



TENLAW: Tenancy Law and Housing Policy in Multi-level Europe

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Abridged National Report for

NORWAY

Author: Kåre Lilleholt, University of Oslo

TENLaw Project - Tenancy Law and Housing Policy in Multi-level Europe

Country Report Norway

Part 1: Housing Situation and Housing Policies**1 The Current Housing Situation**

1.1 General Features

1.1.1 Historical Evolution of the National Housing Situation and Housing Policy

Single home ownership has been, and still is, important in rural areas of Norway, typically in the form of farmhouses and other detached houses. Tenancies have been common for a long time, particularly in towns. From around 1920, arguably due at least to some degree rent regulation, apartment ownership in the form of housing companies and housing cooperatives was introduced: the property was owned by a limited stock company or by a cooperative and the holding of shares in the company or cooperative entitled the holder to use an apartment in the building.¹ During the period 1945–1985, single home ownership and housing cooperatives predominated, stimulated to a large extent by subsidized loans from the State Housing Bank and active procurement of building sites by municipalities.

After a modest start in the 1960s, condominiums became increasingly popular from around 1975. This may be partly explained by the fact that rental housing and cooperative housing were subject to price regulation. During the period 2000–2010, there was a new boom in housing cooperatives, partly for speculative motives, as dwellings could be made available with complicated and seemingly low-cost financing.² After a number of bankruptcies with subsequent losses to buyers and some legislative adjustment, condominiums seem once again to be the preferred approach for new apartments where single home ownership is not available due to city planning or price constraints.

Immigration has significantly contributed to population growth in Norway. Net immigration was 47,000 in 2011 (the total population being around 5 million). In addition, there were around 70,000 persons employed in Norway on stays of six months or less and thus not registered as immigrants.³ Population growth and net immigration were lower in 2013: 57,800 in total, with immigration surplus accounting for 69%.⁴ So far, however, immigration has not been an important factor in housing policies or in legislation concerning housing.

1.1.2 Current Situation

In 2011, there were about 2.2 million occupied dwellings in Norway. Of these, about 1.4 million were owned individually or jointly with others (the latter category must mostly be

¹ L. GULBRANDSEN, *Fra marked til administrasjon? Boligmarked og boligpolitikk i Oslo i det tjuende århundre* ([Oslo]: INAS, 1980), 176–198 and *passim*.

² See Prop. 115 L (2009–2010) [Proposal to the Parliament], 7–12.

³ Meld. St. 6 (2012–2013) [Report to the Parliament], Ch. 2.1.

⁴ Statistics Norway, ‘Population and population changes, Q4 2013’ <<http://ssb.no/en/befolkning/statistikker/folkendrkv/kvartal/2014-02-20#content>>, published 20 February 2014.

condominiums); about 300,000 dwellings were owned through housing companies or housing cooperatives (thus indirectly owned by the occupiers); and about 500,000 dwellings were rented. Approximately 1.2 million dwellings were situated in detached houses.⁵

1.1.3 Types of Housing Tenure

Private banks (both commercial banks and savings banks) have played an important role in the financing of housing in Norway. Special mortgage banks also played a role throughout most of the twentieth century but have now been almost completely phased out.

The Norwegian State Housing Bank was established in 1946 in order to facilitate the reconstruction of dwellings all over the country after the war. For almost fifty years, the Housing Bank offered loans for the construction of dwellings of relatively high quality, though in the non-luxury strata of the housing market. Today, the Housing Bank is more of an instrument for social housing purposes.⁶

New houses for single ownership and new apartments in condominiums are regularly financed by the buyer taking out a long-term loan. The loan is normally secured with a mortgage on the property (apartments in condominiums are mortgaged individually). In the last four years (2010–2013), following the guidelines of the financial supervisory authorities, banks have generally not offered long-term loans for housing purposes exceeding 85% of the property's estimated value.⁷ In February 2014, the Government suggested that banks offer loans covering up to 90% of the estimated value, in cases where the bank finds this prudent.⁸ Ideally, the remainder should ideally be covered by the buyer's equity capital; often, however, this part of the cost is financed by loans from different sources.

New dwellings in housing cooperatives are financed through long-term mortgage-secured bank loans taken up by the cooperative. Such loans typically cover 50–80% of the cost of the land and construction of the building. The remainder is financed through member contributions (the members being the occupants of the dwellings). In turn, the members' contributions to the cooperative are often financed by bank loans secured by a mortgage on their share. The shares are registered in the Land Registry.

Norwegian legislation on condominiums is based on a unitary model: each owner is a co-owner of the entire property, units (apartments) included, and this co-ownership is combined with a permanent and exclusive right to the use of one the units. There is no association for the management of the property, but detailed rules on owners' meetings, the election of a board, majority decisions, etc. are laid down in legislation.⁹

⁵ Statistics Norway, 'Population and housing census, dwellings, 19 November 2011' <<http://ssb.no/en/befolkning/statistikker/fobbolig/hvert-10-aar>>, published 26 February 2013.

⁶ For a brief history, see A. RUDEN and J. F. NYSTAD, *Husbanken 60 år – et jubileumsskrift* (Oslo: Husbanken, 2006).

⁷ Meld. St. 1 (2013–14) [Report to the Parliament], Ch. 3.5.2.

⁸ Press release 6 February 2014 <<http://www.regjeringen.no/nb/dep/fin/pressemeldinger/2014/brev-til-finanstilsynet-om-retningslinje.html?id=750464>>.

⁹ Condominium Act [*lov 31/1997 om eierseksjoner*]. See for a presentation in English, K. LILLEHOLT, 'Apartment ownership law – European Model Rules?', in *Skrifter till Anders Victorins minne*, eds. R. Eklund et al. (Iustus Förlag: Uppsala 2009) pp 345–356, 348–349.

