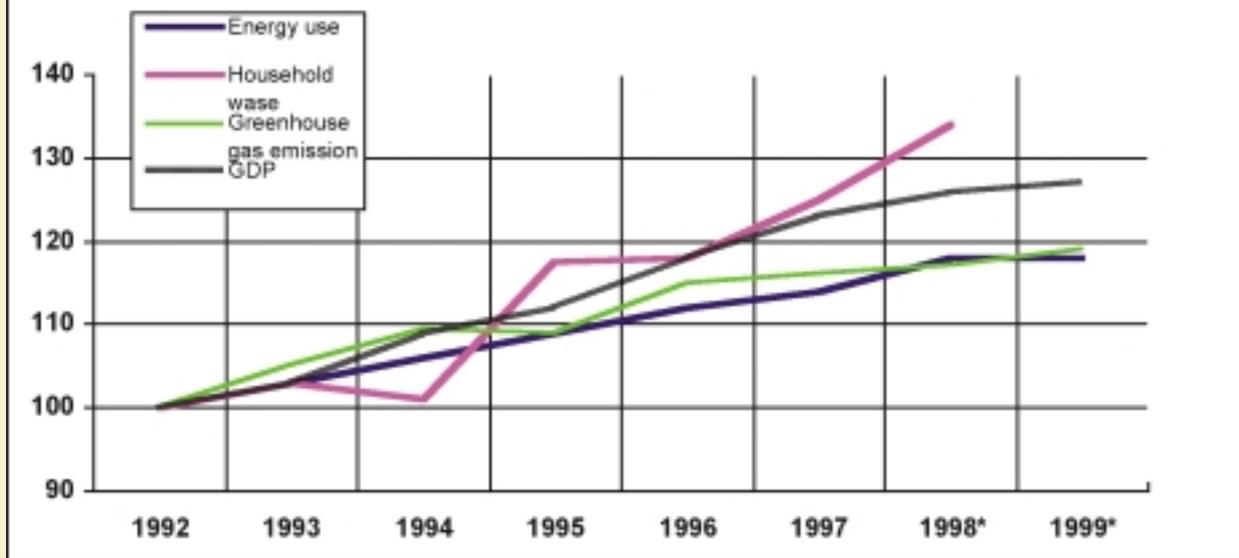
in recent years, but somewhat more slowly than GDP.

However, energy use hardly increased at all in 1999. Some clearly positive signs were also cited; Treatment of wastewater is gradually improving, a larger proportion of household waste is being recycled, and emissions of lead have been practically eliminated (figure 2.9).

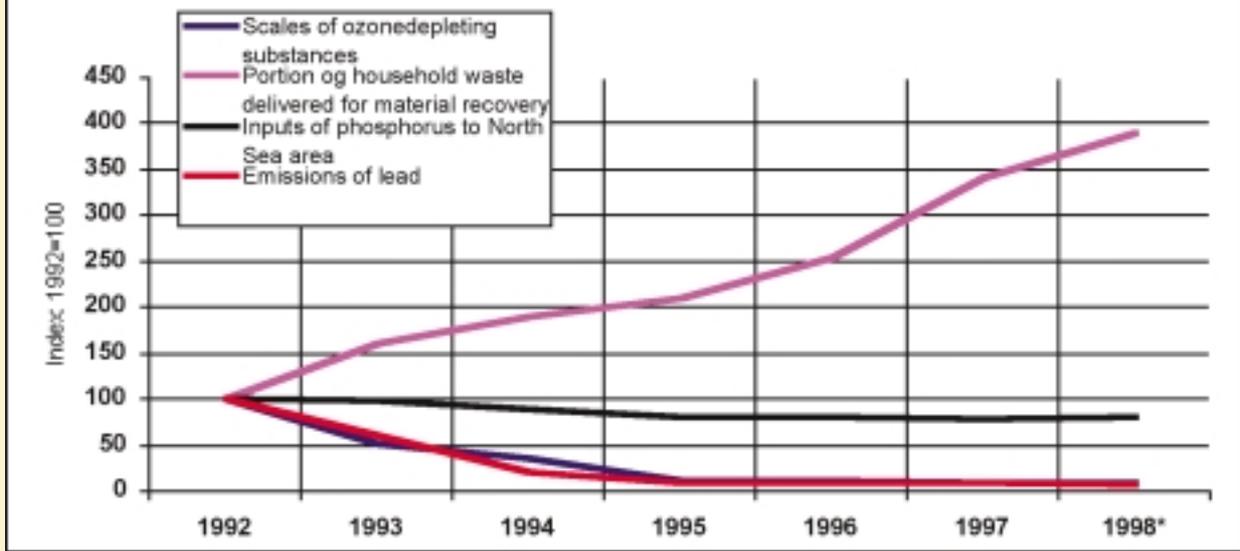
Indicators that could describe the actual development of the environmental impact of the human settle-

**Figure 2.8** Relative changes in GDP and important environmental indicators that are showing negative trends.

Index: 1992=100



**Figure 2.9** Relative changes in important environmental indicators that are showing positive trends.



ment sector from one year to the next are not available. The construction of such indicators has started. At present we only have statistics that indicate general trends over a period of several years.

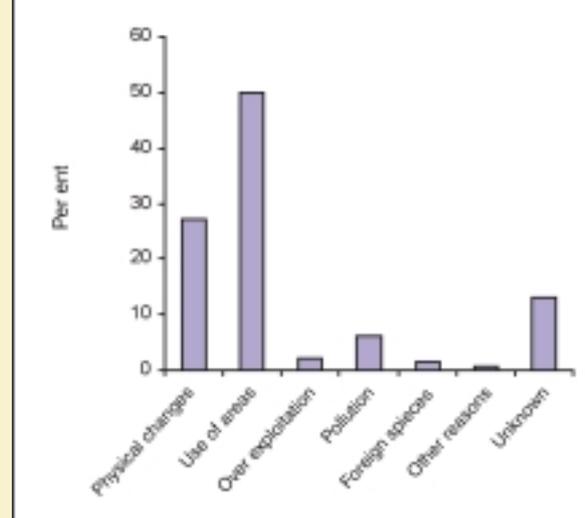
Besides the loss of biological diversity, in a global context, emissions of gases that affect the climate, mainly CO<sub>2</sub> through the use of energy for heating purposes in buildings and the use of private cars, and the emissions of harmful substances from construction are considered to be the most serious environmental problem in the human settlement sector in Norway today.

#### 2.4.2 Biological diversity

Norway still has relatively large areas of almost untouched wilderness, rich biological resources and thriving populations of most species that are naturally found in the country. However, despite extensive conservation measures and positive developments in certain areas, there have been serious losses of various types of ecosystems during the last fifty years. It is estimated that in total, about 60 000 species can be found in Norway. According to the Norwegian Red List, about 45 species are known to have become extinct in Norway in the last 50 years. More than 3000 species have now been placed on the Norwegian Red List of threatened species. The reasons for this are mixed. One of the main reasons is the use of land and physical changes (see table 2.10).

Even though only about 1 per cent of Norway is built-up and about 3 per cent is agricultural land in use, the proportion of wilderness-like areas (more than 5 km from major infrastructure development) has decreased from 48 per cent of Norway's total area in 1900 to 12 per cent in 1994. In southern Norway, such areas now account for only 5 per cent of the total, and they have been disappearing considerably faster during the past 15 years than earlier this century with developments such as forestry tracks, power lines, hydro-

**Figure 2.10** Reasons for threats to red listed species



wer development, building of holiday cabins, etc.

To what extent human settlements directly affect biodiversity is not specifically registered. Most towns and settlements in Norway are located at river outlets with rich biotopes or at the coast often in vulnerable nature. Urban sprawl that took place especially in the 1960s and 1970s certainly had a negative impact on biodiversity. The biggest towns in Norway in that period expanded by some 60 per cent, more than 5 times the population growth rate. The rate of green areas inside towns and settlements decreased considerably. However, in the 1990s there seem to be new trends in urban development towards reuse of grey and brown areas and that new construction take place within already built up areas. The focus on keeping green structures untouched and even on “recreating nature” is increasing. These trends are not fully documented, and to what extent this means reduced pressure on biodiversity is uncertain. The greatest threat to biodiversity in Norway is the sum of the many developments that influence, reduce and split up areas of land, thereby damaging and disturbing the habitats of many forms of life.

#### 2.4.3 Emission of greenhouse gases

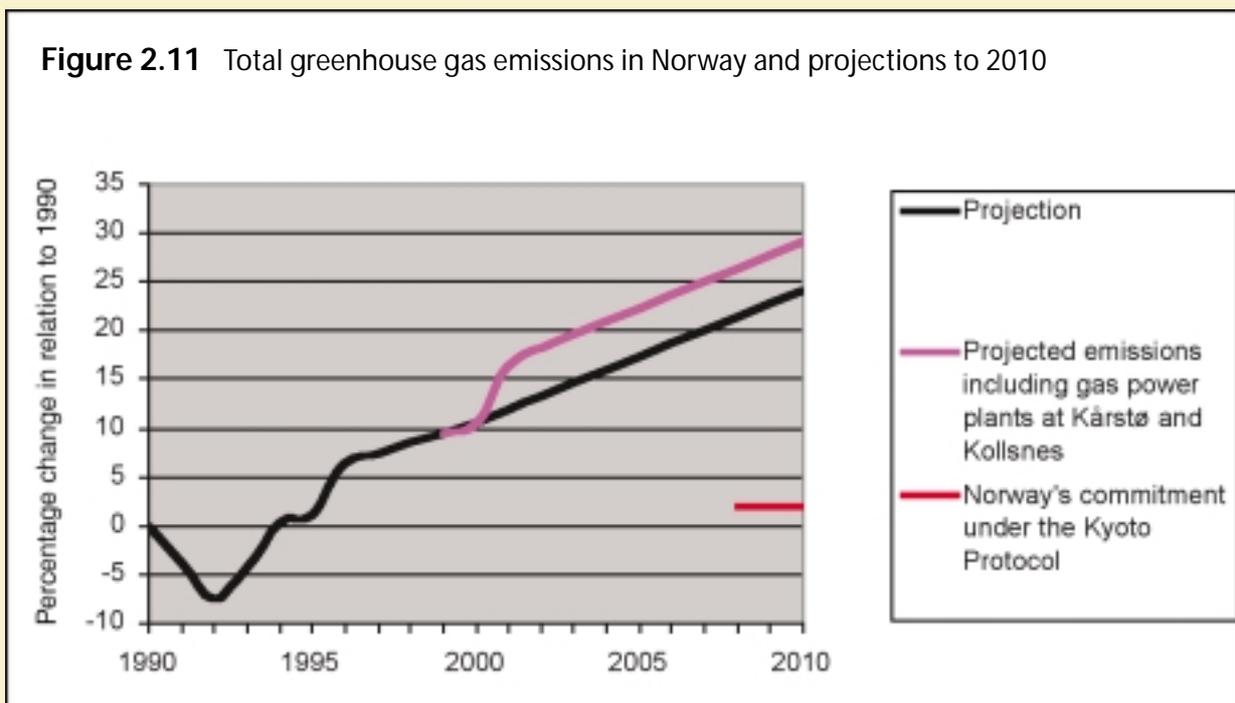
CO<sub>2</sub> emissions from transport, industrial and petroleum activities are the main culprits in Norway. During the 1990s transport and petroleum emissions rose substantially. Industrial emissions remained more or less stable, mainly because the increased

CO<sub>2</sub> emissions were counterbalanced by reduced emissions of other greenhouse gases. Other major sources are waste dumps, agriculture, and household heating.

From 1960 to 1995, people’s mobility in Norway, measured in kilometres travelled per person, rose by a factor of four. The volume of public transport rose insignificantly in the same period, with the use of private cars accounting for almost the entire increase. In addition, the Norwegian economy is largely based on raw materials and exports, which means that there is a large volume of goods transport. The demand for rapid transport and door-to-door delivery of goods is also rising. As a result, the proportion of passenger transport by car and the proportion of goods transport by road and air are rising, which generates large CO<sub>2</sub> emissions.

Energy use in Norway is relatively high for various reasons, including our cold climate, the extensive use of electricity by households and the large volume of transport. Nevertheless, energy-related CO<sub>2</sub> emissions have not risen at the same rate as economic growth in Norway, because a large proportion of electricity demand is satisfied by hydropower. The availability of cheap hydropower has resulted in a long tradition of high electricity consumption, and has not provided much incentive for energy efficiency. Today, electricity consumption per person is higher in Norway than in any other country in the world. However, most of the available hydropower capacity is now in use, so that a further rise in electricity consumption must be

**Figure 2.11** Total greenhouse gas emissions in Norway and projections to 2010



accommodated by fossil fuels or other energy sources. It is calculated that 13 per cent of CO<sub>2</sub> emissions, and 10 per cent of all greenhouse gas emissions in Norway come from heating and use of buildings. The use of energy for heating purposes has in the last couple of years shown little increase (Table 5.8). Mild winters could be the most significant explanation for this observation. In the last decades the use of electricity in the entire building stock has on average increased by 2 per cent per year. Almost 50 per cent of the total use of electricity in the country is used in buildings.

In the period 1974-1994 the use of electricity in non-residential buildings increased by 400 per cent. One reason is the installation of air conditioning to avoid overheating due to insufficient sunblinds and heat surplus from lightening and other technical installations.

To turn the trend for Norway to fulfil the commitments under the Kyoto protocol, it will be necessary to reduce the use of electricity for heating purposes and replace it with new, renewable sources of energy.

#### 2.4.4 Hazardous substances

In construction activities at the beginning of the last century, about 5000 products were sufficient to erect any kind of building. Now, one hundred years later, builders can choose among 50 000 different products. The most crucial problem associated with the use of hazardous substances in construction today is probably that the environmental impact of many of these new products is not yet fully known.

On the whole, concentrations of widely used hazardous chemicals have been reduced since the 1970s, both in the environment and in humans. For example, concentrations of PCBs in mother's milk are far lower than the levels that were measured in the late 1970s and early 1980s. However, the pollution situation today is complicated, both because more and more new chemicals are being developed and because there are so many different sources of pollution.

The use of hazardous substances in the construction industry has not been focused on until quite recently. However, some builders now actively use the precautionary principle as part of their promotion strategies and do not use building materials with negative or unknown environmental effects. We do not yet have indicators that can measure actual developments. Presumably, the problem in new construction is not very substantial. But the fact that many building materials are not yet eco-labelled or environmentally declared makes the situation unclear.



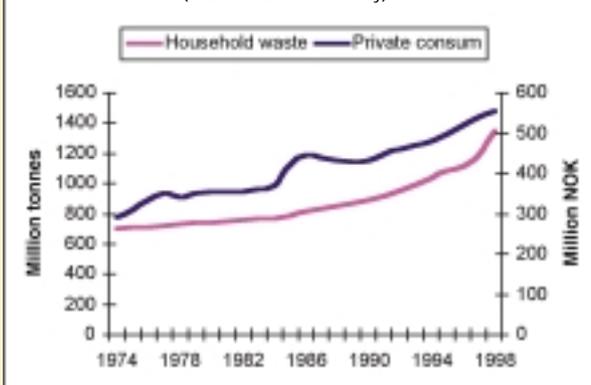
Figure 2.12 Closing the circle: a life cycle perspective on paints and varnish

#### 2.4.5 Waste

From 1974 to 1999, the amount of household waste produced per person in Norway rose by 80 per cent, from 174 kg to 314 kg per year. Economic growth has resulted in higher production and consumption, and is the most important driving force behind the growing quantities of waste. During the 1990s, there was also a steep rise in the amount of waste used for material recovery (recycling materials such as paper, plastic and metal from waste). More and more hazardous chemicals that were once disposed of on landfills are now collected and treated properly. For example, electrical and electronic waste such as televisions and refrigerators is now collected so that the equipment can be dismantled and parts containing hazardous waste removed.

The most serious impacts from waste are caused when a material at the end of its lifecycle is deposited on a landfill or incinerated as waste. Land filling generates methane gas from rotting waste, and this accounts for about 7 per cent of all Norwegian greenhouse gas emissions. Land filling also results in

Figure 2.13 Trends in household waste and consumption, 1998 prices. (Source: Statistics Norway)



seepage of hazardous chemicals as well as organic matter and nutrients in leachate.

The proportion of household waste that was recycled increased from 9 per cent in 1992 to 33 per cent in 1998. The quantity of waste recycled has risen so much that the amount of waste landfilled and incinerated has declined, despite the rise in the total amount of household waste generated. Industrial waste volumes have been somewhat reduced over the last few years. This is largely due to improved waste-minimizing production processes.

The amount of waste from construction activities in Norway that is deposited is still very high. 40 per cent or 1.5 million tonnes per year (1998) of the waste in landfills come from building, rehabilitation and demolition. A substantial proportion of this (1.1 million tonnes or 68 per cent) consists of concrete and bricks, and three-quarters of this fraction is generated by demolition. 7 700 tonnes of the waste, or 0.5 per cent,

were hazardous substances, with asbestos accounting for 6 400 tonnes.<sup>3</sup>

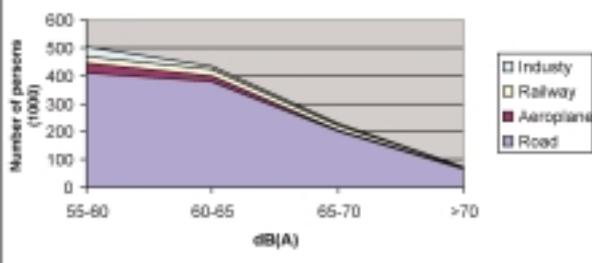
Only a very limited part of the construction waste is recycled. Norway has a “negative record” compared with most other western countries. For instance, in Denmark 90 per cent of construction waste is recycled. The potential for re-use and recycling of building materials in Norway is unquestionably high.

