

Inclusive or Elusive Housing? Homeownership among Muslims in Norway

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ABSTRACT

Norway has a unique political focus on homeownership as a key to welfare and happiness. “*Eierlinja*” in Norwegian housing policy aims for a very high rate of homeownership leading to social integration of the communities enabling them as active citizens. Paradoxically, Muslim immigrants are 43%-93% less likely to own a house compared with non-immigrants, resulting in a potential increase in marginalisation of the groups who do not own their own home. To bridge this gap, we advocate a two-dimensional intervention. First, policy intervention that helps these communities to attain homeownership and, second, policy intervention that helps improve their social outcomes.

Keywords: Housing; financial inclusion; immigrants; Muslim immigrants; Norway

1. Introduction

The primary vision for Norwegian housing policy is for adequate and secure housing for all. The Housing and Building Department in the Ministry of Local Government and Modernisation is responsible for implementing the government’s policy. Inclusive housing is a basic element in Norwegian housing policies and this has been the case since the period of national rebuilding after the Second World War. If one goes through key policy statements about housing from 1945 until today¹ – such as Norwegian Official Reports (NOU) and parliamentary white papers – one will see that all Norwegian governments have strongly

¹ I am thankful to Professor Torkel Brekke, project leader of FINEX and professor at Oslo Metropolitan University, Norway, for this review.

emphasised the importance of enabling all citizens not only to live in adequate housing in terms of quality and stability but to own their own homes.

A good example of this official policy vision can be found in the Norwegian Official Report to the Ministry of Local Government and Regional Development called “Room for Everyone: A Social Housing Policy for the Future (Rom for alle: En sosial boligpolitikk for framtiden).² Chapter 7 of the report is entitled “Eierlinja”. *Eierlinja* is a key concept in Norwegian housing policy and it neatly sums up the broad ideology of inclusive housing shared by parties across the political spectrum from left to right. It is a difficult concept to translate in an exact way (its literal meaning is “the ownership line”), but it conveys a vision of housing inclusion where the aim is to achieve very high rates of homeownership, leading to social integration of communities and thus enabling them to be active citizens. Another official document “Housing for Welfare: National Strategy for Housing and Support Services (2014–2020)” prioritises assistance to move from temporary to permanent housing, noting that “permanent housing improves the living situation; all temporary arrangements worsen the living situation.”³ These policy documents clearly emphasise the socio-economic benefits of homeownership to individuals, families, communities and Norwegian society.

Homeowners in Norway enjoy three economic benefits. First, with each instalment made to repay their mortgage they increase, to a varying degree, their equity in the property. Second, the interest paid is tax deductible, effectively reducing the cost of the loan. Third, the steady growth in the value of the property not only increases the homeowner’s wealth over time but also makes it difficult for potential new entrants into the housing market to become homeowners. Moreover, homeownership is expected to produce social benefits, such as better and more stable links to the job market, better social integration and protection against social stigmatisation and marginalisation⁴. Researchers have made even stronger claims that ownership produces a number of other less tangible positive effects. For example, according to the report “Rom for alle”, ownership is a cause of greater self-respect and a greater sense of responsibility for the dwelling and its maintenance.⁵ In sum, then, Norway

² Norwegian Ministries, “Rom for alle: En sosial boligpolitikk for framtiden [Room for everyone: A social housing policy for the future]” (Oslo: Departementenes ser vicesenterInformasjonsfor valtning, 2011). <https://www.regjeringen.no/no/dokumenter/nou-2011-15/id650426/> (accessed May 24, 2010).

³ Norwegian Ministries, “Housing for welfare: National strategy for housing and support services (2014–2020)” ([Oslo]: Norwegian Ministries, 2014), p. 17. <https://www.regjeringen.no/no/dokumenter/Housing-for-welfare---National-strategy-for-housing-and-support-services-2014-2020/id2351089/> (accessed May 24, 2020).

⁴ Turner, Lena Magnusson, and Hedman, Lina, “Linking integration and housing career: A longitudinal analysis of immigrant groups in Sweden”, *Housing Studies*, 29 (2) (2014), 270–290; Florent Sari, “Home-ownership and unemployment: A French test of the Oswald hypothesis”, *Revue d’Économie Régionale & Urbaine*, 1–2 (May) (2015), pp. 211–250.

⁵ Norwegian Ministries, “Rom for alle”, p. 53.

has a rather unique political focus on homeownership as a key to welfare and happiness. The paradox is that, in a country that expects everybody to be homeowner, there may be a potential for increased marginalisation of groups who do not own their own home.

Housing policy objectives are achieved through a number of financial and legislative instruments and one interesting mechanism in Norwegian housing policy is the Norwegian State Housing Bank (NSHB),⁶ which has offices in many cities and is active throughout the country. The NSHB uses financial measures to facilitate the attainment of housing policy goals, such as basic loans, start-up loans, housing grants and housing allowances to persons who are otherwise not eligible for loans from private banks. The NSHB is a national knowledge hub and a resource centre for housing policy matters, and takes an active role in providing information and guidelines about housing and financial mechanisms to local governments.