Housing cooperatives are societies which own the property (ground and buildings). Each housing cooperative member has a permanent and exclusive right to use of one of the units. This is a form of indirect ownership, as the members are the owners of the property through the cooperative.¹⁰

Housing companies (limited stock companies with the same purpose as housing cooperatives) may no longer be established, but several companies established at an earlier date (mostly before 1960) still exist.

Renting with a public task is not a separate category in legislation, though the Landlord and Tenant Act contains some special rules on tenancies for certain groups (people with special needs, students).¹¹ Some of the larger municipalities own quite a number of rental dwellings. The municipality of Oslo owns more than 10,000 dwellings, housing more than 25,000 people.¹²

The Norwegian State Housing Bank has in some cases offered loans for rental housing, but this remains a rather marginal phenomenon. This aside, there are no particular financing schemes for rental housing. The number of new rental buildings is rather low.

Some figures from the Population and Housing Census 2011:¹³

Dwellings in single ownership and condominiums	62.8 %
Dwellings in housing cooperatives and housing companies	14.4 %
Rental dwellings	22.8 %
Single family house (detached house)	52.9 %
House with two dwellings	9.2 %
Row house etc.	11.8 %
Multi-dwelling house (high-rise)	22.7 %
Other	3.4 %
Constructed earlier than 1921	10.0 %

¹⁰ Housing Cooperatives Act [*lov 39/2003 om burettslag*]. See for a presentation in English, K. LILLEHOLT, 'Apartment ownership law – European Model Rules?', 350–351.

¹¹ Landlord and Tenant Act [*lov 17/1999 om husleieavtaler*] Ch. 11.

¹² Information on website updated 31 January 2013
<http://www.boligbygg.oslo.kommune.no/om_oss/article246184-682.html>.

¹³ Statistics Norway, 'Population and housing census 2011, main figures', <<http://ssb.no/en/befolkning/statistikker/fobhoved>>, published 21 June 2012.

1921–1945	6.8 %
1946–1960	13.5 %
1961–1970	12.0 %
1971–1980	15.8 %
1981–1990	13.7 %
1991–2001	10.6 %
2002–2012	11.7 %
Unknown	6.0 %
1–2 rooms	17.4 %
3 rooms	20.1 %
4 rooms	23.3 %
5 rooms	17.0 %
6 rooms	9.4 %
7 rooms	4.5 %
8 rooms or more	3.3 %
Unknown	4.9 %
Utility floor space per occupant, below 20 Sq m	3.5 %
20–29 Sq m	8.7 %
30–39 Sq m	12.8 %
40–59 Sq m	24.2 %
60–79 Sq m	18.1 %
80–89 Sq m	11.1 %
100 Sq m or more	18.5 %
Unknown	3.1 %

Ownership (numbers for 2013)¹⁴

Private persons	75.4 %
Private enterprises	6.6 %
Housing cooperative or house building cooperative	14.5 %
Municipality	3.0 %
County	0.1 %
State	0.4 %

1.1.4 Other General Aspects of the Current National Housing Situation

House building cooperatives (not to be confused with housing cooperatives) have established a special interest organization (the Cooperative Housing Federation of Norway (NBBL)). House building cooperatives are traditionally active in the building and management of condominiums and housing cooperatives.¹⁵

There are a few tenants' organizations, all relatively small. The most important is Leieboerforeningen, with offices in Oslo but members from all over the country. It has about 4,000 members.¹⁶

No reliable statistics are available on the number of vacant dwellings.

The housing 'black' market disappeared with rent regulation (downscaled over the period 2000–2010).

Summary Table 1 Tenure Structure in Norway, most recent year (2011)

Home ownership	Renting			Interme- diate tenure	Other	Total
1,384,741	502,683	Renting with a public task, if distinguished	Renting without a public task, if distinguished	316,767		2,205,191
62.8 %	22.8 %			14.4 %		100%

¹⁴ Statistics Norway, 'Dwellings, 1 January 2013', <<http://ssb.no/en/bygg-bolig-og-eiendom/statistikker/boligstat/aar/2013-07-12#content>>, published 12 July 2013.

¹⁵ More information on the organization's website, <<http://www.nbbl.no/about-nbbl>>.

¹⁶ See <www.leieboerforeningen.no>.

1.2 Economic Factors

1.2.1 Situation of the Housing Market

The situation of the housing market is a contentious issue in Norway. Some argue that housing supply is insufficient in urban areas, while others fear that there is a ‘housing bubble’ in many parts of the country today. House prices have risen constantly since 1993, with a minor decrease in 2008. The overall index of house prices in Norway starting with 2005=100, rose to 170.7 in Q2 2013, with a small decrease in Q3 and Q4 2013, followed by another rise in Q1 2014.¹⁷ The economic crisis in 2007–2008 had only a modest effect on the Norwegian economy, including the housing market.

The number of households has increased more than the number of dwellings in recent years. In 2013, population growth was 1.3%. Almost three quarters of this growth can be explained by net immigration.¹⁸ Population growth is expected to continue.¹⁹

The relative share of rental dwellings (in relation to the total number of dwellings) has remained quite stable for many years.

There are probably no reliable statistics available regarding the share of immigrants in rental dwellings. One would expect to find relatively higher numbers of immigrants in rental dwellings, both because immigrants have generally had less time to enter a housing ‘career’, and because more members of this group have problems with education, employment, and household economy. On the other hand, there is no doubt that many immigrants live in directly and indirectly owned dwellings.

Labour immigrants, often on a short-term stay in Norway, face particular problems in the housing market, but precise information on how they fare is hard to come by.²⁰

1.2.2 Issues of Price and Affordability

Statistical information on the ‘rent-income ratio’ is probably not available for Norway and would not be particularly informative if it existed. Rental costs vary significantly from one place to another. Further, rental dwellings make up a rather small part of the housing market. For most people, other types of housing costs are more important.