#### 2.4.6 Air pollution and noise

In Norway’s largest towns and urban settlements, there are periods when levels of local air pollution are high enough to cause discomfort and substantial health problems. In the largest towns, a high proportion of the population is at times exposed to concentrations of air pollutants that increase the risk of health problems. In 1995, an estimated 700 000 people were exposed to levels of air pollution that involve a health risk. Road traffic is the dominant source of local air pollution. Other important sources are wood-burning stoves and fireplaces, and long-range transport of emissions from other European countries.

Noise pollution is one of the environmental problems that affect most people in Norway. About 1.5 million Norwegians are exposed to noise in their homes, and almost half of them are exposed to noise levels of more than 60 dBA averaged over a 24-hour period. A study conducted by Statistics Norway suggests that 5 per cent of our population experience sleep problems due to noise. Road traffic is by far the greatest source of noise pollution.

**Figure 2.14** Number of persons exposed to noise exceeding 55 dBA (over a 24-h period)  
(Source: Norway Statistics)



<sup>3</sup> Calculations made by Statistics Norway, 2000.



### 3.1 Adequate shelter for all

An important commitment of the Habitat Agenda was focusing on the realisation of the right to adequate housing.

This is consistent with the principal goal of Norwegian housing policy, i.e

*“everyone should have an adequate dwelling in a good residential environment”.*

This goal has been divided into five main objectives:

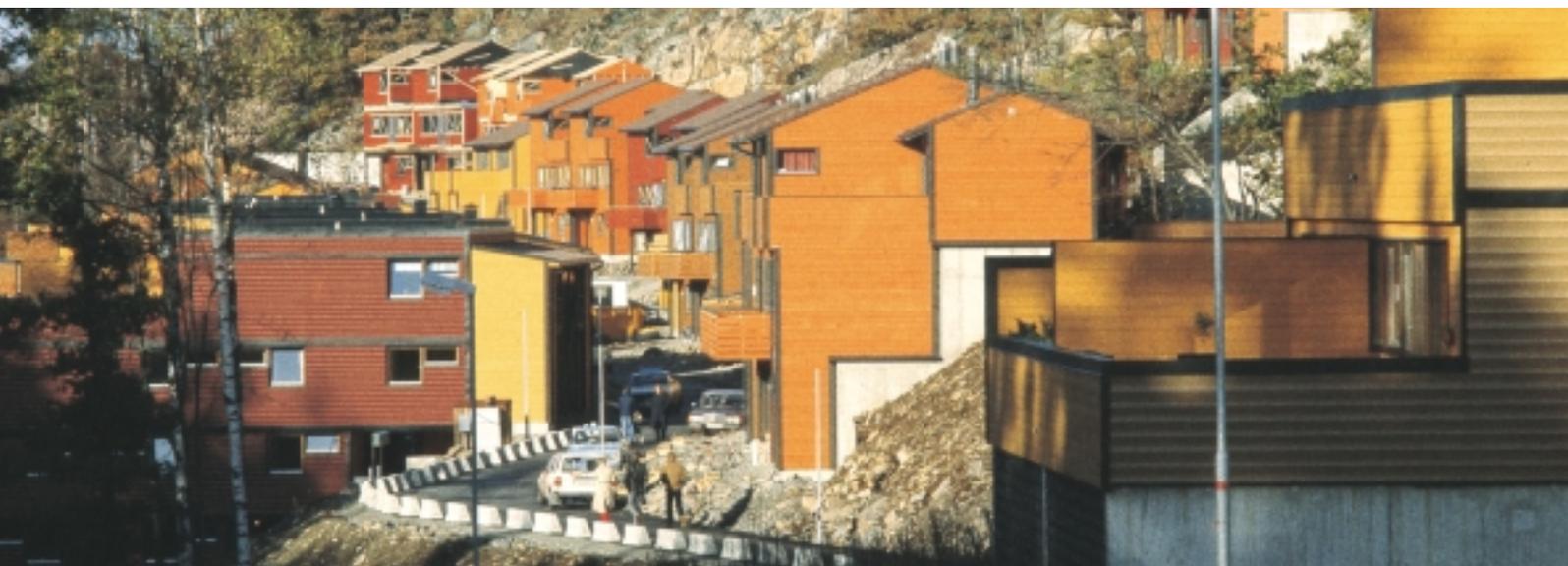
- good housing coverage and a well functioning housing and building market
- good distribution of housing
- good housing standards, good quality of construction and a good residential environment
- security of tenancy
- a functional and equitable organisation of forms of ownership and tenancy.

These objectives have through most of the post-war period been guiding the design and implementation of Norwegian housing policy. The development has been satisfactory in the sense that most of the population now enjoys an adequate housing situation. However, as society is changing so are the needs of the population for adequate housing. Thus the objecti-

ves are still relevant not only for some vulnerable social groups but also with a view to following up the more general housing situation and to secure a sufficient and adequate supply of new housing.

Especially with the deregulation of the housing and credit markets, low-income households may have problems in competing for adequate housing. Thus an important part of housing policy in recent years has been to ensure that all groups of society have the possibility to acquire or keep a dwelling. With increased volatility in interest rates and house prices during the 1990s, the feeling of a more uncertain and risky housing situation has emerged. This development indicates that macroeconomic stabilisation policies are important for the housing sector in order to achieve reasonable and stable interest rates as well as more stable house prices.

Thus both access to housing and security of tenure have come to the forefront of housing policy discussion, design and implementation in the 1990s. With the stepwise transition to a deregulated and market-driven housing sector, there was a clear need for reforming and supplementing the legal framework for housing activities both regarding resale home transactions, the organisation of housing properties like condominiums and housing cooperatives, the relations between the landlord and the tenant, the





relations between developers/contractors and the buyers of new dwellings, etc.

In the same manner the statutory regulation of the building permit and construction process in the Planning and Building Act has been completely revised in order to secure quality and responsibility on the part of the consultants and contractors involved. The law was changed in 1997 and was followed by a transition period with much criticism and discussion, but the new system of quality control now seems to function well.

### 3.2 Ownership and tenancy – development of housing legislation

#### 3.2.1 Tenure forms

The forms of ownership of dwellings may be divided into three main groups, i.e. direct ownership, indirect ownership and tenancy.

*Direct ownership* implies that the occupant of the dwelling is also the owner of it. In this group are ordinary detached dwellings and owner-occupied dwellings.

*Indirect ownership* implies that the formal owner of the property is an association formed by the occupants. According to its purpose this is a cooperative association.

*Tenancy implies* an agreement on the temporary use of a dwelling against payment.

As shown in figure 3.1, approximately 65 percent of Norwegian households live in directly owned dwellings, approximately 15 percent in indirectly owned dwellings, mainly housing cooperatives, and about 20-25 percent in rented dwellings. A majority of the rented dwellings are located in detached houses as a “dwelling number two” and is not necessarily let out permanently.

#### BOX 3.1 NORWEGIAN HOUSING LAWS

The *Act of 1997 relating to owner-tenant sections* applies to a situation where several people own a property jointly and each has an exclusive right of use of particular premises in the building. The combination of the share in the ownership and the right of use constitutes the owner-tenant section. The Act contains provisions on establishing owner-tenant sections, on the management of the property and on relations between the joint owners. Owner-tenant sections may be used for dwellings as well as for other premises.

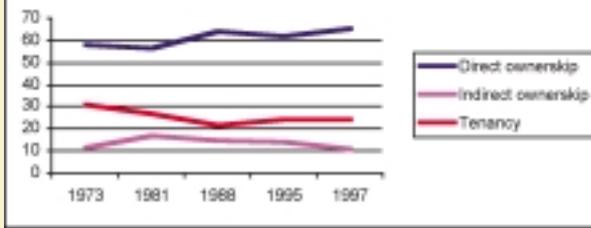
Owner-tenant sections and dwellings in detached houses are mainly governed by the general law on real property, such as rules on land registration, area planning, safety etc. The *Act of 1992 relating to the sale of real property* includes some special provisions on consumer sales, which means in practice the sale of dwellings. The Housing Construction Act of 1997 deals with consumer contracts on the construction of dwellings and the purchase of new dwellings.

There are two types of cooperative associations in the housing area. The object of a *cooperative building association* is to provide dwellings for its members and to manage these dwellings. *The housing cooperative* is an association of occupants in one or more buildings, and the cooperative is the formal owner of the dwellings. Cooperative building associations and housing cooperatives are regulated by two acts from 1960, but there are drafts for new legislation on these associations.

The *Landlord and Tenant Act* of 1999 covers the rental of dwellings as well as rental of premises for non-residential purposes. This act replaced the Landlord and Tenant Act dating from 1939 and some special rent regulations, the latter partly only after a transition period.

*The Act of 1989 relating to estate agency* sets out provisions on the activities of intermediaries of contracts concerning real estate rights, including owner dwellings and tenancies, though in practice real estate agents are seldom involved in rent agreements.

**Figure 3.1** Tenure forms in Norwegian residences 1973–1997. Per cent.  
(Source: Statistics Norway/Norwegian Building Research Institute)



### 3.2.2 Developments in housing legislation<sup>1</sup>

The last ten years have seen wide-ranging reforms in housing legislation (see box 3.1). The reforms have been aimed at adjusting the legislation to modern legislation in other areas of law and to changes in the housing market and in the economy in general. The nature of the reforms is complex, but some tendencies may be pointed out.

Consumer protection is not new in housing regulation, even if other terms were used in earlier days. Especially landlord and tenant law has for many years had social protection as one of its purposes, both with restrictions on notice of termination and with rent regulation. These provisions and also other statutory regulations on rent contracts have been mandatory, in the sense that they cannot be dispensed with by agreement to the detriment of the tenant. The way to establish the level of rental fee has been changed, but generally consumer protection regulations are the same in the new law on rental housing.

Consumer protection is also included in the regulation of housing construction contracts and to some extent in the sales of real estate regulation. For contracts on resale homes there can be no genuine consumer protection regulation, as there are consumers on both sides.

Market orientation involves a number of forms. For large parts of the 20th century there were public maximum rent regulations and maximum price regulations for the sale of dwellings in housing cooperatives. Apart from a transitional period applying to the oldest rental dwellings in two cities (Oslo and Trondheim) rent and price regulations were abolis-

hed. The general rules of civil law intended to ensure balanced contracts between informed parties apply. Earlier there were restrictions on the establishment of owner-tenant sections – partly to hamper the loss of dwellings from a regulated to an unregulated market. The restrictions in the new legislation intend mainly to prevent substandard dwellings being made into sale objects.

The dwelling is still important as a social asset, as a setting for family life, recreation and a dignified existence as a member of society, but in a free market the dwelling becomes important also as a financial asset and an investment. Housing law should be adjusted to reflect that private capital to a large extent is aggregated as investments in dwellings. Regulations on the distribution of housing should not be made without regard to the financial consequences for the persons involved.

In the draft act on housing cooperatives the importance of the dwelling as a financial asset is underlined and it contains suggestions on several provisions intended to guarantee the occupant's rights as owner.

The growing segment of owner-occupied dwellings also means that legal relations between occupants are as important as the relations between landlord and tenant and between seller and buyer. Both the Act on owner-tenant sections and the draft Act on housing cooperatives recognise this. For example there are provisions that allow the community of owners to force an individual owner to abandon his or her dwelling if agreed duties are violated, if payment of joint costs is not made, etc.

### 3.2.3 The right to adequate housing

Norwegian housing law is based on the notion that citizens must provide for their own dwellings. As a main rule there is no legislation on legal claims against the state or municipalities for a permanent dwelling. According to the Social Security Act, municipalities have a duty to make housing available to groups that are not able to cope with the housing market, in particular for people that need dwellings with special adaptations, support or protection facilities. Generally, municipalities are obliged to provide temporary accommodation for those who are unable to do so themselves, and the municipalities must also provide financial support to people that are unable to earn their own living.

Municipalities may choose rather freely how to arrange their social services, but it follows from court rulings that a certain minimum standard must be maintained.

<sup>1</sup> For details, see "Housing Law in the Nordic Countries" edited by prof. Kåre Lilleholdt (University of Bergen) - Nordic Council of Ministers, TemaNord 1998:571, which contains a comparative study of nordic housing laws at the mid 1990s.



The state has for several decades facilitated the building of dwellings through favourable loans, grants and housing allowances (see chapter 3.3). To a certain extent these are advantages that are ensured as legal rights.

### 3.2.4 Acquisition of dwellings

*The Housing Construction Act of 1997* relates to two different types of contracts, namely contracts on construction of a house on a site belonging to the consumer, and contracts comprising both the construction of a house and the transfer of title to the land. The act is intended to ensure fair and transparent agreements and effective consumer rights in case of violation of contract in the form of defects or delays. There are provisions meant to secure the consumer against losses due to advance payments, etc. In the most comprehensive contracts, typically for the construction of the entire dwelling, the contractor must provide a bank guarantee or the like – up to a certain limit – against losses resulting from breach of contract.

The acquisition of a *new dwelling in a housing cooperative* is not covered by the act from 1997. For these dwellings the rules are set out in the legislation of 1960 relating to cooperative building associations and to housing cooperatives. This legislation does not comprise consumer protection regulation to the same extent. The idea is that the cooperative structure itself affords sufficient protection. As a result, agreements on new cooperative dwellings do not include a fixed price. The members of the new housing cooperative bear the risk of construction budget deficits, while they also have the benefits of budget surpluses. According to the draft legislation on cooperative housing, the cooperative building association shall have the same responsibility as other professional builders.

As mentioned, the purchase of resale homes is covered by an act from 1992. Also this act aims to ensure fair and transparent agreements and actions

for the buyer in breach situations. The problem here is that the risk of unexpected problems, for example in the form of hidden defects, must be distributed between a consumer purchaser and a vendor that is also most often a consumer. It could be discussed whether the act has struck the right balance, and there have been a substantial number of disputes over these contracts. To a growing extent, vendors have chosen to take out insurance against the risk of contract liability.

The provisions in the 1999 *Landlord and Tenant Act* on defects and delays follow the pattern from the acts relating to construction and to sale of real estate. In general, it could be said that the legislation on breach of contract is standardised, and for the most part the pattern is found in the UN Convention on Contracts for the International Sale of Goods, which has also served as a basis for the Norwegian Sale of Goods Act.

According to the *Act relating to real estate agency*, the real estate agent is obliged to present information concerning the object of sale and to ensure that the transaction is carried through properly. These rules are meant to protect the parties to the contract.

### 3.2.5 Protection of the possession of the dwelling

In tenancies, protection of the possession of the dwelling is provided in two main forms, namely the protection against notice of termination and the protection of unfair rent increase. The law on rent adjustments will be dealt with below.

The provisions on protection against notice of termination are maintained in the act of 1999. The court may set aside a notice of termination if the notice of termination has been given without objective grounds for this or if the notice of termination is found to be unreasonable. New in this act is that the parties cannot freely enter into tenancy agreements for a short fixed term. Short-term agreements were widely used to avoid the provisions on protection against notice of termination.

In owner-tenant sections and cooperative dwellings the protection of the possession of the dwelling takes a different form. Here there is a question of balancing the interest of the occupant against the interest of the other occupants.

Both in owner-tenant sections and in cooperative dwellings the owner must to some degree comply with majority decisions on the use of the dwelling as well as measures involving joint costs. If the decisions are not respected or the costs not paid, the community of owners may order the owner to vacate and sell

the dwelling. The main principle is that only gross violation of duties may lead to such orders. The legislation also limits the power of the majority to impose duties on the owners.

Another form of protection is the protection against creditors. For all types of owner dwellings, it is common that the acquisition is financed by a loan secured with a mortgage in the dwelling. If the loan is defaulted the mortgagor may as a rule order a forced sale of the dwelling. According to detailed regulation, a condition attached to the forced sale may be that the owner is provided with another dwelling, but this applies only where the owner manages to pay the ordinary interest and instalments on the loan. Provisions of the same kind apply where the occupant is unable to pay other costs associated with the dwelling. For owner-tenant sections and cooperative dwellings the community of owners has a mortgage in the dwelling securing the claim for payment of the owner's share of joint costs. In these cases a forced sale may take place without the condition of providing another dwelling.

### 3.2.6 Regulations on housing expenditures

The owner of a detached house must bear all costs connected with the acquisition and the running of the dwelling. It is already mentioned that the costs are often financed by loans, and that there are some protective rules in the case of forced sale. It should also be pointed out that newer legislation contains consumer protection rules for loan agreements, most recently in a 1999 Act relating to finance agreements. In joint ownerships of owner-tenant sections it is usual that the acquisition costs are borne by each owner

directly, often by loans secured with a mortgage in the owner-tenant section. The tasks of management and maintenance of the communal areas are usually taken care of by a board, the costs however being distributed among the owners. The owners perform maintenance etc. of each unit directly.

In housing cooperatives the construction of the building is as a rule financed partly by a loan raised by the association, partly by contributions from the members. Money for the contributions is often made available by loans secured by a mortgage in the "title deed" to the dwelling (i.e. in the share in the association). Also later sales of the dwelling are often financed by loans secured with such mortgages.

The housing cooperative as the formal owner of the property is responsible for the management and maintenance of the communal areas, while the occupants – the members of the cooperative – usually have a duty to maintain the dwellings.

For rented dwellings, the landlord, as an owner, must bear all costs concerning the property, with regard to both acquisition and management. The tenant pays the agreed rent, and this rent is in principle unrelated to the owner's costs.

According to the Landlord and Tenant Act, the tenant has defined duties of maintenance inside the dwelling, and the parties may agree on more extensive maintenance duties for the tenant.

After the tenancy is established the parties are no longer in a free bargaining position. The tenant needs some protection against rent increases forcing him or her to move for financial reasons. On the other hand, the landlord has a reasonable wish to adjust the rent in accordance with market changes in a long-term agreement. The act from 1999 provides for adjust-



ments every third year following market changes and inflation adjustments every year in-between. Prices for owner-occupied dwellings fluctuate. Nominal prices have normally increased, but for a period around 1990 there was a dramatic price fall. Gains and losses resulting from the sale of owner-occupied dwellings must be reckoned with when housing costs are considered. Here one can find an important difference between owner-occupied dwellings and rented dwellings. The tenant has no gains from a sale but also no risk of loss due to a fall in prices. Often the gains from a sale must be invested in a new dwelling that is equally expensive. A similar mechanism can be seen when prices are decreasing – the next dwelling has a lower price, too. But there is a snag: The loan raised to buy the first dwelling is not reduced in proportion to the price fall, and this led to severe problems for many families in the early 1990s. The lesson learnt was that a high number of owner-occupied dwellings involve risks.

### 3.3 Access to housing, housing finance and subsidies

#### 3.3.1 Housing finance – the Norwegian State Housing Bank

Access to housing depends on the cost of housing in relation to the household's income. The availability of reasonable housing finance and some targeted subsidies is crucial to attain the objectives of the housing policy.

Financing of housing in Norway has been organised in a simple complementary way where private banks and other private credit institutions have financed resale home transactions, modernisation of the housing stock and some usually more costly, new housing construction.

In 1946 a government credit institution was established under the name of the Norwegian State Housing Bank. This institution has through the years concentrated on basic mortgage loans for new housing in order to stimulate the construction of affordable, good housing.

Annually, between 50 and 90 per cent of new dwellings have been financed with the support of the State Housing Bank. In addition the bank through the municipalities gives top loans on a means tested basis for young households and other vulnerable groups, and loans for modernisation of housing.

2 Report no 49 (1997-98) On Access to Housing for Young and Vulnerable Persons.

Many of the loans have been granted to self-builders and other owner-occupiers in cooperative housing. Loan approval is subject to size and building cost ceilings as well as minimum requirements on size and layout of the dwellings. Additional loans are granted for dwellings with extra qualities like handicap-accessibility/usefulness and environmental qualities. Annex II presents an overview of loans and grants from the Norwegian State Housing Bank.

#### 3.3.2 Market-oriented interest rates in the Housing Bank

Up to 1996, the interest rate of the Housing Bank was determined directly by the Storting (Norwegian parliament) and generally at a rate below that of the private banks as well as money market rates. In 1996 the Storting decided that the interest rate of the Housing Bank should be linked directly to the interest rate on government bonds and certificates, adding half a percentage point to cover the cost of administration and loss. Thus, in later years the interest rate on Housing Bank loans has followed movements in money market rates, and with no direct interest subsidies in the Government budget. However, with the security of a status as a government loan, the loans are normally slightly cheaper than loans from private banks.

This caused the Norwegian Bankers' Association to question the legality of this reasonable interest rate as a distortion of competition in the credit market. The matter was submitted to the EFTA Surveillance Authority (ESA) in November 1995, but it was finally rejected in June 2000.

A priority issue of Norwegian housing and social policy has been access for elderly people to functional housing with suitable nursing services. A four-year programme for construction of nursing homes was started up in 1998, involving the construction of 24 400 dwelling units subsidised by generous grants from the Government through the State Housing Bank.

#### 3.3.3 Targeting vulnerable groups

The issue of access to housing for young and vulnerable groups has been high on the policy agenda in recent years. As documented in chapter 2, housing problems are most critical in the bigger cities where prices and rents have increased substantially, leaving the less wealthy in a difficult position.

A white paper was presented by the Government in 1997<sup>2</sup> focusing on selective measures and improved



planning in the municipalities. The Government submitted later, in 1998, a white paper on the distribution of income and living conditions in Norway also focusing on housing issues<sup>3</sup> as an important component of living conditions.

In these white papers, the Norwegian Government reiterates its commitments to the overriding objective of creating sound and inexpensive housing in a good living environment. In addition, the Government also aims to support the notion that individuals may own their dwellings, alone or together with others, and to assist in creating a differentiated rental market in accordance with the needs of the population. It is the Government's objective that the distribution of housing shall be better than that provided by the distribution of assets and income alone. It is an important objective for the Government that everyone shall have the opportunity to acquire a dwelling that is sufficiently spacious, functional and healthy.

In the latter white paper, the Government summarises the necessary actions to be taken as follows:

- **Better housing allowance for disadvantaged families with children**

The Government is committed to making further improvements to the housing allowance scheme for families with children. The Government will adapt the housing allowance scheme to better suit the challenges in urban areas by, among other things, raising the upper limit for housing expenses in Norway's four largest cities.

- **Better housing allowance for single individuals receiving social welfare benefits**

The Government will also consider giving more

single people the right to housing allowance. In particular, this will help single recipients of social welfare benefits. The Government will investigate more closely the connection between housing allowance and social welfare, and the consequences an extension of the central government housing allowance schemes may have for social welfare payments.

- **Better housing allowance for young disabled people**

The Government aims to improve the housing allowance scheme for young disabled people, by raising the upper limit for housing expenses in Norway's four largest cities.

- **Special measures for the homeless**

The Government wishes to assign priority to measures designed to prevent homelessness and measures aimed at helping the homeless. As part of this process, the largest cities in Norway will be invited to take part in the development work with a view to offering the homeless a more coordinated service. In order to strengthen initiatives directed at the homeless, the Government will:

- Increase the amount of subsidies available from the State Housing Bank for use by municipalities in their work with people with special disadvantages in the housing market.
- Attach increased importance to the development of alternatives to the use of hostels.
- Implement trials involving multi-occupied houses for the homeless, and to view this in connection with the escalation plan for mental health.
- Develop good models for professional monitoring of the individual user and systems for ensuring the quality of operations at the hostels.
- Strengthen the focus on tailored daytime activity measures for people with limited opportunities to

<sup>3</sup> Report no. 50 (1998-99) On the Distribution of Income and Living Conditions in Norway

obtain their own dwellings, and to strengthen cooperation between various parts of the social care service in this area.

- The Government wishes to provide a more comprehensive and better-organised sheltered housing service for disadvantaged people. The Government will also implement a broad-based investigation on housing policy and follow this up with a white paper.

### 3.3.4 Local action plans on social housing policy

In Report no. 49 (1997-1998) On access to Housing for Young and Vulnerable Persons, all municipalities are encouraged to make cross-sectoral plans of actions on local housing policy. The local authorities are requested to identify overall housing needs, assess available means and tools as a background for formulating local strategies and to take action in the area of social housing policy. The Government's objectives by introducing the concept of local action plans on social housing policies are generally to motivate municipalities to give priority to housing policy and more specifically to:

- Disseminate information and knowledge on loans and grants from the State Housing Bank
- Stimulate improved knowledge on local housing needs

- Encourage improved cross sectoral coordination at the municipal level
- Promote improved utilisation of municipal-owned housing stock
- Further more effective use of local resources
- Better targeting of vulnerable groups

The local plans comprise descriptions and assessments of the local housing situation, housing production and housing accessibility, an overview of possible measures and a concrete follow-up plan. The State Housing Bank offers technical assistance and could also offer smaller grants to stimulate the local planning processes.

By March 2001 more than 20 per cent of the municipalities have submitted local housing plans.

### 3.3.5 Increased housing budget

The Housing Bank has increased total lending the last two years by NOK 4 billion or 44 per cent, prioritising higher loan to value ratios and more means tested loans for young people (See figure 3.2).

The Government budget has also provided for increase in the grant budget supporting special housing for vulnerable youth and students. As shown in figure 3.3, the total allocations for means-tested grants in the State Housing Bank has increased by more than 0.5 billion NOK over the last three years. The figure also illustrates that allocation of housing allowance from the state has been relatively stable over the same period.

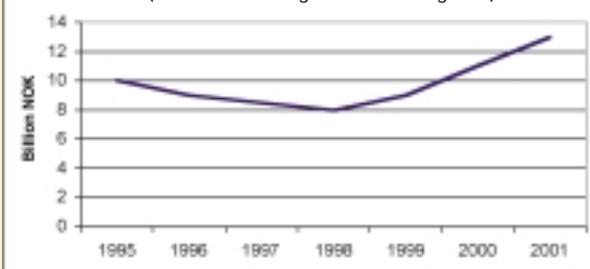
### 3.3.6 Action plan – The Road towards a Housing Policy of Solidarity

In July 2000 the Minister responsible for housing policy in Norway submitted a plan of action - "The Road to a Housing policy of Solidarity" - which pinpoints the main challenges to Norwegian housing policy. The Action Plan challenges the central government as well as local governments and summarises actions to be taken aimed at strengthening efforts to improve the housing situation for a minority who still has inadequate shelter, suffer from intolerable high housing expenses or are homeless.

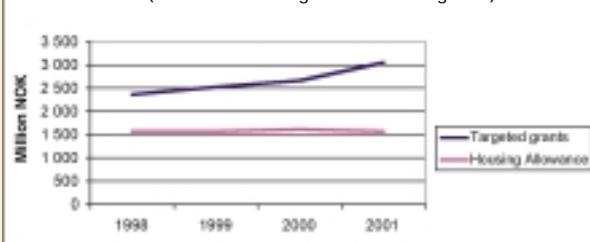
The Minister challenges the central government i.e. to:

- Strengthening the State Housing Bank to finance an increased number of good, environment-friendly low-cost dwellings in urban areas, especially in the Oslo area;

**Figure 3.2** The Norwegian State Housing Bank – Allocation of loans 1995–2001  
(Source: The Norwegian State Housing Bank)



**Figure 3.3** The Norwegian State Housing Bank – Allocation of means-tested grants 1998–2001  
(Source: The Norwegian State Housing Bank)





- Improving the financial support to rental housing and student's homes;
- Enhancing coordination between central government bodies to harmonise sector policies relevant to housing;
- Promote a more extensive and effective use of the existing building stock by stimulating increased investments in these buildings
- Targeting loans and grants in the State Housing Bank towards vulnerable groups, in particular disadvantaged young people;
- Combat homelessness.

Local governments, on their part, should i.e.:

- Increase their efforts to promote housing in urban areas
- Make more active use of land use planning and to make building sites available for future housing
- Formulate and implement municipal action plans on social housing
- Establish active partnerships with the private sector and strengthen regional cooperation

- Make effective use of loans and means-tested grants from the State Housing Bank
- Reallocate income from municipal-owned rental housing to establish local housing allowance schemes
- Prioritise the most disadvantaged groups and the homeless

### 3.3.7 Land tenure

Land tenure in Norway is largely based on private ownership. Housing associations have played, and still play, an important role particularly in the larger urban areas, providing secure tenure to apartments on the basis of membership in local housing associations. Individual ownership of apartments based on solid condominium law is however increasingly common. The relevant public institutions in Norway are providing good services to the land market. As an example, transactions in real property (deeds, mortgages documents etc) are recorded in the land register within 1 day. Documents can be registered without a notary, which helps to keep transaction costs low. However, the demand for better access to integrated land information is rapidly growing, particularly because municipal restrictions on land use through zoning and individual restrictions are becoming more important to all stakeholders in the land market.

A proposal for a new cadastre law has recently been prepared. The major elements in the proposal are to remove the municipal monopoly on cadastral surveying and to introduce private licensed surveyors, and secondly to implement a new cadastre system integrating alphanumeric information and property maps in a joint database. The new cadastre database will also contain information about public restrictions on land and buildings, and information that does not need legal protection of the land book. It is proposed to link the cadastre database to the land book database as well as to a register of land use plans, and provide an integrated Internet based service to users of land information

Reflecting the rapidly changing demand for integrated land information, the Government has recently proposed to transfer the responsibility for the land register from the local courts to the national cadastre authority (Norwegian Mapping Authority). It is anticipated that this will be implemented from 2003.



#### 4.1 White Paper on the follow up of Habitat II

In 1998, the Norwegian Government submitted a white paper<sup>1</sup> to the Norwegian Parliament on the follow up of the Habitat II Conference. The white paper discusses Norwegian policies on human settlements in the light of the commitments made in Istanbul. It states that although there remain social and economic challenges with regard to Norwegian housing policy, in a global perspective the most significant challenge is associated with the environmental impact of the housing and building sector. The white paper provides a general overview of the environmental impacts of the sector in Norway. The Government's conclusion is that the human settlement sector should contribute more to establish ecologically sound production and patterns of consumption and a sustainable use of resources. In this connection, the long-term strategic goal for the housing and building sector was formulated as follows:

“Resource- and eco-efficiency in the entire housing and building stock should be improved and environmental impacts should be thoroughly taken into consideration both in new construction and in rehabilitation.”

In the latter part of the 1990s, the Government has presented several white papers to the Parliament environmental policy issues that directly or indirectly affect the follow up of the Habitat Agenda's goals on sustainable human settlements development.<sup>2</sup> Based on these documents, several important decisions of relevance for the environmental management of human settlements in Norway have been made. A brief overview is presented below.

#### 4.2 Regional planning and Land use policy

The development in land use in Norway has varied quite significantly during the last three decades. Despite important differences in-between cities, urban sprawl was most widespread during the 1970s, with a somewhat reduced growth in the 1980s. For the 1990s, the trend seems to be reduced growth in land use. People's preference for where to live seems to have shifted towards more concentrated and less land demanding housing. Business development also shows signs of concentration.

##### 4.2.1 White Paper on regional planning and land use

In 1997, the Government submitted a report to the Parliament concerning the policy for regional planning and land use policy<sup>3</sup>. The intention of the report was to give an account of experiences of the use of the Planning and Building Act on the basis of ten years' practice, and to propose improvements to the Act and to the way in which it is practised. Regional planning shall be designed to facilitate effective development within the framework of sustainable development. The Government indicates in the report that considerations concerning the following political premises shall be given higher priority in Land use planning:

- Biodiversity
- Development policy and transport systems
- Conservation of cultivated and arable land
- Aesthetics and the form of the landscape
- Disabled persons

In the report, the Government also indicates that in towns and densely populated areas, priority shall be

1 Report no. 28(1997-98) On the follow up of HABITAT II – Environmental challenges in the housing and building sector.

2 The most important are:

Report no 58 (1996-97) Environmental Policy for a Sustainable Development – Joint Efforts for the Future

Report no 29 (1996-97) Regional Planning an Land Use Policy

Report no 29 (1997-98) On the follow-up of the Kyoto Protocol

Proposition no. 54 (1997-98) Green Taxes

Report no 29 (1998-99) On Energy Policy

Report no 8 (1999-2000) The Government's Environmental Policy and the state of the Environment

3 Report no. 29 (1996-97) Regional Planning an Land Use Policy

given to the development of environmentally benign development patterns and transport systems, conserving green areas. In urban development, measures must be implemented to increase the proportion of transport carried out by public transport services. Town centres and densely populated rural areas must be improved. Good planning models and planning tools both for urban areas and towns as well as small and medium-sized urban settlements shall be further developed. Emphasis will be placed on developing satisfactory living conditions and dynamic local communities in urban areas and densely populated areas. Housing construction must take place to a greater extent in existing urban areas and cultural environments. Efforts must be made to ensure the quality of housing developments, the outdoor environment and urban design and that these factors, in conjunction with local services and activities, form the framework for a satisfactory environment for daily life. The Sustainable Cities Programme, which was terminated in 2000, summarises important recommendations on methods and models for more sustainable cities (see chapter 4.2.3).

In addition to towns and urban regions, national frameworks for land use planning are being discussed in relation to the following types of region:

- Regions with large agricultural interests and cultural landscape
- Large areas of uninterrupted countryside, especially mountainous areas and areas along large river systems
- Regions in the coastal zone

In such areas, the main challenges for regional planning will be the maintenance of settlements and the further development of industry based on natural resources, while at the same time safeguarding major conservation concerns. These challenges are rarely restricted to a single municipality. County planning therefore gains increasing importance for planning and administration in such regions.

In the cultural landscape, especially that surrounding towns and urban settlements where the pressure for urban development makes itself most felt, increased emphasis will be placed on safeguarding a rich pattern of variation as well as considering the social history and ecology perspectives of the cultural landscape. The potential for open-air recreation and the enjoyment of different types of landscape must be developed, and the cultural heritage associated with the countryside must be secured and properly looked after.

The large continuous, intact natural areas must be managed as an important part of our national heritage. Open and democratic planning processes based on local consultation and cooperation is the key to a balance between industrial activities, conservation and compensation measures, enabling the achievement of comprehensive solutions. It is important that government sectors and agencies take an active part in this planning, and focus on national objectives at an early stage of the process.