A study from 2010 shows that about 25% of households have ‘high’ housing costs, defined as 25% or more of disposable income. In this study, ‘housing costs’ included the total of rental costs and loan interest and amortization counted.²¹

¹⁷ Statistics Norway, ‘House price index, Q1 2014’, <<http://www.ssb.no/en/priser-og-prisindekser/statistikker/bpi>>, published 11 April 2014.

¹⁸ See note 4; see also, Meld. 17 (2012–2013), Ch. 2.4.

¹⁹ Statistics Norway, ‘Population projections 2012–2100’, <<https://www.ssb.no/en/befolkning/statistikker/folkfram>>, published 20 June 2012.

²⁰ H. C. SANDLIE and M. L. SEEBERG, *Fremtidens leiemarked i et internasjonalt arbeidsmarked. NOVA Notat 1/2013* (Oslo: Norsk institutt for forskning om oppvekst, velferd og aldring, 2013).

²¹ T. M. NORMANN, ‘Utgifter til bolig i Norge og Europa. Inntekter og boligutgifter vokser raskt’, *Samfunnsspeilet* 13 (2010), <http://ssb.no/inntekt-og-forbruk/artikler-og-publikasjoner/inntekter-og-boligutgifter-vokser-i-takt--31134>.

Home ownership has been strongly encouraged by different governments for several decades. Ownership is subsidized by the tax system (compared to renting) and ownership is regarded as an attractive form of saving.

The crisis in 2007–2008 had only modest effects on the Norwegian economy.

1.2.3 Tenancy Contracts and Investment

Few dwellings are built for rental purposes nowadays. This is indicated by the fact that 48% of all rented dwellings in 2011 were to be found in detached houses or houses with two dwellings, while only 11.5% in multi-dwelling buildings.²² Even in multi-dwelling buildings, rental dwellings are most likely condominium units owned by non-professional landlords.

Real Investments Trusts (or comparable phenomena) seem not to be common in Norway.

Securitization of rent would in principle be allowed, but such practice seems quite unusual.

1.2.4 Other Economic Factors

Normally, the landlord (the owner) takes out insurance for the building and the tenant for the furniture.

Estate agents have for a long time played a very important role in transactions for owner dwellings. In recent years, estate agents increasingly have offered their services to non-professional landlords, in contracting for new tenancies or managing of tenancies on behalf of the landlord (collecting rent, etc.) or both.

Norway has no notary system and the estate agent usually takes care of at least some of the services offered by notaries in other countries.

Total transaction costs in the sale of an owner dwelling typically represent about 5% of the price: half of this is a transaction tax (stamp duty) and the other half fees for the estate agent.

1.2.5 Effects of the Current Crisis

Rules concerning equity requirements for banks became slightly more restrictive in 2011, with the result that banks will usually not give long-term loans for housing purposes which exceed 85% of the property's estimated value. As already indicated, however, the Government suggest early in 2014 that adopting a more lenient stance would be prudent.²³ The 2011 restrictions were partly a reaction to the steep rise in housing prices and the fear of over-indebtedness, but they can hardly be regarded as an effect of the crisis.

Default on mortgage loans generally results in a forced sale under Norwegian law. Statistical information indicates that the number of forced sales has not increased during the period

²² Statistics Norway, 'Population and housing census, dwellings, 19 November 2011', <<https://www.ssb.no/en/befolkning/statistikker/fobboldig/hvert-10-aar/2013-02-26#content>>, published 26 February 2013.

²³ See note 8.

2011–2014 and there has been only a small increase since 2006.²⁴ This seems reasonable, as house prices and household income have increased for several years.

Since the crisis has not had a significant impact on Norwegian economy significantly, it has not resulted in new legislation.

Summary Table 2

	Landlord	Tenant
Crisis effects	No crisis effect	
Return on investment	Investment in rental dwellings not deemed attractive	
Affordability		Housing costs are high but not exceptionally high from a European perspective
Local differences (in need, RoI and affordability)	-	-
Insurance	Landlords insure the building	Tenants insure their furniture

1.3 Urban and Social Aspects of the Housing Situation

1.3.1 Urban Aspects

There seem to be no reliable statistics concerning the distribution of housing types at the city level. It is common knowledge that rental dwellings are more frequent in larger cities and particularly so in the city centre.

Income distribution has however been mapped in Oslo for example.²⁵ And to a certain degree, patterns of income distribution will coincide with distribution of types of housing; there are more tenancies and housing cooperatives in areas of the city with lower income levels. But there are several nuances here. Dwellings in city centres (typically in condominiums) have become increasingly popular and, hence, expensive.

Squatting occurs, but remains negligible.

²⁴ Statistics Norway, 'Transfer of properties, Q1 2014', <<https://www.ssb.no/en/bygg-bolig-og-eiendom/statistikker/eiendomsoms>>, published 29 April 2014.

²⁵ See Oslo kommune, 'Inntektsstatistikk for Oslo 2012', <<http://www.utviklings-og-kompetanseeaten.oslo.kommune.no/oslostatistikken/inntekt/>>, updated 23 April 2004.

1.3.2 Social Aspects

Public opinion is that home ownership should be preferred for economic reasons. This view is also held by the authorities.²⁶ Home ownership is – as already indicated – encouraged and even subsidized by taxation.

There are rather few long-term rental contracts for dwellings. Most rental contracts are for three years.

Summary Table 3

	Home ownership	Renting with a public task	Renting without a public task	Etc.
Dominant public opinion	Attractive	Not relevant	Mostly regarded as an interim solution	
Tenant opinion	Attractive	Not relevant	Mostly regarded as an interim solution	
Contribution to gentrification?	-	-	-	
Contribution to ghettoization?	-	-	-	
Squatting?	Marginal phenomenon	Marginal phenomenon	Marginal phenomenon	

2 Housing Policies and Related Policies

2.1 Introduction

Housing policy occupies a less important place in welfare discussions than it used to some decades ago.