The report also highlights the importance Local Agenda 21 as an important working form to develop environmentally benign local communities. (See chapter 4.10)

#### 4.2.2 Revision of the Planning and Building Act

The most important tool for implementing land use policy is the Planning and Building Act. The Government and the Parliament define national objectives, while municipal and county authorities develop solutions adapted to local conditions and potentials. The Planning and Building Act demands each county to prepare County plans, indicating the main features of the land use pattern and investment program in the county. County plans are meant to give guidelines to



municipal planning, but they are currently not legally binding. It is also a major problem that the plans are not connected to the investment budgets for transportation.

In 1998, as a follow up of the report, the Government appointed a committee to assess the Planning and Building Act and other acts of significance to planning and land use. The Committee submitted a first report on principles in January 2001. The report will form a basis for a broad, public debate before the Committee continues its work. The report considers how the Planning Act can be adapted to address new challenges and how planning legislation could support a sustainable development of society, i.e. to conserve biodiversity, sustainable urban development and efficient and eco-friendly use of energy. The Committee will finish its work at the end of 2002.

#### 4.2.3 The Norwegian Sustainable Cities Programme

The Sustainable Cities Programme in Norway was initiated by the Ministry of the Environment in 1993 and has been an experimental development project in five urban municipalities (Fredrikstad, Kristiansand, Bergen, Tromsø and Old Oslo, a central district in the Norwegian capital). Extensive work has been carried out during the seven programme years in order to develop methods and models for more sustainable cities. The main idea of the programme has been to view and approach environmental challenges in urban area in a comprehensive manner, where both long-term planning efforts and short-term measures and instruments are utilised at the same time. The programme was finalised in the fall of 2000.

An 8-page brochure presents the main results and the core content of the recommendations from the programme as whole, as well as specific recommendations within the six areas/fields of priority.<sup>4</sup>

It concludes with an illustration of planning principles of more sustainable cities. The figure shows "Main Elements of a Sustainable City", based on the public transport system and other core elements, see box 4.1.

Main recommendations of the Sustainable Cities Programme are:

- A. A comprehensive policy for sustainable urban development in a long-term perspective should be developed

- B. It is necessary to develop a sustainable structure for urban areas as a framework for investments

- C. Development of more sustainable cities requires new form of organisations and cooperation. It is necessary to ensure cooperation between the different bodies and levels of the administration, especially with regard to

- Regional planning of the whole urban conglomeration
- Urban transport where the planning and financing of all transport is considered for all modes as a whole
- Sub-areas which require special consideration like downtown centres and local communities

- D. Public authorities must stimulate environmentally friendly actions and patterns of consumption among the population and businesses



<sup>4</sup> The brochure is published at the home pages of the Ministry of the Environment:  
<http://www.dep.no/md/engelsk/publ/veiledninger/index-b-n-a.html>

## Box 4.1.

### Main elements in a Sustainable City-structure

#### The Norwegian Sustainable Cities Programme



Public transport is the backbone

of the urban structure at regional and local level. Public transport routes run through the city centre, connecting centre, city districts and transport nodes. The public transport system gives structure and direction to urban development. Suburban transport nodes facilitate “park and ride”



A vital city centre

with a concentration of business, dwellings and cultural facilities. The main junction of the public transport system is connected to a network of pedestrian precincts. The historic pattern of streets and city blocks has been preserved and renewed.



Concentrated development

of business, dwellings and public services at the junctions of the public transport network. The junction areas are designed as high quality urban localities, reflecting a balance between renewal and conservation.



Local communities

with concentrated and varied housing green areas, schools, kindergartens, shops and services. Public transport and local centres with everyday services within 500 metres walking distance from dwellings.



A continuous green structure

consisting of natural land and water, recreation areas, parks and farmland. Green corridors and connection link the local communities, with their green areas, to the surrounding countryside.



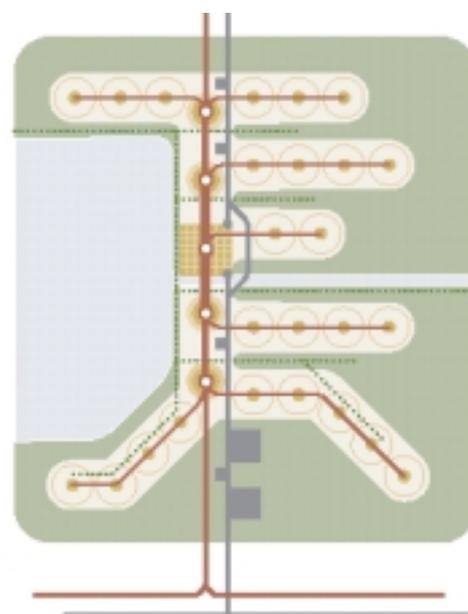
A main network of cycle tracks

makes the bicycle an attractive mode of transport. The tracks can follow the green corridors, but must also provide quick and easy connections between city centres, local urban centres and transport nodes.



Main highways

are routed outside local communities, the city centre and transport nodes, with secondary roads serving the centre and the nodes. Heavily car-dependent business activities with few employees and few visitors are located close to the main highway network.



#### 4.2.4 Instruments for a more efficient land use in built-up areas.

A more efficient land use in built-up areas has for several years been an important issue at the municipal level, and many municipalities have focused on densification in the municipal structure plans. There has been less focus on the implementation of densification strategies. The Government thus launched in 1998 a large cooperation project on the development of instruments to assist efficient implementation of such strategies. Three ministries and six municipalities have been involved. A report was issued in January 2001.

Densification is a complex and multi-faceted task where a high quality result requires a lot from both public and private sector actors. Complex land ownership patterns, conflict of interests, high real estate prices and heavy infrastructure investments renders implementation of densification strategies a highly demanding task. Experience from previous national and international studies, as well as 15 pilot studies, has been investigated as a basis for proposals on various economic, administrative and legal instruments, and identifying necessary external conditions for densification. The investigation indicates that high quality densification can result in a win-win situation with a positive macro-economic result. However, important challenges are related to redistribution of assets, public and private sector organisational issues, valuation and finance. The pilot studies presented in the report and its recommendations will enable municipalities to improve densification practices. In addition the cooperating ministries will consider recommendations on adjusting measures at the national level to facilitate a more efficient land use in built-up areas. Many of the recommendations from this project are taken into account in the general Report of the Government Committee of Planning and Building Act (Jan.2001) and will be assessed by The Committee in their further work.

#### 4.2.5 Regional plans

One of the main challenges within the area of land use and transport planning is the active follow-up of regional plans through investment budgets and co-ordinated action between various sector authorities. A set of National Policy Guidelines for Coordinated Land Use and Transport Planning were adopted in 1993. The purpose of these planning guidelines is to achieve better co-ordination between land use and transport planning both in the municipalities and across municipalities, sectors and different institutio-



nal levels. The guidelines consist of three elements:

- National objectives of importance for land use and transport planning.
- Practical guidelines on how to achieve more integrated land use and transport planning within a long-term sustainable perspective.
- Guidelines for interaction between involved agencies and responsibility for implementation.
- The guidelines are an important tool to limit transport volumes, land use and environmental problems in urban areas, and to increase the use of public transport. The Ministry of the Environment is planning to revise the guidelines and to make them more effective by distinguishing between urban and rural areas and by introducing guidelines and norms for parking capacity and pricing policies.

#### 4.2.6 Temporary ban on new shopping centres outside city centres.

The development of shopping malls along the main road system outside towns and cities is a major obstacle for achieving national objectives related to sustainable urban development. Shopping malls outside urban areas stimulate car transport and weaken existing urban centres. Therefore, the Government in 1999 adopted a temporary ban of the erection of new shopping malls outside city centres. The main purpose is to avoid unnecessary urban sprawl. The ban is active within a period of five years, or until regi-



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onal plans for centre structure and location of shopping facilities are developed and approved, and mechanisms to ensure implementation of these plans are developed.

#### 4.2.7 The Strategic Land use and Transportation Planning Programme (STRAT)

The Ministry of Transport and Communications and the Ministry of the Environment have carried out a joint project aiming at achieving strategic and better integrated land use and transport planning at the regional level. The present organisation of responsibilities between sector authorities tends not to promote co-operation, and the results are often sub-optimal. New models are being worked out and tested. Some of the most important elements in the methodology developed are:

Some counties have already achieved positive results. Experiences gained in the project will form important inputs to future modifications of the planning system.

#### 4.2.8 New organisational models for urban transport

The Ministry of Transport is planning pilot projects in several cities to find better models for organising the transport authorities in urban areas. So far, theoretical models of organisation in different types of urban areas have been developed. In the coming years these models will be tested. The main objectives are to ensure a better coordination of investments and management of road infrastructure and public transport, and to ensure better integration of land use and transport planning in urban areas.

#### 4.2.9 Parking policies

Parking regulations are important measures to reduce

traffic congestion and environmental problems especially in the largest cities. Parking schemes integrated in land use and transport policies have thus been subject to closer consideration in various research projects, investigating principles for optimal supply of parking areas, pricing of parking and taxation of private parking. Active use of The Planning and Building Act can effectively influence the number of parking lots. Traditionally public requirements have been used to secure a minimum of parking capacity for new trade and industry. In a sustainable city it will be necessary to limiting parking in city centres. It will also be essential to establish coordinated parking policies within functional city regions.

Local authorities are facing severe limitations in their work to regulate parking lots as the majority of parking lots in most cities are privately owned, and incorporating private parking lots into restrictive pricing schemes is a challenging task. New ways of developing more comprehensive and consistent parking policies are at the agenda in several cities.

#### 4.2.10 Non-motorised transport

A higher share of non-motorised transport like cycling and walking will improve the urban environment and contribute to a better utilisation of the existing transport system. It will also improve people's health and reduce society's health care costs significantly. Strategic and efficient land use planning is a crucial instrument to promote non-motorised transport. Thus the Ministry of the Environment is planning to take initiatives to strengthening the Government's efforts to encourage a planning practice more favourable to non-motorised transport.

### 4.3 Action Plan on biological diversity

In April 2001 the Government plans to present a white paper on the conservation and sustainable use of biological diversity. The white paper will contain an action plan involving all sectors in society.

One of the important tasks we face is to procure a sound scientific basis for decision-making and generally available information systems that make use of knowledge, data and continuous monitoring to devise coherent, purposeful and effective arrangements for the management of biological diversity. The Government will therefore organise a five-year nationwide programme involving the central and local authorities to provide a better basis for decisions concerning management of biological diversity at local, regional and national levels and in all sectors. Every muni-

cipality will survey the biological diversity and identify and classify its value. According to the plan, each municipality will complete this work by the end of 2003. The results will be used as a basis for municipal land use plans and other management tools, as they become available.

#### 4.4 Energy policy

Report no. 29 (1998-99) on Norwegian Energy Policy was presented to the Parliament on 19 March 1999. The report focuses on the objectives and strategies of Norway's energy policy, the basic framework for a domestic energy policy, and Norway's policy for a shift in energy production and use.

A basis for the Government's energy policy is that environmental objectives will determine the limits of energy consumption, and that active steps must be taken to limit energy use. The Government will meet its obligations under the Convention on Climate Change and the Kyoto Protocol. Growth in production must to a greater extent be based on new, renewable energy sources. The necessary shift in energy production and use must be efficient and take place in a way that has an acceptable impact on public welfare. The objectives are:

- To limit energy use considerably more than would be the case if developments were allowed to continue unchecked.
- To increase annual use of central heating based on new renewable energy sources, heat pumps and waste heat by 4 TWh by the year 2010.
- To construct wind generators with a production capacity of 3 TWh/year by the year 2010

Various policy instruments, including the technical regulations issued pursuant to the Planning and Building Act, can be used to achieve these targets. Stricter regulations may be combined with grant schemes.

It is evident that the energy policy targets represent substantial challenges to the human settlement sector. One of the main challenges is to reduce the use of hydro-electric power for heating purposes, which is the dominant heating form in Norwegian buildings, and increase the use of water-borne heating systems, which would be necessary if the targets on the extended use of new and renewable energy sources are to be feasible.

#### 4.5 Green taxes

The introduction of green taxes is based on the polluter-pays principle and demonstrates how the economy can be made to function in a more environmentally friendly way. This principle means that anyone who puts pressure on the environment, including both the public and the private sector and individual households, must meet the costs of combating the pollution they cause. This includes both the costs of measures taken to prevent the sectors' own emissions and the costs to society of any remaining emissions.

In 1998, the Parliament adopted a proposition on green taxes. A number of specific measures were submitted and were implemented from 1 January 1999. Taxes were imposed on final waste treatment and taxes on CO<sub>2</sub> and SO<sub>2</sub> were extended (see box 4.2). The proposals in the proposition were the first steps in the follow up of the work on a Green Tax Commission, which had examined the possibilities for replacing tax on work by tax on environmentally harmful products and processes.

#### 4.6 Substitution of hazardous substances

The release of hazardous chemicals into the environment from products is a growing problem. The concept of integrated product policy arose in response to this and is being developed internationally in the EU, OECD and other organisations. In Norway, inte-



## BOX 4.2 GREEN TAXES

In April 1998, Proposition no. 54 (1997-98) Green Taxes was submitted to the Storting. The proposition was a follow-up of proposals from a Green Tax Commission and was submitted to the Parliament together with a White paper from the Ministry of the Environment on the follow-up of the Kyoto Protocol. Both the Proposition and the White Paper were adopted on 17 June 1998.

The following changes were adopted:

1. Extension of the CO<sub>2</sub> tax to include the supply fleet in the North Sea, air transport and coastal goods transport with a tax of NOK 100 per ton CO<sub>2</sub>. The processing industry and fisheries were not included in the extension.
2. An introduction of a state tax on final waste treatment was expected to reduce the emission of the green house gas methane from landfills. Waste delivered to landfills or combustion plants was taxed at a rate of NOK 300 per ton. Combustion plants that utilise waste for energy purposes should pay a lower basic tax with a minimum of NOK 75 per ton.
3. Extending the SO<sub>2</sub> tax to include sources that were not taxed. The tax rate for new uses is NOK 3 per kilo. The SO<sub>2</sub> tax on mineral oils is NOK 17 per kg.
4. An extension of the autodiesel tax to include diesel used in buses. To avoid negative effects on public transportation buses were compensated for the tax increases.
5. Exemption from the investment tax for investments in energy production plants based on re-newable energy sources, such as biofuels, windmills, heat pumps, plants for heating from distant supply source, tidal water power plants and micro and mini power plants. The Norwegian investment tax is 7 per cent of investment costs.
6. A subsidy for the production of electricity from windmills, corresponding to half the consumption tax on electricity was also adopted.

The Parliament's resolutions included new and expanded green taxes that are estimated to increase government revenues by NOK 1.4 billion. NOK 0.8 billion was used to reduce personal income tax. All the changes were implemented from 1 January 1999.

As a further follow up of the Green Tax Commission, new taxes and changes in taxes were proposed in the budget for year 2000, including a new tax on health and environmental damaging chemicals, an increased tax on auto diesel and a new sulphur tax on auto diesel, a new energy tax on heating oil, increased taxes on lubricating oil and car wrecks and an increased import tax for combined automobiles. The budget also contained changes in the tax system involving more environmental taxes for beverage packaging, on net tonnage for ships, for pesticides and for the annual weight-based tax on heavy auto-mobiles. The proposals were adopted by the Parliament.

grated product policy was first described as a target in a white paper published in 1997. The policy is based on the principle that products must be designed, manufactured and used in a way that minimises injury to people and environmental damage throughout their life cycles. We must focus not only on environmental problems that arise where products are manufactured, but also on all stages from design and planning to the extraction of raw materials, production, transport and use to waste management and recycling. The greatest challenge in this field is to reduce the content of hazardous chemicals in products. To achieve this, new approaches and new policy instruments must be found in addition to those that already exist. Environmental problems may arise at any stage of a product's life cycle. It is important to deal with these

problems at the point in a product's life cycle where this can be done most efficiently. In general, the Norwegian authorities assign high priority to environmental information and green procurement. The Product Control Act was amended from 1 January 2000, so that all commercial enterprises are now required to apply the substitution principle. This means that they must evaluate whether they can replace any hazardous chemicals that they use with less hazardous alternatives.

The authorities have also drawn up an observation list. This is a list of hazardous substances that users should treat with special caution because current information indicates that they represent special problems in Norway. Their use should be reduced wherever there is a risk of injury to health or environ-

mental damage during use, manufacturing processes, storage or waste management. The list is to serve as a tool for reducing the quantities of hazardous substances in the environment. The list could also be a forceful tool to reduce the use of environmentally harmful building materials.

#### 4.7 Environmental sector plans and environmental monitoring system

The Government aims to clarify every sector's responsibility for achieving environmental policy goals through sectoral environmental action plans based on the principles of management by objectives and cost effectiveness. A national performance monitoring system for implemented environmental measures, environmental impacts, and the state of the environment is being developed. This will provide the necessary basis for being able to control development in a sustainable direction, for instance by making it possible to identify the aggregate environmental impact of the activity within various sectors in an

overall context. Furthermore, it will provide a basis for a goal-oriented and cost-effective environmental policy across sectors, and ensure that environmental concerns are integrated in sectoral policies in line with the principle of sectoral environmental responsibility. The results are published on an annual basis as a white paper to the Parliament entitled "The Government's Environmental Policy and the State of the Environment" (see box 5.2).

#### 4.8 Sectoral environmental action plan on housing and building

In October 2000, the Ministry of Local Government and Regional Development, as a follow up to the White Paper on Habitat II<sup>5</sup> and as part of the national monitoring system, submitted a sectoral environmental action plan on the housing- and building sector. In Norway, 40 per cent of all energy and material resources are used to build and operate buildings.

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<sup>5</sup> Report no. 28(1997-98) Op.cit.

### BOX 4.3 THE NORWEGIAN ENVIRONMENTAL MONITORING SYSTEM

"The Government's environmental policy and the state of the environment in Norway" is a white paper that will be published annually and will contain a systematic report on environmental trends and a presentation of the Government's work in the eight priority areas of environmental policy. These priority areas, see box 4.1, are used to delimit and describe the main thrust of environmental policy.

For each priority area, strategic objectives are drawn up which describe the long-term aims of the Government's environmental policy. More specific national targets are drawn up under each strategic target. Wherever there is a scientific basis for this, they will be verifiable and time limits will be set for their achievement. The national targets will reflect environmental pressures (emissions, land use, etc.) that have an impact on the state of the environment, or indicate the environmental conditions the Government wishes to achieve. The strategic targets provide the basis for sectoral targets.

Each ministry is responsible for drawing up a sectoral environmental action plan, which will cover the sector or sectors for which the ministry in question has administrative responsibility. The action plans will present the environmental problems facing the sectors, sectoral targets, and instruments and targets within the priority areas for environmental policy. These plans will generally be revised every four years. As a general rule, the sectoral targets will specify reductions in environmental pressures and describe measures to be implemented. New policies and the main elements of the environmental action plans will also be presented in the ministries' budget proposals.

The sectoral authorities will report to the environmental authorities each year, describing the overall results for their sectors. Their reports will be an important part of the basis for the white paper on the Government's environmental policy and the state of the environment in Norway.

Trends in the state of the environment, factors that have an impact on the state of the environment and the implementation of environmental measures will be monitored using key figures. Cross-sectoral analyses and the results achieved will provide a basis for adjusting targets and policy instruments. Result monitoring is dependent on satisfactory systems for collecting and analysing data. The most important data sources will be environmental monitoring systems and reports from the various sectors. Environmental statistics from Statistics Norway, calculations and projections will also be used. New ways of reporting to the general public and to other users will be developed. The website "State of the Environment Norway" (<http://www.miljo.no/miljostatus>) will be of central importance here.



In addition, the construction sector generates 40 per cent of the deposited waste. The sector's contribution to environmental challenges is therefore considerable. Relatively small adjustments in practices and consumption patterns in the sector could make a significant contribution to attaining national environmental goals.

The Plan of Action presents the environmental problems facing the sector, sectoral targets in the eight priority areas of Norwegian environmental policy, and an overview of measures that the Government is planning to develop and implement during the period 2001-2004 to meet the environmental challenges in the sector.

To meet the sectoral targets, close cooperation and partnership between all the operators in the sector are needed. The Plan of Action draws up the following as central elements in a common effort to reduce the negative environmental impacts of the sector:

- **Area efficiency should be increased**  
There is a close connection between environmental impact and the use of area. Higher area efficiency will result in reduced use of energy and other resources, less waste and reduced pressure on land use. New construction should be more area efficient and located so as to minimise transport. The existing building stock should be better utilised.
- **Buildings should be more energy efficient**  
CO<sub>2</sub> emissions are closely related to the use of energy. To fulfil the Kyoto commitments, the buildings should be more energy efficient and the

possibilities for using new and renewable energy for heating purposes should be extended.

- **The use of hazardous substances in construction should be avoided**  
Building materials can cause environmental problems when produced, in the phase of construction, under use, and as waste. The harmful effects should be further assessed and the use of hazardous substances should be minimised.
- **Building waste should be reduced, recycling and re-use increased**  
Building waste represent lost resources and opportunities. Recycling and re-use will reduce waste for deposit and the need for new materials. Especially recycling of concrete and bricks has substantial potential and should be increased.
- The amount of waste would decrease also by improving the utilisation of the existing building stock, by using old buildings for new purposes, as an alternative to demolition, and by improving quality of new construction.
- **High quality and good design**  
From a life cycle perspective, good quality is resource efficient. High quality and good design increase the life span of a building, reduce maintenance costs and improve residential conditions. High quality outdoor areas tend to increase awareness of the need for maintenance and also the possibilities for maintaining biological diversity in built up areas.

## BOX 4.4 ECOBUILD

The EcoBuild-programme was initiated by the building, construction and real estate industry in Norway in 1998. The Government supports the programme financially. Over a period of five years the programme budget is in the order of NOK 200 million, half of which will be provided by the industry. The programme forms may be the most important arena in Norway for the exchange of knowledge and information on environmentally sound practices and solutions in construction and management of buildings. The main aim of the programme is to transform the entire industry into a more eco-efficient one. Through the programme, the industry itself has defined ambitious environmental targets:

- To reduce the use of hydro-electric power for heating purposes by 12 TWh.
- To reduce deposited building material waste by 70 per cent.
- Gradually eliminate the use of hazardous substances in construction

### • Environment-friendly management and maintenance

To use and manage buildings in an environment-friendly and resource efficient way is crucial to minimise the environmental impact of the housing and building sector. To increase resource efficiency of buildings, it is important to erect new buildings that are flexible, multi-functional and easy to maintain.

Experience shows that unilateral focus on one environmental aspect in a construction often results in inappropriate environmental consequences. The target is therefore to inspire as many operators as possible in the housing and building sector to seek holistic and integrated solutions where all environmental aspects are considered. Good planning, where the environmental aspects are fully integrated and the precautionary principle is applied, is a prerequisite for this holistic approach.

Most of the relevant eco-friendly choices the many operators in the construction sector should make have economic consequences. However, they do not always influence building costs negatively. An environment-friendly approach could also reduce costs. Still several of these cost-reducing alternatives are not commonly utilised. Major reasons for this are that they are not commonly known and that many actors have been indifferent as to the environmental conse-

quences of their activities. To stimulate awareness and environmental good practices in the housing and building sector, the Government will over the next four years take actions in the following three areas:

### • Dissemination of information

Dissemination of information on eco-friendly solutions and good practices are an important part of the Plan of Action. As a major effort in this connection, the Norwegian Government supports the EcoBuild-programme, an initiative taken by the building, construction and real estate industry with the aim of transforming the entire industry into a more eco-efficient sector (see Box 4.4). The initiative is a good example of partnership cooperation and has been an important reason for the marked increase in environmental awareness among operators in the construction industry in recent years.

### • Loans and grants in the Norwegian State Housing Bank

The Norwegian State Housing Bank is the Government's main administrative housing policy instrument. Traditionally, the social dimensions have been emphasised. But the Housing Bank also stimulates the quality of housing, mainly by granting extra favourable terms to projects with good quality. Since the bank contributes to the financing of some 50 per cent of new dwellings, this has proven to be an effective tool to affect quality aspects of the housing stock. In the years ahead, the environmental dimension of the concept "good quality" will be given more attention. The long-term strategic target is that the environmental impact of every residential building financed by the Housing Bank should be minimised.

### • Building regulations

The Technical Regulations under the Planning and Building Act stipulate requirements for construction works and products for construction works. The National Office of Building Technology and Administration, which is subsumed under the Ministry of Local Government and Regional Development, administer the regulations. The regulations were revised in 1997, and the requirements relating to environment-friendly solutions were sharpened. However, there is still a need for developing methods, tools and standards to provide guidance on how the requirements can be met in practical work. The Plan of Action points out that this development should be intensified. As priority issues, it should include standards and methods for

## BOX 4.5

From the Technical Regulations under the Planning and Building Act:

*"The life of works shall in all phases, i.e. execution, usage and demolition, be managed with a reasonable load on resources and environment, and without worsening the quality of life and living conditions. Materials and products for use in construction works shall be manufactured with justifiable use of energy and with the aim of preventing unnecessary pollution. Construction works shall be so designed and executed that little energy is consumed and little pollution is caused during the life of the works, including demolition."*

assessing environmental consequences of alternative building materials and technical solutions, and also how to meet a desired change from hydroelectric power as the main source of heating to the use of new and renewable energy sources.

### 4.9 Reform on increased quality in construction

Reports from the beginning of the 1990s indicated that 10 per cent of the construction companies' turnover was used to repair errors due to inadequate performance of construction works. It was calculated that the expenses as a result of errors or misconstruction could be summarised to as much as 5 billion NOK per year. Main reasons seemed to be lack of adequate competence and knowledge about the technical demands on construction works in the building code. Especially this seemed to be a problem in the design-process.

While the development of legal measures in the construction sector formerly had focused on simplification of the building application process, focus now changed to how the application process could be utilized to improve and to document the quality of construction works. As a result, the Planning and Building Act was emended in 1997. A new system for liability, qualification and inspection was introduced. Legal responsibility now lies with the party performing the task, including in the planning and designing processes, not necessarily the owner as before. Liability for coping with public requirements on construction works is now a direct matter between the performing companies and the authorities. Construction companies – including designers, constructors and controllers in the building industry, have to document their qualifications to obtain a

public approval. The municipalities issue approvals locally, but increasingly based on a central, non-mandatory register administered by The National Office of Building Technology and Administration. Municipal building inspection is based on internal control systems within the construction firms as part of their quality assurance, rather than inspection on site. Thus the municipal building authorities no longer carry out detailed building inspections, but have a more managing role in the planning and building processes. At the same time, new elements in the application process were introduced mainly to promote a better dialogue between the consultants and contractors involved and the authorities, and to start the dialogue at an early stage in the planning process.

The introduction of the new system for legal regulation of the building permits and construction processes has been debated quite extensively in recent years. Especially small firm owners have questioned the rationale of the new system. Some minor adjustments have been made, and by and large the system now seems to function according to the intentions. Changes in systems and attitudes within the building and construction companies are however estimated to take about a decade before the full effect can be measured.

Norwegian authorities are still working on methods to streamline the application process for building permits. More non-bureaucratic and less time-consuming ways of handling applications in the municipalities are required. The Government has launched a project aiming at establishing an on-line application process whereby developers and the various sector authorities could communicate and make decisions solely by the help of modern communication technology. The intention is to conclude the project by the year 2003.



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## 4.10 Local Agenda 21 <sup>7</sup>

Compared to several other West European countries, Local Agenda 21 processes started quite late in Norway. One of the reasons was that at the end of the 1980s the Ministry of the Environment launched a programme aimed at promoting local environmental development in Norwegian municipalities<sup>8</sup>. Many municipalities started the work on local environmental plans, and it was felt that it was important to complete this programme before starting LA 21 processes on a larger scale. It was therefore not until the programme ended in 1996 that LA 21 processes were put firmly on the agenda in Norway.

Report No. 58 (1996-97) to the Parliament on an environmental policy for sustainable development gave a clear signal that priority was to be given to the Local Agenda 21. In the white paper the government encourages every municipality to draw up its own Local Agenda 21 to make local developments more sustainable, and to integrate LA21 plans into the municipal master plans.

Many NGOs, not at least the Norwegian Association of Local and Regional Authorities (KS)<sup>9</sup>, have played an active part in the awareness-raising process.

The conference "Let's get started"<sup>10</sup> in the town of Fredrikstad in February 1998 was in many ways a starting point. More than 700 representatives of central and local authorities and NGOs attended to make efforts to coordinate all earlier environment and development initiatives under the LA21 umbrella. The aim of the conference was to give the participants information on their own role and opportunities in community actions for LA21.

An important output of the Fredrikstad Conference was the "Fredrikstad Declaration" (see box 4.7) The declaration expresses the idea of Local Agenda 21 in Norwegian terms. Local authorities that endorse the declaration undertake to mobilise their residents, NGOs and the civil society partners to play an active part in LA21 processes, and to establish suitable meeting places and networks. By March 2001 more than half of Norway's 435 municipalities and all 19 counties have endorsed the declaration.

To put the creative hive of local activity on the right

### BOX 4.7 THE FREDRIKSTAD DECLARATION (EXTRACT)

"Our objectives:

- Sustainable development to secure quality of life and a means of existence now and for future generations.
- To ensure that activities in our local communities are environmentally sustainable at both local and global level. We therefore wish to reduce the consumption of resources and environmental pollution.

What we intend to do:

- Mobilise residents, organisations, businesses and employees to play an active part in Local Agenda 21 activities by setting up suitable forums and networks.
- Establish the principle that action for sustainable development is the responsibility of all sectors in society.
- Ensure that a long-term, systematic approach, aiming for continuous improvement, is the hallmark of all sustainable development projects.
- Establish local plans, regional plans and other regulatory and advisory documents as binding commitments and practical instruments for achieving sustainable development.
- Monitor sustainable development projects in local communities, e.g. by employing environmental indicators.
- Work for open dialogue and concerted action between local authorities, regional authorities and central government bodies, to ensure synergy between local, regional and national interests."

track, the Ministry of the Environment and the Norwegian Association of Local and Regional Authorities presented "guideline criteria" to assist local authorities in their work on LA21. These sets of criteria could be grouped under four main themes:

#### 1. A new dialogue

According to Norwegian legislation all citizens have a legal right to participate in planning and decision-making, and to receive information and make their

7 Further information on Local Agenda 21 in Norway could be found at the web sites of the Norwegian Association of Local Authorities (KS); [www.ks.no](http://www.ks.no) and a special web-site [www.agenda21.no](http://www.agenda21.no) (in Norwegian only) published by the Ministry of the Environment, the Norwegian Association of Local and Regional Authorities and NGOs in partnership.

8 Miljøvern i kommunene - MIK

9 Kommunenes Sentralforbund - KS.

10 The Fredrikstad Conference title in Norwegian: "Nå gjør vi det"

opinions known when affected by the authorities' plans. However, LA21 processes challenge traditional working methods and emphasises the need for dialogue. Population groups with widely divergent views must be able to communicate across old dividing lines and given opportunities to exchange experience and to learn from each other, and thereby possibly find better ways of dividing responsibilities in local communities.

## 2. Sustainable economy and resource management

The sustainable local authority must seek to generate maximum life quality for its population at minimum costs in terms of environmental pressure and resource use. This means that the local authorities must develop environmental indicators and introduce management and reporting systems that clearly show whether or not the community is developing in a sustainable manner.

## 3. Coordinated management and result monitoring

LA21 processes concern all local authority activities. A cross-sectoral approach is needed. All actors should feel a sense of ownership for what is being done and have a basic knowledge of the challenges involved. LA21 efforts must be anchored in authoritative political decisions that specify the level of ambition and assign responsibilities for following up decisions.

## 4. Global commitment

Poverty in developing countries and consumption that exceeds the carrying capacity of the environment in industrialised countries are the two greatest threats to sustainable development. LA21s challenge local authorities to take their share of the responsibility for global problems. In a Norwegian context important challenges would be energy use and climate change, land use and biological diversity and the use of hazardous chemicals and substances.

Under each of these headings specific sets of criteria are developed<sup>11</sup>. When using these criteria, core challenges for future work and important items on the Local Agenda 21s is highlighted.

11 The sets of criteria are presented in a leaflet - "Sustainable local authorities. Are we on the right track?" published by the Ministry of the Environment and the Association of Local and Regional Authorities jointly in 1999. A copy in English can be found at [www.ks.no](http://www.ks.no).

12 More about local and regional government in Norway can be found at the web-sites of the Norwegian Association of Local and Regional Authorities (KS): [www.ks.no](http://www.ks.no).

The working methods of LA21 could be seen as an important supplement to the established political system. The current trend towards less political participation that requires long-term engagements, but on the other hand increased ad hoc political activity (see chapter 4.11) indicate that LA21 processes focusing on specific items of importance for the local community should have a potential to mobilise people and groups that otherwise rarely participate in local decision-making processes.

## 4.11 Governance – Local government structure and tasks<sup>12</sup>

### 4.11.1 Local government structure

As of January 2001, Norway is divided into 19 counties and 435 municipalities, including the municipality of Oslo that also exercises county functions within its boundaries. The county and the municipality both have their separate elected councils with a total of approximately 14.000 councillors nationwide.

The county geographically encompasses the municipalities within its borders; in other words, any given territory is legally and administratively part of both a county municipality and a municipality. The counties and especially the municipalities vary considerably with regard to both population and geographic extent. Approximately 250 of the municipalities have less than 5000 inhabitants. The smallest, Utsira, an island on the south-west coast, has only 250 inhabitants. The largest, Oslo, has 510.000. The largest county when it comes to area is smallest in population (Finnmark county, 75.000 people), while the smallest county in area, Oslo, has the largest population.

According to the Local Government Act, all municipalities and county municipalities must have a Council, a Chairman of the Council, (Mayor) and a Head of Administration (Chief Executive Officer.) Beyond these requirements, the Local Government Act does not regulate how municipalities and county municipalities should be organised.

The Council is the supreme body and can specify policies, tasks and investments. The Council is elected for four years. Within certain limits the Council has the right to allocate funds, set property taxes, impose user fees, and exercise authority in form of regulations that are binding on the inhabitants.

The municipality and the county municipalities may establish administrative bodies as they see fit. The chosen administrative structure varies according to local priorities, size and economy.