There is no explicit legal right to housing. Such rights follow more indirectly from human rights instruments which have status as Norwegian law.²⁷

²⁶ See, for example, Meld. St. 17 (2012–13) Ch. 5.

²⁷ K. LILLEHOLT, 'The Right to Housing and its Impact on Contract Law', in *Velferd og rettferd. Festskrift til Asbjørn Kjønstad 70 år*, eds. K. Ketscher et al. (Gyldendal Juridisk: Oslo 2013) pp 363–373.

2.2 Policies and Actors

2.2.1 Governmental Actors

The Ministry of Local Government and Modernization is in charge of housing policy and housing matters. Municipalities are primarily responsible for implementing the policies.

2.2.2 Housing Policies

Home ownership is encouraged by the Government, as already explained.

Measures against vacant dwellings were abolished decades ago.

Housing policies aimed at immigrants and asylum seekers do exist to some extent.

2.2.3 Urban Policies

Ghettoization is to a certain degree prevented by the fact that municipalities buy apartments in condominiums and housing cooperatives for rental purposes.

There are a certain number of regulations designed to avoid permanent dwellings being bought for leisure purposes in specific areas.

2.2.4 Energy Policy

The construction industry has for some years argued that housing is becoming more expensive due to energy requirements.

Summary Table 4

	National level	2 nd level (e.g. federal or provincial)	3 rd level	Etc.	Lowest level (e.g. municipality)
Policy aims 1) 2) Etc.	Government	not relevant			implementation
Laws 1) 2) Etc.	Government (and Parliament)				

Instruments	Government, ministry				
1)					
2)					
Etc.					

2.3 Subsidization

Housing is subsidized indirectly through taxation.

Summary Table 5

Subsidization of landlord	Tenure type 1	Tenure type 2, etc.
Subsidy before start of contract (e.g. savings scheme)	Not relevant	-
Subsidy at start of contract (e.g. grant)	-	-
Subsidy during tenancy (e.g. lower-than market interest rate for investment loan, subsidized loan guarantee)	-	-

Summary Table 6

Subsidization of tenant	Tenure type 1	Tenure type 2, etc.
Subsidy before start of contract (e.g. voucher allocated before find a rental dwelling)	-	-
Subsidy at start of contract (e.g. subsidy to move)	-	-
Subsidy during tenancy (in e.g. housing allowances, rent regulation)	-	-

Summary Table 7

Subsidization of owner-occupier	Tenure type 1	Tenure type 2
Subsidy before start of contract (e.g. savings scheme)	-	-
Subsidy at start of contract (e.g. grant)	-	-
Subsidy during tenancy (e.g. lower-than market interest rate for investment loan, subsidized loan guarantee, housing allowances)	-	-

2.4 Taxation

Home owners pay property tax, real property tax (in some municipalities), and capital gains tax (to a certain degree), but no capital income tax.²⁸

Tenants do not pay taxes on rental property.

The fact that there is no capital income tax on owner dwellings (as long as the dwelling is used by the owner) represents an important subsidy. Property taxes on dwellings are based on a relatively low property valuation. The capital gains taxation in case of a sale is easy to avoid (living in the dwelling for one year suffices). Interest paid on loans – for residential or other purposes – may be deducted from income, resulting in a tax reduction of 28% of the amount paid.

The tax system makes home ownership attractive and rental housing comparatively less so.

Tax evasion related to housing can hardly be considered a major problem in the present system.

Summary Table 8

	Home-owner	Landlord of tenure type 1	Tenant of tenure type 1	Landlord of tenure type 2	Tenant of tenure type 2

²⁸ See for an overview, Meld. St. 17 (2012–2013) Ch. 2.3.

Taxation at point of acquisition	stamp duty	-	stamp duty	-	-	-
Taxation during tenancy	property tax real property tax	based on low valuation	capital income tax	-	-	-
Taxation at the end of tenancy	mild capital gains tax		capital gains tax	-	-	-

3 Regulatory Types of Rental and Intermediate Tenures²⁹

3.1 Classification of Different Types of Regulatory Tenure

There is in principle only one type of tenure in the rental sector. For dwellings rented for special purposes (people with special needs, students etc.) some derogating clauses are allowed.³⁰

3.2 Regulatory Types of Tenure Without a Public Task

There is no distinction made as between tenancies with a public task and other residential tenancies. Nor are there other types of tenures with a public task.

3.3 Regulatory Types of Tenure with a Public Task

See under 3.2.

Rental housing without a public task (market rental housing for which the ability to pay determines whether the tenant will rent the dwelling); for example different intertemporal schemes of different landlord types with different tenancy rights and duties	Main characteristics <ul style="list-style-type: none"> • Types of landlords • Public task • Estimated size of market share within rental market • Etc.
1) Private rental tenancy a 2) Private rental tenancy b 3) Private rental tenancy c 4) Etc.	
Rental housing for which a public task has	

²⁹ i.e. all types of tenure apart from full and unconditional ownership.

³⁰ Landlord and Tenant Act Ch. 11.

been defined (Housing for which government has defined a task; often non-profit or social housing that is allocated according to need, but not always)	
5) Municipal tenancy 6) Housing association tenancy 7) Social tenancy 8) Etc.	

Part 2: Tenancy Law

1 Origins and Development of Tenancy Law

Tenancies have of course existed for as long as sources of history can be traced. Up until the twentieth century, legislative measures concerning tenancies were only few and far between, with little impact in practice. A tenancy was regarded as a contract but there were also provisions concerning the protection of the tenant's rights against a new owner of the property ('Kauf bricht nicht Miete').³¹

More comprehensive legislative measures were adopted during the period 1914–1918 as a result of the general economic hardship caused by the war. Caps on rent were introduced, leading to subsequent rules on protection of possession, prohibiting termination of the tenancy without good reason.