#### 4.11.2 Main responsibilities of regional and local authorities

There is no general act regulating the division of competence between the state, the county municipality and the municipality. The Parliament and the Government regulate the tasks that are delegated to the various levels. This is partly accomplished through direct regulation by specific laws, and partly by indirect regulation through the management of the basic economic conditions that play a decisive role in determining the tasks that are to be dealt with. The municipalities and county municipalities are negatively limited in their activities, i.e. they may take on any function that the law does not forbid them to carry out, or that has not been specifically delegated to other institutions. At the same time, however, the municipalities are subject to general legislation and the rule of law, unless a special exception has been made.

#### 4.11.3 Local management – political and administrative tools

Both long-term and corporate plans are statutory and represent important management tools for both municipalities and county municipalities. Plans must meet relevant legislation and regulations and take into account the current situation, demographic developments, employment / development in trade and industry, available land and revenues available to the municipality / county municipality. Political bodies, the administration and the general public are responsible for the elaboration of plans. Political bodies define goals, make decisions and undertake the final approval of plans. The administration is responsible for case studies and the elaboration of plans as well as for implementing plans adopted by political bodies. Voluntary organisations, political parties, executive employees, representatives of trade and industry etc. participate in planning processes by way of hearings, meetings, brainstorming sessions and newspaper debates. The planning process therefore constitutes an important factor in maintaining and developing local democracy.

#### 4.11.4 The election process

The Election Act regulates the election process, both at the central, regional and local levels.

Parliamentary, county council and municipal council elections are held every 4 years. Elections to county councils and municipal councils coincide in between 2 general elections. Norwegian citizens who

have reached the age of 18 in an election year are entitled to vote in general and county council elections. Furthermore, inhabitants resident for more than three years in a municipality are entitled to vote in municipal council elections, and are eligible for election to municipal councils.

The Norwegian electoral system is based on proportional representation. In short, this principle implies that seats on municipal councils, county municipal councils and in Parliament are distributed among political parties according to their relative strength.

At local elections, voters have the right to make changes to the lists put forward by political parties. That is, voters have the right to cross out candidates, give additional weight to candidates, and transfer candidates between lists from different political parties.

#### 4.11.5 Finances

In principle, the municipalities and county municipalities have their own financial bases and governing boards, and can act independently in many areas. Central authorities, however, primarily control the economic base.

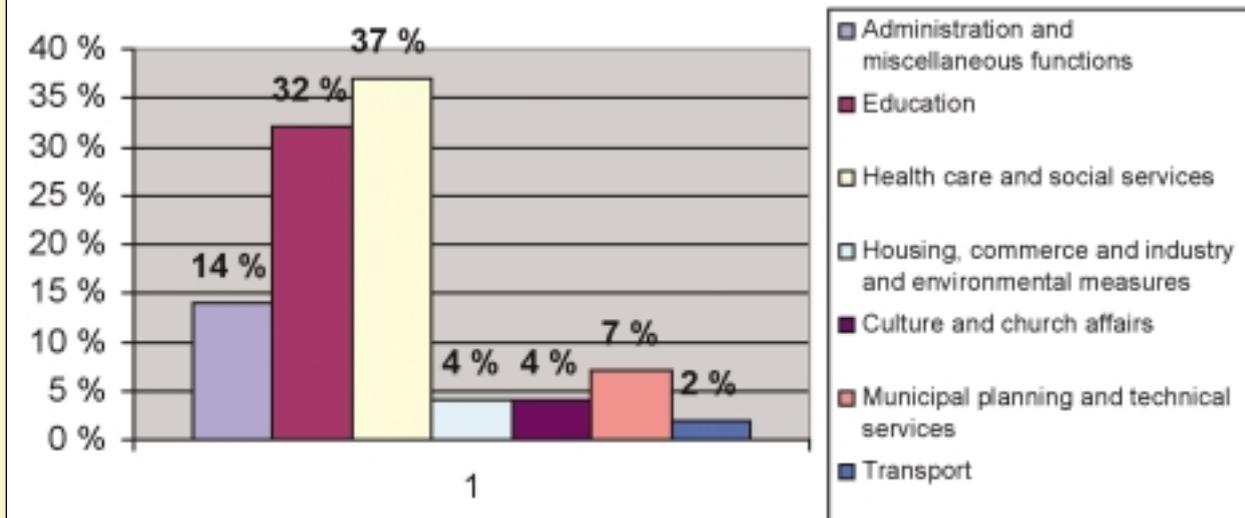
The revenue base consists of several elements. The most important are taxes on savings and income, property taxes, and municipal fees. In addition, local authorities receive transfers from central government, both block grants and earmarked transfers. Approximately 40 per cent of local authority revenues come from transfers from the central authorities, 42 per cent from local taxes.

#### 4.11.6 Main Challenges

A challenge for local government in Norway in the future concerns the funding and management of local service provision. Demographic developments and extensive reforms launched by central government have made it necessary to find new ways of efficiently providing high quality services. This requires new forms of political and administrative leadership in local service provision, including competitive tendering and outsourcing, as well as transitive management tools for making just priorities based on analyses of demand and of the resources available. One important measure in this aspect is to increase the user's involvement both in the preparatory, planning and implementing processes.

During the last ten years, earmarked transfers from central to local government have doubled. In addition,

**Figure 4.1** Operating expenses according to the main chapters of the internal accounts. Municipalities 1998.



there has been an important increase in detailed legislation, regulations and directives from central government. In order to renew local democracy and secure efficiency and quality in the local provision of welfare service, the restoration of local autonomy is indispensable.

The system for local and regional administration in Norway has for some time been debated. In 1998 the Government appointed a committee to evaluate the system. The committee submitted a report two years later. The Government, following up the report, presented in March 2001 a white paper on the distribution of responsibilities between the state, regional and local level<sup>13</sup>. In the white paper, the Government proposes to strengthen municipalities by increasing the general funding at the expense of earmarked funding, and also by assigning new tasks to the local government level i.e. on environmental management and agriculture. According to the proposal, counties will be given wider responsibilities for planning in the transport sector while the responsibility for hospitals will be transferred to the state.

Another challenge to local government is to lay the ground for a renewal of local democracy. During the last 30 years, participation at local elections has

dropped from about 80 to 60 per cent. At general elections, however, participation has remained more stable. This may indicate that voters do not find local elections important or interesting.

The decrease in voting in local elections has been of concern and regarded as a symptom of decreasing confidence in the political and administrative system. These concerns formed a general background for the government to appoint a committee that recently submitted a report on the Norwegian electoral system. The committee, however, with reference to recent research argues that the Norwegian population in general is very satisfied both with the way local democracy functions and with the local welfare services provided. What can be observed, however, is that political participation requiring continuous engagement, for instance in political parties, is decreasing, while a more ad hoc political activity outside the political parties is increasing. Thus, the committee concludes that democracy is functioning well; the political parties on the other hand are struggling.

#### 4.11.7 The role of the municipalities in implementation of housing and human settlements policy.

The organization and implementation of Norwegian housing policy is characterised by a large degree of decentralization.

<sup>13</sup> Report no 31 (2000-2001) Local- and regional government and the state -improving the division of responsibilities.

The Central Government's main responsibilities are to provide relevant legislation in the various fields of housing, building, planning, environmental aspects as well as providing relevant financial resources from public and private institutions.

The Central Government also has the main responsibility for research, education, standardization and general information.

To a large extent the municipalities and the private sector carry through the implementation.

The municipalities are responsible for allocation of land through the land use planning system consisting of the municipal master plan, the more detailed part of municipal plans and the detailed and legally binding local development plans. The local development plans are frequently drafted by the private developers and their consultants, but have to be finally approved by the municipality.

The municipalities are also responsible for providing the main physical infrastructure like roads, water and sewage connections. However, to quite some extent private developers take on the practical responsibility of providing the infrastructure needed for new developments. The financing and cost sharing of such infrastructure are frequently regulated by special agreements between the developer and the municipality.

The municipality also have the sole authority to issue building permits. (See chapter 4.9)

During the years of intensified house building, especially in the seventies, municipalities made comprehensive site and housing construction programmes. Still many of the bigger towns and cities make such programmes in order to try to cope with increasing housing demand. Municipalities are also encouraged by the State Housing Bank to develop action plans for social housing. (See chapter 3.3.4) The municipalities have the main responsibility for different types of social housing issues.

A main task is to provide appropriate housing for elderly and disabled persons. Specially designed housing for these groups is supported by grants and loans from the Government through the State Housing Bank. The municipalities implement a special government action programme supported by considerable

grants for the years 1997-2001. A project on housing for homeless people is also being implemented.

Generally the municipalities have an obligation according to the General Social Services Act to provide shelter for households unable to acquire housing by themselves. (See chapter 3.2.1) Thus the municipalities normally have at their disposal a certain number of houses and flats that can be used for vulnerable households. Normally the municipalities own only a minor part of the local housing stock. The national average is about 4 per cent. As part of the national housing policy, a main strategy is that municipalities should assist also young and vulnerable households to become owner-occupiers by providing reasonable top – loans. The State Housing Bank finances this kind of loans, but the responsibility for granting loans remains with the municipality. This type of loans has been offered since 1971 and has year-by-year supported between 5 - and 10 000 households in their acquisition of a decent dwelling.

The lack of low-cost rental housing for young people has caused much political debate in the recent years and the Government through the State Housing Bank, is providing grants for acquisition of suitable housing. (See chapter 3.3)

Thus the municipalities play a key role in the Norwegian housing finance system by canalising favourable loans and means-tested grants from the State Housing Bank to those inhabitants who need it most.

The high degree of decentralization in Norwegian housing policy is further illustrated by the fact that almost all project planning and construction of new housing as well as ownership of 95 per cent of the stock, is private. In urban areas cooperative and condominium housing is dominant, but most Norwegian households are individual owner-occupiers, often acting as developer of their individual 1-2 units detached house. Rental housing consists to a large extent of letting of 1-2 additional units in detached housing. The housing market both for properties and for rental dwellings is completely deregulated, except for a minor part of rental housing in two cities.



## 5.1 Introduction

The Norwegian Government gives high priority to international development cooperation and budgetary funds have been allocated to a wide range of multilateral and bilateral institutions and programmes. Total allocations are shown in the table below:

For the years 2000 and 2001 there has been a considerable increase which demonstrates that Norway is complying with the UN target of 0.7 per cent of GNP for development cooperation.

There are no official definitions and relevant statistics to determine the amount of resources allocated to human settlements related assistance. From a narrow, housing point of view the volume is small, but with a wider definition including all types of local community services and administration, the volume is substantial. Traditionally, Norwegian development assistance has

prioritised rural development. On the basis of the observation that a growing share of the world's population live in cities, and urban poverty is an escalating problem in many developing countries, the Norwegian Agency for Development Cooperation (NORAD) has initiated a study on these developments and their bearing on Norwegian aid policy. Recently a team of researchers at the Chr. Michelsen Institute completed the study (see chapter 5.3.6).

## 5.2 Multilateral cooperation

The responsibility for multilateral cooperation is under the Ministry of Foreign Affairs and relates mainly to activities of the UN and its agencies and institutions, as well as cooperation with the international and regional development banks.

Table 5.1 Norway's total development budget, in NOK millions and as a percentage of GDP 1997-99

	1997		1998		1999	
	NOK million	%	NOK million	%	NOK million	%
Bilateral aid	4 798.6	51.8	5 226.8	52.2	5 680.3	53.0
Multi-bilateral aid <sup>1</sup>	1 1 316.5	14.2	1 540.9	15.4	1 682.9	15.7
Multilateral aid	2 760.0	29.8	2 801.5	28.0	2 831.6	26.4
Total contributions to multilateral agencies	4 076.5	44.0	4 342.4	43.3	4 514.5	42.1
Administration	386.1	4.2	449.6	4.5	525.7	4.9
Gross development aid	9 261.2	100.0	10 018.8	100.0	10 720.5	100.0
Loan instalments	20.1		45.1		40.4	
Net development aid	9 241.1		9 973.7		10 680.1	
Net aid as percentage of gross domestic product (GDP)	0.86		0.91		0.91	
Net aid to LDCs as percentage of GDP	0.24		0.25		0.22	

<sup>1</sup> Earmarked support for projects and programmes administered by multilateral agencies.

## 5.2.1 UNCHS (HABITAT)

### ***Support to the revitalisation process and Habitat in general***

The UN Commission for Human Settlements and the related UN Centre for Human Settlements in Nairobi are the principal UN institutions for multilateral cooperation in the human settlements field. The Norwegian Government has after the Istanbul Conference (1996) given high priority to the functioning of the Habitat Centre and participated actively in the revitalisation process as a direct response to the recommendations in the report of the Task Force on Environment and Human Settlements, chaired by Dr. Töpfer, in which the then Minister of Environment, Ms. Guro Fjellanger, participated. The revitalisation team did a thorough job in reviewing all aspects of the Centre's work and the report of the group was a valuable contribution to and in some sense a starting point for the revitalisation process.

It has become clear that the Centre needs strengthening if it is to play the intended role as focal point for human settlements issues in the United Nations system, and that this will require additional resources. Against this background, Norway has contributed NOK 5 million to the Human Settlements Foundation in 2001.

### ***Support to the work on gender issues***

Over the past several years, Norway has made financial contributions to the Gender Unit in the Centre as well as to the work carried out by the Women in Human Settlements Programme. This has been followed up by a recent contribution of NOK 1 million to support the work of the Gender Unit at the Habitat centre. This is intended as a "bridging contribution" to facilitate the continuation of the work until the very important task of mainstreaming gender concerns in the organisation itself as well as in the Centre's activities can be financed over the Centre's programme budget.

### ***Support to least developed countries in the HABITAT II + 5 process***

Norway has allocated a total of NOK 1 million to facilitate the participation of least developed countries in the two meetings of the preparatory committee and the special session itself. This is a follow-up of the support Norway provided for the same purpose in the HABITAT II preparatory process and the Istanbul Conference. Norway has informed the Habitat Secretariat that these contributions should be used to facilitate the participation of non-government representatives as well, with special emphasis on

grass root women's organisations. Norway has supported the call, as expressed in several resolutions of the UN General Assembly, for such support, as broad based participation in the preparatory process is vital to the success of the Special Session itself.

## 5.2.2 The Cities Alliance programme

The Cities Alliance is a global coalition of cities and their development partners designed to achieve the promise of well-managed cities. Launched in 1999 by Mr. Jim Wolfensohn, President of the World Bank, and Mr. Klaus Töpfer, Executive Director of UNCHS (Habitat), the Alliance aims to improve the efficiency and impact of urban development cooperation in two key areas:

Linking the process by which local stakeholders define their vision for their city, analyse its economic prospects and establish a city development strategy and priorities for action; and making unprecedented improvements in the living conditions of the urban poor by supporting urban regeneration at citywide and nationwide scales of action.

The Cities Alliance initiative is a good example of a synergetic partnership between the UN, the World Bank and donor countries and has a significant potential for being a forceful tool for combating urban poverty. Norway has therefore joined the initiative and supports the Cities Alliance financially.

## 5.3 Bilateral cooperation

### 5.3.1 General targets

The main purpose of Norwegian development cooperation is to contribute to lasting improvements in economic, social and political conditions for the populations of developing countries, with particular emphasis on ensuring that development aid benefits the poorest.

Poverty reduction is a main priority of Norwegian bilateral development assistance. With the generally strong population growth in developing countries over the last decades, growth in the part of the population living in cities has been very high. Especially the strong growth of poor people living in cities and the deterioration in their living conditions are of increasing international concern. Thus, the living conditions of the urban poor are emerging as an important target for international development cooperation in general and for UNCHS in particular. A substantial share of Norwegian development assistance is related to this area, such as support for improving housing condi-

ons, water and electricity supply, education and social services, mapping, and land registration and land use planning.

From the broad perspective of living conditions and urbanisation, urban governance has emerged as another important priority in international development cooperation. In Norway the Association of Local and Regional Authorities is conducting a programme on municipal democracy and training which can be seen as an interesting example of improving urban governance. The issue of gender and equal access and rights to housing and property is also a top priority of Norwegian development cooperation and relates clearly to the field of human settlements.

### 5.3.2 Environment in Development Cooperation

Environmental and natural resource management is one of the target areas of the Norwegian development policy. Norway will through international development cooperation on the environmental area address global environmental challenges and cooperate in strengthening the capacity of developing countries to cope with national environmental challenges. According to the Strategy for Environment in Development Cooperation of 1997 (Norwegian Ministry of Foreign Affairs: A Strategy for Environment in Development Cooperation. Published in 1997. Oslo) the environmental perspective should be integrated fully in Norwegian development assistance, and support for environmental programme and projects should be maintained.

The strategy defines four priority areas of support:

- Development of sustainable production systems
- Conservation and sustainable use of biological diversity
- Reduced pollution of soil, air and water
- Protection of cultural heritage and management of cultural values of the natural environment

The Norwegian development assistance in the environmental field is channelled through the multilateral organisations, through bilateral cooperation and through Norwegian and international volunteer organisations. Seven Environmental Resource Centres are organised to assist the Ministry of Foreign Affairs and NORAD and will contribute to institutional cooperation with partner countries in the field of environment.

The centres are: the Norwegian Ministry of the Environment, the Norwegian Pollution Control Authority, the Directorate for Nature Management,

the Directorate for Cultural Heritage, the Norwegian Mapping Authority, the Agricultural University of Norway and the Institute of Marine Research. Other institutions that participate in the environmental field relevant for human settlements are the Norwegian Institute for Water Research, the Norwegian Institute for Air Pollution, consultants and environmental processing technology companies.

Norway through its development cooperation programme assist with financing, technology transfer and institutional cooperation to projects and programme in a wide range of partner countries within the following fields:

- Institutional cooperation with Pollution Control Authorities.
- Cooperation and training in the following areas; air pollution control, water pollution control, hazardous waste control, solid waste control.
- Institutional development and cooperation on Cleaner Production and Environmental Management Systems
- Air and water quality management and planning systems. Develop Air and Water Quality Action plans/Environmental Master Plans
- Capacity building – water supply and sanitation
- Design and construction of water treatment plants and sewage treatment plants
- Water supply and drainage projects
- Solid waste management systems
- Cultural heritage projects

### 5.3.3 Advice and training on municipal democracy and administration

Since 1995, the Norwegian Association of Local and Regional Authorities (KS) has had a cooperation agreement with the Norwegian Agency for Development Cooperation (NORAD). The intention of the agreement is to provide technical advice to NORAD, as well as to projects in the south funded by NORAD in the area of democracy and good governance. The projects focus on strengthening local government, but very often the main counterparts are ministries or other agencies at the national level.

The idea behind the work is that an efficient local government will enhance people's participation in the decision-making process. This is of crucial importance to economic and social development - both in rural and urban areas.

A precondition for successful projects will always be the political commitment to democratic decentralisation from central government, like in South Africa

and Vietnam where we have our broadest engagement. Technical support comprises training, advice on structuring the relationship between local and central authorities, as well as exchange of experiences. KS also cooperate on strengthening the capacity of local government associations or similar institutions in Zambia, Tanzania, Sri Lanka and South Africa. This kind of cooperation between KS and similar structures in other countries has proved to be an effective and sustainable way of strengthening local government.

An example of activities completed to date is the South African Core Councillor Training Programme (CCTP). This programme is based on the Norwegian model where experienced local government politicians are trained to train newly elected politicians how to act as a politician, regardless of party affiliation. The South African Local Government Association has been given this responsibility in South Africa in the same way as KS provides this kind of training in Norway.

Continuous efforts to strengthen good governance and local democracy will contribute to the improvement of living conditions. Strengthening the local government capacity seems to be an indisputable part of poverty alleviation.

### 5.3.4 Land registration

Land registration is a basis for access to housing and security of tenure. The issue of access to land and security of tenure is receiving greater attention also in Norway as being vitally important for social and economic development. Norway has increased its support to related projects in developing countries, but particularly to economies in transition, albeit still on a limited scale. Norway is currently providing substantial support to re-establishing the infrastructure for land registration in Kosovo (Kosovo Cadastre Support Programme), and has been providing assistance on a smaller scale to Russia, the Baltic States, and in cooperation with the ECE been involved in assessing land related programme in Armenia and Kyrgistan. NORAD is currently investigating proposals for assistance in this field to Mozambique and Guatemala, and for extended assistance to the Balkans and other transition economies in Europe.

The Norwegian Mapping Authority plays an active role in Norwegian development assistance on cadastre and land administration systems.

### 5.3.5 Cooperative housing projects

The Norwegian Federation of Cooperative Housing (NBBL) has increasingly prioritised development assistance activities in recent years.

NBBL's International Department for Development cooperation was established in 1996, inspired by the Habitat II Conference in Istanbul, where NBBL participated. The Cooperative Housing Development Foundation was set up as early as 1990.

Since 1991, NBBL has been involved in development projects and cooperation. The development projects are financed partly by the Norwegian Agency for Development Cooperation and the Cooperative Housing Development Foundation. NBBL is currently working with projects in South Africa, Zambia and Bosnia, and have previously been cooperating with housing agencies in the Czech Republic and the Slovak Republic.

#### *South Africa*

In 1994 the South African Government asked the Norwegian Government for assistance to introduce the Norwegian model of social housing in South

## BOX 5.1

### The Norwegian Federation of Cooperative Housing Associations

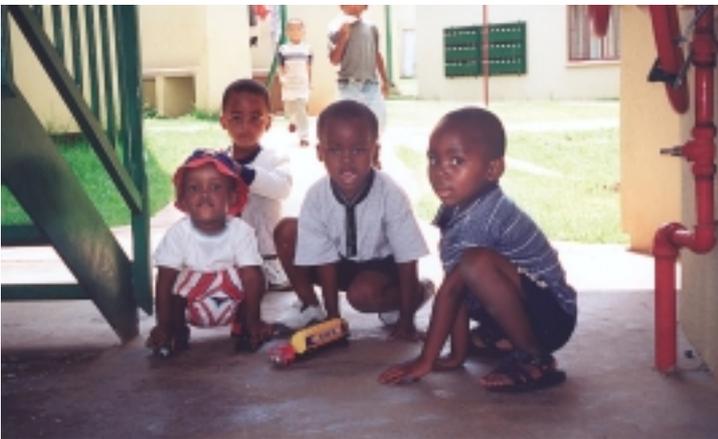
The Norwegian Federation of Cooperative Housing (NBBL) is a nation-wide organisation of 99 of the Cooperative Housing Associations in Norway. The total membership of these associations is more than half a million. With a population of 4 million, this makes NBBL the fourth biggest membership movement in the country. 15 per cent of Norwegian families live in a Housing Cooperative, in urban areas 20 – 25 per cent, and in the bigger cities like Oslo between 30 – 40 per cent.

The 99 Cooperative Housing Associations all over the country are parent organisations for 4000 Housing Cooperatives, with a total of 250 000 units. The Housing Cooperatives, or subsidiaries, are small compared to other European models comprising an average of 50 housing units. Housing cooperatives are directed and managed by the residents through democratic decision-making procedures.

NBBL was founded in 1946, just after the Second World War. At that time, Norway had a sizeable housing backlog. In Norway, there has been close cooperation between the housing cooperative movement and the Government, at both local and central level and the authorities have actively supported cooperative housing in different ways.



*Newtown Housing Cooperative, Johannesburg. Nice and well maintained outdoor areas and happy children give proof of Newtown Housing Cooperative being sustainable.*



Africa. Subsequently NBBL and Cope, a NGO situated in Johannesburg, entered into an agreement on a four-year development cooperation programme (1997 to 2001). The Norwegian Agency for Development Cooperation (NORAD) finances the programme.

The overall objective is to develop a cooperative housing model for low-income households in South Africa. With technical assistance from NBBL, COPE is being transformed into a member-based housing association, establishing housing cooperatives and managing housing units to the benefit of its members. Norwegian support includes a revolving fund for the acquisition of land, bridging finance, etc., and financial support to Cope's administration. Cope's aim is cost recovery of its administration through fees for housing development and property management.

In September 2000, Cope received the award from the Institute for Housing in South Africa as the

### BOX 5.2 COPE, JOHANNESBURG\*

Cope Housing Association is assisting tenants in the inner city of Johannesburg purchasing the premises and forming collective housing companies. Cope also manages refurbishment of the buildings and provides property management services, currently for three apartment blocks (Philani Ma Africa, Everest and Hadar Court) with altogether 124 flats). The cost of purchasing and refurbishment are mainly covered by the Government's institutional subsidy for low-income households.

In addition, Cope is taking on new housing development. The Bertram with 53 flats was completed in 1999, and some very content residents moved in. The Newtown Housing Cooperative, with 351 units was completed in September 2000. In February 2000 the project was officially opened by the Norwegian Prime Minister Kjell Magne Bondevik and the South African Housing Minister Sankie Mtembe-Mahanyele. Several more housing development projects are in the planning process.

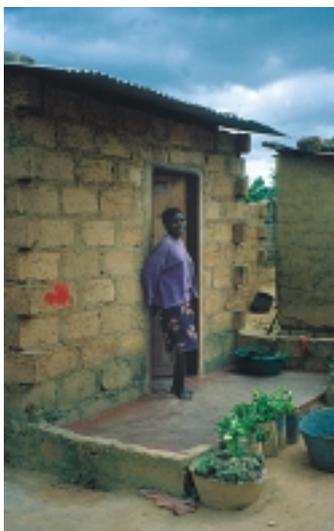
New housing developments is financed by subsidies (30 per cent) and long term mortgage loans from National Housing Finance Corporation.

“Developer of the year” with the following text: “Cope Housing Association has pioneered the concept of cooperative housing provision in South Africa. By doing so its activities have contributed to the significant regeneration of the Johannesburg inner city, thereby strengthening the social fabric and democratising homeownership.”

#### **Zambia**

Since 1990, NBBL has through its Development Foundation assisted community development and upgrading of squatter settlements in Lusaka through the NGO; Human Settlement of Zambia (HUZA), in the area of Bauleni (1991-95), N'gombe (1995-99) and from 2000 to 2002 Chazanga, an area of 34 000 people. Until 1999, Chazanga was up an unrecognised settlement but has now been granted recognition by the authorities.

\* Cope's web-site: <http://www.cope.org.za>



*N'gombe, Lusaka, Zambia. Women are improving their houses (left), making sisal-cement roof-sheets (right) and are running a cooperative fruit-market (above).*

The development of the first settlement, Bauleni, was initiated by Habitat. (Habitat had some demonstration projects of appropriate house-types in the same area). The upgrading of Bauleni was Zambia's Best Practices to Habitat II. Currently NBBL is assisting Chazanga, another informal settlement in Lusaka.

The development components contain improvement of roads and drainage systems, latrines and houses, drilling of bore-holes and installation of manual water pumps, construction of a health clinic, income-generating activities through training and credit, courses on health matters including HIV/AIDS, tree planting, and the establishment of a well functioning residents' development committee and other committees.

### **Bosnia**

Since the war, Norwegian Peoples Aid (NPA) has been involved in urgent repairs of war damaged housing in Sarajevo. After the war, Bosnia decided to privatise the public housing sector. This offers an additional challenge in the reconstruction process. NPA therefore initiated a development co-operation between NBBL and housing institutions in Sarajevo. The objective is to give guidance to the authorities in the privatisation process and at the same time capacitate residents in some pilot areas about responsibilities that are associated with housing privatisation. Through voluntary work the residents have painted their stairways and improved outdoor areas and "Children's Ecological Groups" are taking part in the protection of trees and bushes and keeping outdoor areas free of litter and garbage.

### **Botswana**

Since 1997, OBOS, the Oslo Cooperative Housing and Building Society has participated in a project with the Botswana Housing Corporation to exchange information and enhance competence on restructuring of the BHC.

### 5.3.6 Research, education and training.

Several Norwegian universities and research institutions are engaged in training and research activities.

#### **Chr. Michelsen Institute**

The Bergen-based Chr. Michelsen Institute (CMI) is a social science research foundation working on development and human rights issues, primarily in sub-Saharan Africa, Asia and the Middle East. The CMI engages in both basic and applied research. The latter aims to provide high quality work of relevance for policy-making in international relations. A particular strength is the multi-disciplinary approach adopted to address research questions. The staff complement includes some 40 researchers, covering the core disciplines of economics, political science and social anthropology, supplemented by sociology, geography

and history. The Institute receives a core grant from the Norwegian Ministry of Foreign Affairs. Other funding sources include the Research Council of Norway with regard to basic research. Additionally, the Institute does commissioned research for the ministries of foreign affairs and aid agencies of Norway and the other Nordic countries, for the UN system, the World Bank and various NGOs.<sup>2</sup>

Acknowledging the fact that a growing share of the world's population lives in cities, the CMI has embarked upon a strategic institute programme on urbanisation and development, with special reference to the poverty situation in Africa's urban centres. It has been

estimated that half of Africa's poor will live in urban areas by the year 2010. Thus, there are important reasons why increasing research efforts should be devoted to urban questions:

- Poverty is increasingly becoming urbanised, and urban poverty exhibits special features which need to be better understood;
- The environmental problems of developing countries are increasingly associated with urban agglomerations;
- The proportion of women in migration flows to cities is increasing, and the urbanisation process impacts significantly on the status and roles of women;
  - Urban areas play a critical role in the democratisation process, through political mobilisation as well as local government;
  - There is a historical correlation between urbanisation and economic development, including so-called urban-rural links.

<sup>2</sup> Further information is available on CMI's website: [www.cmi.no](http://www.cmi.no).



Sarajevo, Bosnia

*The residents take responsibility for upgrading and maintenance of communal areas, like children's playgrounds, trees and flowers. The children are organised in environmental groups to keep the areas clean of garbage as well as nursing trees and plants.*



A team of researchers at the CMI has recently completed a study addressing these issues and their bearing on Norwegian aid policy.

***The Norwegian Institute for Urban and Regional Research (NIBR)***

The Norwegian Institute for Urban and Regional Research (NIBR) is a national centre dedicated to applied local and regional research but which also carries out research into areas associated with the management of the environment. In addition, the Institute works internationally in the fields of environment and development.

The environment and development research group in the Institute performs studies of policy and administration in developing countries, especially in South-East Asia (Vietnam) and Africa (Tanzania, Zambia Zimbabwe and Botswana), and Central and East European countries (Russia and the Baltic countries). Key topics include decentralisation, state-society relations, the management of the environment and natural resources, public administration centrally and locally, democratisation and political participa-

tion, and administrative reforms and social change. A large amount of the research consists of qualitative-oriented comparative studies. An important field consists of formative process studies of Norwegian development cooperation projects.

### *Norwegian University of Science and Technology (NTNU)*

Several faculties and departments at NTNU have teaching programmes and research also relating to human settlements (Dept. of Geography, Social Anthropology, Faculty of Civil Engineering etc.) Here we will present some of the activities at the Faculty of Architecture, Planning and Fine Arts. For a long time four of the departments have been involved in teaching and R&D activities related to housing and urban development in countries in the South. The Department of Town- and Regional Planning and the Department of Architectural Design have the bulk of this kind of involvement, but some activity has also been connected to the Department of Building Technology and the Department of History of Architecture. Several courses (every year) in the graduate programme have been undertaken, including field work (mandatory), mainly in Asian localities. Many Dr.ing (PhD) – candidates, from the South as well as Norwegians, have graduated with research topics related to developing countries.

A Master course (MSc) in Urban Ecological Planning was established at NTNU in 1999 with 15 students from 12 different countries. It is a 2-year course at postgraduate level focusing on urban challenges in countries in the South. A third course will commence in September 2001<sup>3</sup>.

At the two departments currently 9 PhD. students from Ethiopia, India, China and Nepal are involved in research topics related to Urban Development and Housing.

R&D tasks are undertaken in different countries. Staff and students have for many years been involved in a housing and urban renewal project supported by NORAD in Xi'an (China), conducted in close contact with a local university. Similar activities are taking place in Nepal, in cooperation with the School of Planning in New Delhi.

A programme – NUFU – to support research and postgraduate training at universities in the South, has been established by the Ministry of Foreign Affairs and is financed by NORAD. Within the framework of this programme, the Faculty has been involved in Kathmandu in partnership with the Faculty of Civil Engineering at NTNU. Also a similar project has been undertaken at Makerere University in Uganda for the last 8 years with the Oslo School of Architecture. Under this programme the SEARCH project (Southern & Eastern Africa Research Cooperation for Habitat Studies) is planned for a five year period, involving collaboration between 5 university Schools of Architecture in Africa and 2 in Norway focusing on challenges in the shelter and human settlements sector covering Master and PhD courses and related regional research<sup>4</sup> Addis Ababa University and NTNU are planning research cooperation on urban issues as well as development of a master-course in Urban Planning at the Faculty of Technology South at AAU supported by NUFU.<sup>5</sup>

NoFUA (Nordic Forum for Development Studies in the Schools of Architecture) - a network in operation since 1983 involving most of the architectural schools in the Nordic countries<sup>6</sup> - arranges yearly conferences and workshops mainly based on presentation of studies and research done by students and staff. The Faculty of Architecture, Planning and Fine Arts at NTNU is actively participating in the NoFUA-network.

3 Info: [hans.c.bjonness@ark.ntnu.no](mailto:hans.c.bjonness@ark.ntnu.no)

4 Info: [svenerik.svendsen@ark.ntnu.no](mailto:svenerik.svendsen@ark.ntnu.no)

5 Info: [bjorn.roe@ark.ntnu.no](mailto:bjorn.roe@ark.ntnu.no)

6 See: [www.infra.kth.se/bba/nofua.htm](http://www.infra.kth.se/bba/nofua.htm)

## Housing grants and housing loans

### *Grants*

Two basic types of housing grants are available - those which reward housing qualities and those which are directed toward disadvantaged people.

### *New construction*

The budget is available for financing the construction of new homes. These funds can also be used to finance homes for those needing special care, nursing homes and buildings used for social activities.

### *Basic construction loans*

A basic loan is normally given for 60-70 % (maximum 80%) of building costs. The remaining costs are financed by the builders/buyers themselves. The Housing Bank has both minimum and maximum standards in terms of size, costs and certain architectural requirements.

The term of the loan is normally 25-30 years and only interest is paid during the first 5 years. A shorter period without payment of principal and repayment over 20 years can also be chosen.

### *Minimum standard*

A housing project must meet certain minimum standards in order to qualify for a loan from the Housing Bank.