Permanent legislation on tenancies, both for residential and business purposes, was introduced in 1939 (Landlord and Tenant Act 1939).³² This act contained general provisions on the contractual obligations of the parties as well as rules protecting tenants. In addition, rent was capped in several cities, from 1939 onwards, following the outbreak of the war. The last remnants of the capped rent regulation were abolished as of 1 January 2010. In the meantime, the Landlord and Tenant Act 1939 was replaced by the Landlord and Tenant Act 1999.³³ The latter deals mainly with the general contractual relationship, but there are still rules protecting tenants against unreasonable termination of the contract and other rules protecting tenants of residential dwellings in particular.

The early regulation of tenancies, in 1914–1918, was obviously a response to the need to protect tenants in a difficult situation. The social protection aim has continued to motivate tenancy regulation even later on. Present legislation is, however, mainly of a general contractual character, where the purpose is to balance the obligations of the landlord and the tenant.

³¹ For a brief introduction see K. LILLEHOLT, *Personskifte i husleigeforhold* (Oslo: Universitetsforlaget, 1986), 3–7.

³² Lov 16. juni 1939 nr. 6 om husleie (Landlord and Tenant Act 1939).

³³ Lov 17/1999 om husleieavtaler (Landlord and Tenant Act 1999).

2 Tenancy Regulation and its Context

2.1 General Introduction

Legislation on tenancies is now concentrated in the Landlord and Tenant Act 1999.³⁴ The earlier special legislation on rent has been abolished. Rules on the habitability of rooms and houses are to be found in the Planning and Building Act (with administrative regulations); these rules do not deal with tenancies in particular.³⁵

The Landlord and Tenant Act covers both business tenancies and residential tenancies. Some rules, for example concerning protection against unreasonable termination, are mandatory for both groups of tenancies. Several other provisions may not be derogated from to the detriment of a tenant in a residential tenancy.³⁶

The landlord's termination of the tenancy by notice may be set aside by the court if termination has unreasonable effects.³⁷ The importance of this rule is, however, limited, as most contracts are concluded for a definite period. On the expiry of the definite period, there is no protection against termination. For residential dwellings, there is a minimum contract period of three years.³⁸

For residential tenancies, there are certain limitations on increasing rent.³⁹ A yearly adjustment based on the rise or fall of the retail price index may be agreed upon. This aside, only an adjustment to the 'prevalent' rent level every third year is allowed. This rule, too, is of limited practical importance, as most leases expire after three years and rent is then renegotiated under a new contract.

Under Norwegian law, there is no sharp distinction between property rights and obligatory rights. The tenant's right is to a certain extent protected by legislation against competing rights in the property and protection may be expanded by registration in the Land Registry.⁴⁰

Real estate agents have for some years now shown a new interest in the rental market, mostly by managing tenancies for non-professional landlords.

2.2 The Preparation and Negotiation of Tenancy Contracts

	Main characteristic(s) of tenancy type 1	Main characteristic(s) of tenancy type 2, etc.	Ranking from strongest to weakest regulation, if there is more than one tenancy type

³⁴ See for general legal literature on tenancies, C. F. WYLLER, *Boligrett* (Stavanger: C.F. Wyller, 2009); L. A. PARELIUS and S. BRAGDØ-ELLENES, *Husleieavtaler* (Bergen: Fagbokforlaget, 2010).

³⁵ *Lov 71/2008 om planlegging og byggesaksbehandling* (Planning and Building Act).

³⁶ Landlord and Tenant Act Section 1-2.

³⁷ Landlord and Tenant Act Section 9-8.

³⁸ Landlord and Tenant Act Section 9-3.

³⁹ Landlord and Tenant Act Ch. 4.

⁴⁰ *Lov 7. juni 1935 nr. 2 om tinglysing* (Land Registry Act) Section 22 No. 3.

Choice of tenant			
Ancillary duties			

There are no situations in which the landlord is obliged to enter into a rental contract. The parties find each other mostly through advertisements, in particular through web services, or through real estate agencies specialising in rental dwellings.

Rules on unlawful discrimination, on the grounds of sex, race, nationality, etc., also apply to rental contracts.⁴¹ Unlawful discrimination may result in civil liability and in some cases even penal liability.

The extent to which the financial status of potential tenants is checked probably varies a lot. Checking such information through credit information agencies is quite easy and inexpensive (the tenant will receive a copy from the agency). Other forms of checks are uncommon, or at least are rarely heard of. Compilation of information on is regulated under the Personal Data Act.⁴²

General requirements of 'loyalty' in contractual relationships also apply to tenancy contracts.

2.3 Conclusion of Tenancy Contracts

	Main characteristic(s) of tenancy type 1	Main characteristic(s) of tenancy type 2, etc.	Ranking from strongest to weakest regulation, if there is more than one tenancy type
Requirements for valid conclusion	contract in writing may be claimed	-	-
Regulations limiting freedom of contract	mandatory rules on terms	-	-

General rules on the conclusion of contracts apply to tenancies. Oral contracts are binding but each party may require that the terms of the contract be written down.⁴³ Some of the rules on the content of the contract cannot validly be derogated from to the detriment of the tenant.⁴⁴ A term requiring the tenant to lend money to the landlord is not binding (the law thus excludes an earlier practice that was held unfortunate).⁴⁵

⁴¹ Landlord and Tenant Act Section 1-8.

⁴² *Lov 31/2000 om behandling av personopplysninger* (Personal Data Act).

⁴³ Landlord and Tenant Act Section 1-4.

⁴⁴ Landlord and Tenant Act Section 1-2.

⁴⁵ Landlord and Tenant Act Section 3-7.

Real estate agents' fees are not regulated. Examples from advertisements on the Internet indicate that the landlord must pay approximately one month's rent to establish the tenancy and about 10% of the rent as a management fee.