The minimum standard is a set of functional requirements which are designed to ensure satisfactory housing quality in terms of environment, design and accessibility. The requirements are relatively specific, but the project is evaluated as a whole, and can receive a loan if a professional evaluation shows that basic functional standards are satisfactory.

### *Loans and grants for housing qualities*

A housing project may qualify for the following supplementary loans and grants in addition to the above mentioned basic loan:

- **Life span dwellings**

Wheelchair users must have functional access to all main living areas - including the kitchen, bathroom, bedroom and hall. The purpose of this supplement is to encourage the construction of homes which, with minor adaptations, can be used at all stages of life - including periods with impaired mobility or when use of a wheelchair is necessary.

- **Health and environment**

A significant increase in asthma and allergies in recent years has awakened awareness of the need for a satisfactory indoor environment in homes. In addition, a reduction of energy consumption is seen as highly desirable.

- **Good housing areas**

The Housing Bank encourages better planning of larger housing projects in terms of architecture, placement of homes on the building site and the creation of communal areas for the benefit of all user groups.

### *Other grants*

- **Urban renewal grants**

These grants are given to projects which are part of municipal urban renewal plans in the larger cities which aim at improving living and housing conditions in deteriorating areas.

Grants can be given to municipalities, municipal foundations, housing cooperatives, joint ownership housing, private builders or individuals for the construction, renewal or management of housing and communal areas.

### *First home loans*

First home loans enable low-income households and those with special needs to establish themselves in a home of a moderate standard.

Loans are given to municipalities for the purchase of rental housing and for loans given in turn to individuals with documented need for an inexpensive loan -

both for purchase of a home and for refinancing more expensive loans from the private sector. Loans can also be given to private and public organisations for the purchase of rental housing. Housing cooperatives can be granted loans to refinance loans in the private credit market.

#### ***Loans for housing for those needing special care***

These loans were established to improve financing for housing for those requiring care, especially in light of the increase in the number of elderly in Norway.

Loans can be given for the construction, purchase or rebuilding of housing adapted for use by those needing special care (nursing services etc.)

#### ***Loans for nursery schools***

These loans can be given to municipalities, individuals and public and private organisations.

#### ***Renovation loans***

These loans facilitate the rehabilitation of existing housing and housing environments.

Loans are given to municipalities for the rehabilitation of public housing and for further distribution to organisations and individuals. They can also be given directly to individuals and organisations.

#### ***Loans for the disadvantaged***

These loans aid households with special housing needs to establishing themselves in an adequate and suitable home.

The applicant must document sufficient means to meet the terms of payment, and loans normally cover no more than 80–85 % of the value of the home.

#### ***Housing grants – social criteria***

Grants from the Norwegian State Housing Bank are also given for the following purposes:

- First home grants
- Renovation grants
- Grants for youth establishing themselves in a first home
- Grants for housing that satisfies special needs
- Grants for reducing radon radiation
- Grants for refugees

#### ***Housing allowances***

Funds for housing allowances are allocated by Parliament each year. Municipalities and the Norwegian State Housing Bank cooperate in the administration of these funds.

Housing allowances enable families with small children, the retired, the disabled and recipients of social security to establish themselves in a adequate home.

Applications are appraised in light of the relationship between the households' income and housing expenses.

Both the household and the home must meet certain requirements.

# ANNEX II NORWEGIAN INSTITUTIONS<sup>1</sup> - ADDRESSES AND WEB-SITES

## English and Norwegian titles

### PUBLIC INSTITUTIONS

ENGLISH NAME	NORWEGIAN NAME	ACRONYM	POSTAL ADDRESS PHONE, FAX	HOMEPAGE <sup>2</sup>	E-MAIL ADDRESS <sup>3</sup>
<b>MINISTRIES AND CENTRAL AUTHORITIES</b>					
Ministry of Finance	Finans-departementet	FD	PO Box 8112 Dep. N-0030 Oslo Tel: +47 22 24 90 90,	<a href="http://www.finans.dep.no/engelsk/index.html">http://www.finans.dep.no/engelsk/index.html</a>	Questions and Comments Form at the homepage
Ministry of Foreign Affairs	Utenriks-departementet	UD	PO Box 8114 Dep, N-0032 Oslo Tel: +47 22 24 90 90	<a href="http://www.dep.no/odin/global/language-no/">http://www.dep.no/odin/global/language-no/</a> *	Questions and Comments Form at the homepage
Ministry of Local Government and Regional development	Kommunal- og regional departementet	KRD	PO box 8112 Dep, N-0032 Oslo Tel: +47 22 24 90 90, fax: +47 22 24 27 36	<a href="http://www.dep.no/odin/global/language-no/">http://www.dep.no/odin/global/language-no/</a> *	Questions and Comments Form at the homepage or by e-mail address: <a href="mailto:postmottak@krd.dep.no">postmottak@krd.dep.no</a>
Ministry of the Environment N-0030 Oslo	Miljøvern-departementet	MD	PO box 8013 Dep Tel: +47 22 24 90 90, fax: + 47 22 24 95 60	<a href="http://www.dep.no/odin/global/language-no/">http://www.dep.no/odin/global/language-no/</a> *	Questions and Comments Form at the homepage or by e-mail address: <a href="mailto:postmottak@md.dep.no">postmottak@md.dep.no</a>
Ministry of Transport and Communication	Samferdsels-departementet	SD	P.o.box 8010 Dep. Tel: + 47 22 24 90 90, N-0030 OSLO	<a href="http://www.dep.no/odin/global/language-no/">http://www.dep.no/odin/global/language-no/</a>	Questions and Comments Form at the homepage or by e-mail address: <a href="mailto:postmottak@sd.dep.no">postmottak@sd.dep.no</a>
Ministry of Health and Social Affairs	Helse- og sosial-departementet	SHD	POBox 8011 Dep, N-0030 Oslo Tel: +47 22 24 90 90 Fax: +47 22 24 95 76	<a href="http://www.dep.no/odin/global/language-no/">http://www.dep.no/odin/global/language-no/</a> *	Questions and Comments Form at the homepage
National Office of Building Technology and Administration	Statens bygnings-tekniske etat	BE	PO Box 8742, Youngstorget N-0028 Oslo Tel +47 22 47 56 00 Fax +47 22 47 56 11	<a href="http://www.be.no">http://www.be.no</a>	<a href="mailto:be@be.no">be@be.no</a>

<sup>1</sup> Institutions mentioned in the report

<sup>2</sup>\* Homepage common for all ministries in Norway is called "Odin" - net-addresses in the table gives you access to the homepage in English and links to all ministries.

<sup>3</sup>\*\* The homepages of the ministries and NORAD contains a Questions and Comments Form where you are invited to send a message, ask a question or voice your comments by e-mail to the selected ministry

ENGLISH NAME	NORWEGIAN NAME	ACRONYM	POSTAL ADDRESS PHONE, FAX	HOMEPAGE <sup>2</sup>	E-MAIL ADDRESS <sup>3</sup>
The Norwegian Agency for Development Cooperation	Direktoratet for utviklings-samarbeid	NORAD	PO Box 8034 Dep. N-0030 Oslo Tel:+47 22 24 20 60 Fax: +47 22 24 20 66	<a href="http://www.norad.no/">http://www.norad.no/</a>	<a href="mailto:informasjonssenteret@norad.no">informasjonssenteret@norad.no</a>
The Norwegian State Housing Bank	Den norske stats husbank/ Husbanken -	-	Box 5130 Majorstua N-0302 Oslo Phone:+47 22 96 16 00 Fax: +47 22 96 17 00	<a href="http://www.husbanken.no">http://www.husbanken.no</a>	<a href="mailto:firmapost.oslo@husbanken.no">firmapost.oslo@husbanken.no</a>
<b>UNIVERSITIES, R&amp;D INSTITUTIONS ETC.</b>					
Chr. Michelsen Institute, Development Studies and Human Rights	Christian Michelsens institutt	CMI	PO. Box 6033 Postterminalen, N-5892 Bergen, Phone:+47 55 57 40 00 Fax: +47 55 57 41 66	<a href="http://www.cmi.no">http://www.cmi.no</a>	<a href="mailto:cmi@cmi.no">cmi@cmi.no</a>
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Norwegian Building Research Institute	Norges bygg-forskningsinstitutt/ Bygg-forsk	NBI	P.O.Box 123 Blindern N-0314 Oslo Tel. +47 22 96 55 55 Fax: +47 22 69 94 38	<a href="http://www.byggforsk.no/english.htm">http://www.byggforsk.no/english.htm</a>	<a href="mailto:firmapost@byggforsk.no">firmapost@byggforsk.no</a>
Norwegian Institute for Urban and Regional Research	Norsk institutt for by og region-forskning	NIBR	PO Box 44 Blindern N-0313 Oslo Phone:+47 22 95 88 00 Fax: +47 22 60 77 74	<a href="http://www.nibr.no/english/">http://www.nibr.no/english/</a>	<a href="mailto:jon.naustdalslid@nibr.no">jon.naustdalslid@nibr.no</a>
Norwegian Mapping Authority	Statens Kartverk	-	Serviceboks 15, N-3504 Hønefoss Tel +47 32 11 81 00 Fax +47 32 11 81 01	<a href="http://www.statkart.no/">http://www.statkart.no/</a>	<a href="mailto:firmapost@statkart.no">firmapost@statkart.no</a>
Norwegian University for Science and Technology, Faculty of Architecture, Planning and Fine Art	Norges teknisk-naturvitenskaplige universitet, Fakultet for arkitektur, plan og billedkunst	NTNU	Alfred Getz vei 3 N-7491 Trondheim Tel: +47 73 59 50 98 Fax: +47 73 59 50 94	<a href="http://www.ntnu.no/arkitekt/eng/">http://www.ntnu.no/arkitekt/eng/</a>	Town and Regional Planning: Prof. Bjørn Røe: <a href="mailto:bjorn.roe@ark.ntnu.no">bjorn.roe@ark.ntnu.no</a> Urban ecological planning: Prof. Hans C. Bjonnes <a href="mailto:Hans.C.Bjonnes@ark.ntnu.no">Hans.C.Bjonnes@ark.ntnu.no</a> Shelter and human settlements: Prof. Sven Erik Svendsen: <a href="mailto:SvenErik.Svendsen@ark.ntnu.no">SvenErik.Svendsen@ark.ntnu.no</a>
<b>NORWEGIAN NGOS<sup>4</sup></b>					
Habitat Norway	Habitat Norge		Rosenkrantzgate 7 0759 Oslo	-	
The Norwegian Federation of Cooperative Housing Associations	Norske Boligbygge-lags Landsforbund	NBBL	P .B. 452 Sentrum, N-0104 Oslo. Tlf.: +47 22 40 38 50 Fax.: +47 22 40 39 20.	<a href="http://boligsamvirket.no/">http://boligsamvirket.no/</a> (In Norwegian only)	International department: <a href="mailto:mso@nbbl.no">mso@nbbl.no</a>
Norwegian Association of Local and Regional Authorities	Kommunenes Sentral-forbund	KS	POBox 1378 Vika, N-0114 Oslo Tel: +47 24 13 26 00	<a href="http://www.ks.no/">http://www.ks.no/</a>	<a href="mailto:web-red@ks.no">web-red@ks.no</a>

<sup>4</sup> NGOs and local government representatives that have participated actively in the Istanbul+5 process.

ENGLISH NAME	NORWEGIAN NAME	ACRONYM	POSTAL ADDRESS PHONE, FAX	HOMEPAGE <sup>2</sup>	E-MAIL ADDRESS <sup>3</sup>
The Norwegian Youth Council	Landsrådet for norske barne- og ungdoms-organisasjoner	LNU	Rolf Hofmosgate 18 N-0655 Oslo Tel.: +47 22 62 60 60 Fax: +47 22 62 60 61	<a href="http://www.lnu.no/html/engpage.html">http://www.lnu.no/html/engpage.html</a>	<a href="mailto:lnu@lnu.no">lnu@lnu.no</a>
Oslo Housing and Savings Association	Oslo Bolig og Sparelag	OBOS	Postboks 6666 St. Olavs plass N-0129 Oslo Tel.: +47 22 86 55 00 Fax: +47 22 20 38 38	<a href="http://www.obos.no/gruppen/index.html">http://www.obos.no/gruppen/index.html</a>	<a href="mailto:obos@obos.no">obos@obos.no</a>
The Municipality of Oslo	Oslo kommune		0037 Oslo Tel.: +47 23 46 16 00	<a href="http://www.oslo.owkommune.no/shPage.asp?page=/English">http://www.oslo.owkommune.no/shPage.asp?page=/English</a>	<a href="mailto:postmottak@oslo.kommune.no">postmottak@oslo.kommune.no</a>

## Publications<sup>5</sup>

ENGLISH	NORWEGIAN	PUBLISHER
<b>REPORTS TO THE STORTING<sup>6</sup></b>		
Report No.29 (1996-97) Regional Planning an Land	St.meld.nr.29 (1996-97) Regional planlegging og arealpolitikk	Ministry of the Environment
Report No 58 (1996-97) Environmental Policy for a Sustainable Development – Joint Efforts for the Future	St.meld.nr.58 (1996-97) Miljøvernpolitikk for en bærekraftig utvikling – Dugnad for framtida	Ministry of the Environment
Report No 29 (1997-98) on Norwegian implementation of the Kyoto Protocol	St.meld.nr.29 (1997-98) Norges oppfølging av Kyotoprotokollen	Ministry of the Environment
Proposition No. 54 (1997-98) Green Taxes	St.prp.nr.54 (1997-98) Grønne skatter	Ministry of Finance
Report No 49 (1997-98) On Access to Housing for Young and Vulnerable Persons.	St.meld.nr.49 (1997-98) Om boligetablering for unge og vanskeligstilte	Ministry of Local Government and Regional Development
Report No 29 (1998-99) On Energy Policy	St.meld.nr.29(1998-99) Om energipolitikken	Ministry of Petroleum and Energy
Report No 50 (1998-99) On the Distribution of Income and living Conditions in Norway	St.meld.nr.50 (1998-99) Utjæmningsmeldinga – Om fordeling av inntekt og levekår i Noreg	Ministry of Health and Social Affairs
Report No 8 (1999-2000) The Government's Environmental Policy and the State of the Environment	St.meld.nr.8 (1999-2000) Regjeringens miljøvernpolitikk og rikets miljøltilstand	Ministry of the Environment
Report No 33 (1999-2001) Additional Report on Report No 8 (1999-2000) The Government's Environmental Policy and the State of the Environment	St.meld.nr.33 (1999-2001) Tilleggsmelding til St.meld. nr. 8 (1999-2000) Regjeringens miljøvernpolitikk og rikets miljøltilstand	Ministry of the Environment
Report No 24 (2000-2001) The Government's Environmental Policy and the state of the Environment	St.meld.nr.24 (2000-2001) Regjeringens miljøvernpolitikk og rikets miljøltilstand	Ministry of the Environment
Report No 31 (2000-2001) Local- and regional government and the state –improving the division of responsibilities.	St.meld.nr.31 (2000-2001) Kommune, fylke, stat - en bedre oppgavefordeling	Ministry of Local Government and Regional Development

<sup>5</sup> Most of the publications listed have been used to prepare this report

<sup>6</sup> Reports to the Parliament (Stortinget) and other publications mentioned in this report – English and Norwegian titles. Extracts of most of the reports are available in English (and full text in Norwegian) at the publishing ministry's web-site.

ENGLISH	NORWEGIAN	PUBLISHER
<b>OTHER PUBLICATIONS</b>		
Plan of Action: The Road towards a Housing Policy of Solidarity	Veien mot en solidarisk boligpolitikk	Ministry of Local Government and Regional Development, H-2000
Sectoral Environmental Action Plan, Ministry of Local Government and Regional Development	Miljøhandlingsplan for Kommunal- og regionaldepartementet	Ministry of Local Government and Regional Development, H- 2000
The Sustainable Cities Programme	Anbefalingene fra Miljøbyprogrammet T-1352	Ministry of the Environment T-1354, 2000
Housing Law in the Nordic Countries	–	Nordic Council of Ministers
<b>USEFUL WEB-SITES IN ENGLISH RELEVANT TO HUMAN SETTLEMENTS ISSUES IN NORWAY</b>		
<a href="http://www.ssb.no/english/subjects/01/">http://www.ssb.no/english/subjects/01/</a> Natural resources and the environment		Statistics Norway
<a href="http://www.ssb.no/english/subjects/02/">http://www.ssb.no/english/subjects/02/</a> Population		Statistics Norway
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<a href="http://www.ssb.no/english/subjects/08/02/30/">http://www.ssb.no/english/subjects/08/02/30/</a> House price indices and construction cost indices		Statistics Norway
<a href="http://www.ks.no/">http://www.ks.no/</a> i.e: Sustainable development publications, Local Agenda 21 in Norway, Local sustainable development and environmental management, Local government structure and tasks, Local democracy and citizens' participation		Norwegian Association of Local and Regional Authorities
<a href="http://www.dep.no/odin/global/language-no/">http://www.dep.no/odin/global/language-no/</a>		Norwegian ministries
<a href="http://62.92.38.7/">http://62.92.38.7/</a> State of the Environment in Norway		Edited by Norwegian Pollution Control Authority
<a href="http://www.be.no">http://www.be.no</a> i.e the Norwegian Building Code and building regulations		National Office of Building Technology and Administration

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