2.4 Contents of Tenancy Contracts

	Main characteristic(s) of tenancy type 1	Main characteristic(s) of tenancy type 2, etc.	Ranking from strongest to weakest regulation, if there is more than one tenancy type
Description of dwelling	not mandatory		
Parties to the tenancy contract	no restrictions		
Duration	mostly for three years		
Rent	fixed amount		
Deposit	up to six months' rent		
Utilities, repairs, etc.	both parties		

There are no authorized standard terms for tenancy contracts. Homeowners' organizations and the Norwegian Consumer Council both offer forms which are relatively neutral in content. Apart from these forms, there seem to be a variety of contracts used by individual landlords, real estate agents, etc. Regarding residential tenancies, the rules of the Landlord and Tenant Act on non-performance and on remedies for non-performance may not, for the most part, be derogated from to the detriment of the tenant.⁴⁶ This holds true also for rules regarding security of tenure, regulation of rent periods, etc. The parties are free to agree on the quality of the dwelling and on initial rent. For non-residential leases, most of the rules are non-mandatory.

There are no restrictions concerning who can be a landlord or a tenant. Short-term contracts and contracts which may be terminated by giving notice are, as a rule, valid against a new owner of the property without further requirements; long-term contracts may acquire protection through registration in the Land Registry.⁴⁷

Children, certain relatives, a spouse or a cohabitant are allowed to move in together with the tenant. Other persons may be taken into the household as long as the dwelling is not

⁴⁶ Landlord and Tenant Act Section 1-2.

⁴⁷ Land Registry Act Section 22 No. 3.

‘overcrowded’ (*overbefolket*, a rather vague term applied in the Act).⁴⁸ There are detailed rules concerning the right of family members to continue the tenancy on the death of the tenant and in situations of divorce, etc.⁴⁹ Such rights are less important today than they used to be, as most contracts are now concluded for three years only.

Contracts where several tenants (typically students) share a dwelling vary quite a lot in content, and the law is not clear regarding the various situations where one of the tenants moves out and the others prefer to stay. In some cases there is formally only one tenant (the others then being subtenants), in other cases there are several tenants on equal terms.

Subletting is as a rule not allowed, but a tenant may sublet parts of a dwelling where the tenant lives himself, unless there are good reasons related to the subtenant for the landlord to say no.⁵⁰ There are also rules allowing the tenant to sublet a dwelling during periods of temporary absence and for the remaining part of a contract period of at least one year or to terminate the contract if the landlord opposes such subletting without sufficient good reason.⁵¹

Tenancy contracts are either for a definite period or for an indefinite period. For residential dwellings, a contract for a definite period must as a rule cover a period at least three years in favour of the tenant (there are specified exceptions to this rule).⁵² Today, most contracts for residential purposes are concluded for a definite period of three years, the reason being that landlords fear the protection provided to tenants by the law in cases of termination by notice.

There is no control of the originally agreed rent (except for a general clause prohibiting ‘unreasonable’ rent).⁵³ Rent is payable one month in advance, unless otherwise agreed.⁵⁴ Agreements to pay for more than one month in advance are not valid in residential tenancies. Late payment may result in forced eviction, in accordance with procedures prescribed by legislation.⁵⁵ The Landlord and Tenant Act establishes a procedure for depositing money in a bank or other financial institution in cases of disputed claims over rent or set-offs against rent; such a deposit bars termination and eviction for non-performance.⁵⁶

The landlord may assign his claims for rent. Effects of assignment on set-off are regulated by general rules on the assignment of claims. The tenant’s possible claim for rent reduction remains intact subsequent to assignment.

Minor obligations of performance in kind (cleaning of stairs, etc.) are often included in residential tenancy contracts and there is no evidence that such undertakings create problems in relation to possible guarantees by third parties.

⁴⁸ Landlord and Tenant Act Section 7-1.

⁴⁹ Landlord and Tenant Act Sections 8-2 and 8-3.

⁵⁰ Landlord and Tenant Act Sections 7-2 and 7-3.

⁵¹ Landlord and Tenant Act Sections 7-3 and 7-4.

⁵² Landlord and Tenant Act Section 9-3.

⁵³ Landlord and Tenant Act Section 4-1.

⁵⁴ Landlord and Tenant Act Section 3-2.

⁵⁵ *Lov 86/1992 om tvangsfullbyrdelse* (Enforcement Act) Section 13-2.

⁵⁶ Landlord and Tenant Act Section 3-5.

In residential tenancies, there are certain limitations on increasing rent, as explained earlier. Yearly adjustment of rent based on the rise or fall of the retail price index may be agreed upon. Otherwise, rent may only be adjusted every third year to the ‘prevalent’ rent.⁵⁷

A contract for the supply of electricity used by the tenant (for light, cooking, heating, etc.) is usually entered into directly with the supplier (but for single rooms and small flats there is sometimes a contract between the supplier and the landlord, such charges being included in the rent). The landlord’s electricity, fuel and consumption-based water supply and sewage costs may be distributed among and charged to the tenants of the property. Otherwise, the rent agreed upon must be a fixed sum in residential tenancies.⁵⁸

The tenant’s obligations under the contract may be secured by a deposit.⁵⁹ The money must be kept in a special bank account to which neither landlord nor tenant has unilateral access during the lease period, except for the tenant’s right to withdraw possible earned interest. At the end of the lease period, there are procedures for demanding payment by the bank if the other party does not bring an action for claims.

The tenant’s obligation may also be secured by a guarantee.⁶⁰ The guarantee, together with a possible deposit, must not exceed an amount corresponding to six months’ rent.

The tenant is responsible for certain maintenance work closely connected with his use of the dwelling. The landlord has a general obligation throughout the lease period to maintain the dwelling and the property in a condition which conforms to the contract.⁶¹ A different distribution of the maintenance obligations may be agreed upon, but it seems that such agreements are not as frequent as they used to be some decades ago.

Short-term tenancies and tenancies which may be terminated by giving notice are automatically protected against third parties and long-term tenancies may be protected by registration.⁶² As a rule, even holders of mortgage rights with priority over the tenancy contract must accept that dwellings are rented out on normal terms, entailing protection for such tenants in the case of a forced sale.

2.5 Implementation of Tenancy Contracts

2.5.1 Disruption of Performance (in particular ‘Breach of Contract’) prior to Handover of the Dwelling

Generally, non-performance and remedies for non-performance of tenancy contracts are regulated in much the same way as other types of contracts (contracts for sales, services, etc.). If the dwelling is not made available to the tenant at the agreed time, the tenant may claim a corresponding reduction in rent, damages or termination of the contract if the landlord’s non-performance is fundamental.⁶³ The same is also true if the delay is caused by a previous tenant

⁵⁷ Landlord and Tenant Act Sections 4-2 and 4-3.

⁵⁸ Landlord and Tenant Act Section 3-1.

⁵⁹ Landlord and Tenant Act Section 3-5.

⁶⁰ Landlord and Tenant Act Section 3-6.

⁶¹ Landlord and Tenant Act Section 5-3.

⁶² Land Registry Act Section 22 No. 3.

⁶³ Landlord and Tenant Act Sections 2-9, 2-11, 2-12 and 2-13.

not moving out or by public law impediments (an impediment may, though, be an appropriate excuse, relieving the landlord of liability for damages, but this is a rather theoretical point).

Delayed handover caused by the tenant may lead to termination of the contract. Liability for damages in this situation follows along the same lines as in the situation of a tenant who wishes to leave the dwelling prior to expiry of the lease period (see below). The situation is not explicitly regulated in the Landlord and Tenant Act.

2.5.2 Disruption of Performance (in particular ‘Breach of Contract’) after Handover of the Dwelling

Under Norwegian law, non-performance other than delay is a question of lack of conformity with the contract (the continental notion of *vice* is not known).⁶⁴ Mostly, lack of conformity refers to the condition of the dwelling, but unexpected noise in the neighbourhood, etc. may be relevant. Lack of conformity may in such cases result from incorrect or insufficient information being provided by the landlord prior to conclusion of the contract.⁶⁵ During the lease period, the tenant will arguably have to accept new neighbourly disturbances to the same extent as an owner would (a question of ‘neighbour law’).

Remedies for lack of conformity include a claim for specific performance (repair), for price reduction, for termination (if non-performance is fundamental).⁶⁶ There are no particular possessory actions in Norwegian law; if the tenant is denied access to the dwelling, this is a question of enforcement and, depending on circumstances, injunctions. There is no fixed period for notification of lack of conformity during the lease period, but the lessee’s damages may be reduced to the extent late notification causes extra loss.

2.5.3 Implementation of (Unilateral) Rent Increases

As was explained earlier, in contracts for residential dwellings, the rent may only be increased once a year based on the variations in the retail price index and every third year as an adjustment to the ‘prevalent’ rent for such tenancies in comparable areas.⁶⁷ If the parties do not agree on the ‘prevalent’ rent, the issue may be referred to an ad hoc taxation panel, to a complaints board (in some parts of the country) or to a court.⁶⁸ Statistics Norway provides statistics for certain parts of the country regarding the prevalent rent level.

2.5.4 Improvements or Other Changes to the Dwelling

As a rule, the tenant must not make changes to the dwelling without the consent of the landlord.⁶⁹ If the landlord has consented to improvements the tenant may, on expiry of the contract, claim compensation for possible enrichment on the part of the landlord unless otherwise agreed when consent was given.⁷⁰

⁶⁴ Landlord and Tenant Act Section 2-2.

⁶⁵ Landlord and Tenant Act Sections 2-3 and 2-4.

⁶⁶ Landlord and Tenant Act Sections 2-10, 2-11, 2-12 and 2-13.

⁶⁷ Landlord and Tenant Act Section 4-3.

⁶⁸ Landlord and Tenant Act Sections 12-2 and 12-5.

⁶⁹ Landlord and Tenant Act Section 5-4(2).

⁷⁰ Landlord and Tenant Act Section 10-5.

The landlord may not – without good reason – withhold his consent to changes which are necessary because of the tenant's (or household members') reduced functional ability.⁷¹ In all other cases, the landlord may withhold his or her consent without providing reasons.

There is no right for the tenant to fix antennae to the property without the landlord's consent. Whether or not denial of consent in such circumstances would amount to illegal discrimination or contravention of the fundamental right to information has not yet been clarified.

2.5.5 Alterations to the Dwelling by the Landlord

The tenant must accept changes to the dwelling if the work can be performed without significant disadvantage to the tenant and the changes do not reduce the value of the dwelling to the tenant.⁷² No particular procedure is established for such cases.

2.5.6 Use of the Dwelling

The tenant must adhere to normal rules for the use of the dwelling and the property. Further, the tenant must use the dwelling for the agreed purpose only and not, for example, for business purposes.⁷³

Even if the keeping of pets is forbidden by the landlord, the tenant may keep pets if he has a good reason to do so (the textbook example is a blind tenant's guide dog) and the keeping of the pet is not to the landlord's or other tenants' disadvantage.⁷⁴

There is arguably no obligation for the tenant to live in the dwelling, i.e. not to leave it empty, as long as the dwelling is looked after and is sufficiently heated. There are no particular rules on holiday homes in this respect.

2.6 Termination of Tenancy Contracts

2.6.1 Mutual Termination Agreements

The parties may agree at any point in time to terminate the contract.

2.6.2 Notice by the Tenant

The tenant may terminate a contract for an indefinite period at the end of each calendar month provided he or she gives at least three months notice (though a shorter or longer notice period may be agreed upon).⁷⁵ The parties may also agree that a contract for a definite period may be terminated by the parties prior to expiry of the contract period.⁷⁶

⁷¹ Landlord and Tenant Act Section 5-4(3).

⁷² Landlord and Tenant Act Section 5-4(1).

⁷³ Landlord and Tenant Act Sections 5-1 and 5-2.

⁷⁴ Landlord and Tenant Act Section 5-2(2).

⁷⁵ Landlord and Tenant Act Section 9-4.

⁷⁶ Landlord and Tenant Act Section 9-2(2).

If the tenant makes the dwelling available to the landlord prior to expiry of the contract, the landlord is entitled to claim rent for the remaining period. However, the landlord must make efforts to mitigate loss, within reasonable limits, by for example entering into a new tenancy. The tenant does not have to propose a new tenant but proposing one may prove useful should the landlord claim that it was impossible to find a new tenant. The situation is not explicitly regulated in the Landlord and Tenant Act.

2.6.3 Notice by the Landlord

The landlord may terminate a contract for an indefinite period by giving notice.⁷⁷ Even a contract for a fixed period may be terminated by giving notice if this was agreed in the contract.⁷⁸ Termination by giving notice is allowed only for certain reasons: the landlord or a household member wishes to live in the dwelling; the building is going to be demolished or renovated to an extent that makes moving out necessary; non-performance of the tenant's obligations; other good reason. The final 'other good reason' makes the list open-ended.

More important perhaps is the tenant's right to object to termination within a month of receiving notice.⁷⁹ Upon objection by the tenant, the notice of termination is ineffective unless the landlord brings an action against the tenant before a court or a complaints board within one month. The court (or the complaints board) may set aside the notice of termination if it is deemed to have unreasonable effects based on a weighing of the interests of both sides. A notice of termination based on fundamental non-performance by the tenant cannot be set aside.

In cases of fundamental non-performance, the contract may also be terminated immediately, i.e. without any period of notice.⁸⁰ In this situation, termination is allowed irrespective of any right to terminate the contract by giving notice.

The contract may provide for a special enforcement procedure if the tenant does not pay the rent.⁸¹ Following a reminder, the landlord may claim forced eviction directly. The tenant may avoid eviction if he pays the outstanding rent before the eviction takes place.

2.6.4 Termination for Other Reasons

As explained earlier, the tenant's right of use is protected against third parties and a forced sale will not normally undermine the tenant's rights. An expropriation however may lead to termination of the tenancy. A tenant with a contract for a definite period may be entitled to his share of the compensation for expropriation.

Urban renewal is much less important today than it was 30–40 years ago. There are no particular rules protecting tenants in the renewal process. General rules in the Landlord and Tenant Act and in the Planning and Building Act apply.

⁷⁷ Landlord and Tenant Act Section 9-5.

⁷⁸ Landlord and Tenant Act Section 9-2(2).

⁷⁹ Landlord and Tenant Act Section 9-8.

⁸⁰ Landlord and Tenant Act Section 9-9.

⁸¹ Enforcement Act Section 13-2.

2.7 Enforcing Tenancy Contracts

Eviction is executed by an enforcement officer. Eviction may be based on a contractual clause concerning non-payment of rent or expiry of a contract for a definite period. The basis for eviction may also be a notice of termination which has become effective (the tenant has not objected to termination or it has been accepted by the court or the complaints board). The court may decide upon eviction in cases of termination without notice if it is obvious that the landlord was entitled to terminate.⁸²

The enforcement officer should inform local social security authorities before eviction from a dwelling takes place.⁸³

A tenant's potential insolvency does not influence the eviction procedure.

2.8 Tenancy Law and Procedure 'in Action'

Complaints boards for residential contracts have been established in three areas of Norway.⁸⁴ The competence of such complaints boards is regulated under the Landlord and Tenant Act.⁸⁵ The complaints boards seem to work efficiently and without unreasonable delay. Their decisions may be brought before the ordinary courts. A dispute may also start in the ordinary courts. Rather few cases are reported from the ordinary courts.

There is, as mentioned earlier, one general tenants' organization with offices in Oslo and members from all over the country.⁸⁶ Apart from this organization, tenants' organizations do not play a significant role in Norway. Student law clinics handle quite a few cases for tenants.

It must be kept in mind that rental dwellings are generally regarded as a temporary solution. Tenants often aspire to buy their own dwellings. Contributing to this understanding is the fact that most contracts are entered into for only three years. There are, however, groups which are more or less permanently dependent on rental dwellings, often provided by the municipality. These are people who cannot cope in the open housing market for reasons of health or social situation. Many of them are in a vulnerable position and it seems unrealistic to expect that housing law alone will contribute substantially to eradicating their problems or to providing solutions.

Housing costs are high in Norway compared with many other countries. Apart from the dwellings provided by municipalities, there are very few social or non-profit entities offering rental housing.

The quality of rental dwellings is often low, in particular in areas where demand is high, as in cities with many students. Some of the rooms rented do not even comply with elementary fire

⁸² For all this, see Enforcement Act Section 13-2.

⁸³ Enforcement Act Section 13-6(3).

⁸⁴ See <www.htu.no>.

⁸⁵ Landlord and Tenant Act Section 12-5.

⁸⁶ See <www.leieboerforeningen.no>.

safety requirements, etc. Measures are being discussed for better supervision and enforcement of such requirements.⁸⁷

3 Analysing the Effects of EU Law and Policies on National Tenancy Policies and Law

As a member of the Agreement on a European Economic Area, Norway is bound by ‘the four freedoms’, by competition law corresponding to the EU law, and by much of the EU secondary law. Further, legislation on discrimination has been implemented, in line with EU law, irrespective of the formal obligation to do so.

Anti-discrimination provisions have been included in housing legislation. This aside, it can hardly be said that housing policies have been affected or inspired by EU policies and legislation.

Rules on energy certificates have been implemented but these rules do not influence housing legislation to any significant extent.

Norway is a signatory to the Lugano Convention on jurisdiction and the enforcement of judgments in civil and commercial matters (corresponding to the Brussels I Regulation) and the Convention has been implemented in national legislation. In particular, the rules on jurisdiction are of interest for rental contracts.

⁸⁷ Meld.St. 17 Ch. 5.3.4.