To sum up so far, Norway is a country that places great emphasis on homeownership and has developed a number of legislative and financial mechanisms to ensure that “everybody” owns their own home. However, as compared to non-immigrants we observe a gap in homeownership among immigrants, especially Muslim immigrants, resulting in socio-economic consequences for individuals and households who do not own their own home. It is pertinent to note that all the mechanisms operate within the parameters of conventional banking and finance. What happens if some sections of the population have a moral-religious conviction that prohibits them from using normal financial instruments, such as a conventional loan from a private bank or from the NSHB?

Does the level of homeownership differ between immigrants and non-immigrants in Norway? Does the level of homeownership differ between Muslims and non-Muslims in Norway? If so, do such differences arise for socio-economic and/or religious reasons? These are the key research questions addressed by the FINEX project,⁷ financed by the Norwegian Research Council and based at the Peace Research Institute Oslo (PRIO).⁸ This article is an attempt to answer either or all of these three research questions.

The hypotheses in this paper are as follows. There is a significant difference in the level of homeownership found among immigrants and non-immigrants. This significant difference is due to socio-economic factors, such as education, income and/or discrimination. There is a significant difference in the level of homeownership between

⁶ <https://www.husbanken.no/english/>.

⁷ <https://www.prio.org/Projects/Project/?x=1776>.

⁸ <https://www.forskningradet.no/en/>.

Muslims and non-Muslims in Norway, which arises from attitudes to finance and not from socio-economic factors.

2. Status of knowledge

Norway celebrates the diversity of its population of approximately 5.2 million persons (in 2016), who come from 221 different countries worldwide. Immigrants and Norwegians born to immigrant parents make up approximately 16% of the total population. Approximately 46% of them have a background in countries in Africa, Asia, etc., while approximately 50% have origins in Europe, and other Western countries. Statistics Norway notes that in 2016 a total of approximately 832,200 people with immigrant backgrounds were living in private households in Norway. Of these, 684,100 were immigrants, and 148,100 were Norwegian-born with immigrant parents.⁹

A recent study by Statistics Norway concludes that only 60.4% of people with immigrant backgrounds live in their own home.¹⁰ This is alarmingly 26.5% lower than the figure for the rest of the population. There are certainly a number of different reasons for this gap in homeownership. This study lists household income as a key factor in homeownership as the percentage of homeownership rises with increases in income. However, it emphatically notes that the homeownership share among immigrants is lower than in the rest of population, even in highest income quartile, indicating that, along with household income, there are other reasons. One possible reason is related to religious norms, which have been largely ignored in this context. A 2004 report by the Norwegian research centre NOVA¹¹ claimed that religion was a barrier to home-buying for Somalis and this was a reason why they mostly end up in the market for rented homes, where many immigrants to Norway experience problems and discrimination.¹² However, the report presented no data to substantiate this claim. In a 2013 report about housing among families with unstable housing conditions, researchers at Fafo¹³ also found that being a religious Muslim reduced the likelihood of homeownership, although they said that the connection was relatively weak.¹⁴

⁹ Andersen, Espen, "Stor variasjon i innvandreres husholdningssammensetning", in *Innvandrere i Norge 2017*, Toril Sandnes (ed.) (Oslo: Statistics Norway, 2017), pp. 45–60.

¹⁰ Normann, Tor Morten, "Lavere eierandel blant innvandrerne", in *Innvandrere i Norge 2017*, Toril Sandnes (ed.) (Oslo: Statistics Norway, 2017), pp. 61–77.

¹¹ <https://www.oslomet.no/om/nova>.

¹² Engebriksen, Ada, and Farstad, Gunhild R., *Somalier i eksil i Norge: En kartlegging av erfaringer fra fem kommuner og åtte bydeler i Oslo* (Oslo: Norsk institutt for forskning om oppvekst, velferd og aldring, 2004), p. 26.

¹³ Fafo is a Norwegian social sciences research foundation (www.faf.no).

¹⁴ Grødem, Anne Skevik, and Sandbæk, Miriam Latif, *Helt bakerst i køen: Barnefamilier med ustabile boforhold*. Fafo Report 45 (Oslo: Fafo, 2013).

They concluded that this supports the hypothesis that the Islamic prohibition on loans with interest becomes a barrier to buying a home in Norway. However, the connection found by the Fafo researchers using 2005/2006 data may not capture present-day attitudes and norms. Therefore, the FINEX research project was designed to investigate the extent to which Islamic norms about money and finance result in the exclusion of Muslims from the financial system in the four Nordic countries (Norway, Sweden, Denmark and Finland) and their experience of disadvantage in the housing market. One source used by FINEX was the Halal Money project¹⁵ led by Torkel Brekke and funded by Finansmarkedsfondet. Many of the persons interviewed in 2015 for this project claimed that the topic had become much more important over the past decade as part of global trends and debates in Muslim communities. In spite of hints in previous research that there is in fact a connection between religious norms among Muslims and a tendency for them to be excluded from home ownership, no research has focussed directly on this issue. Thus, we do not know the extent to which Muslims in Norway choose not to take loans or use other financial services because they want to follow religious norms. It may, however, be relevant to point out that the survey carried out for FINEX in 2018¹⁶ indicated that 67% of the total 2,376 respondents (Muslim immigrants) in the four Nordic countries strongly believed Islamic finance to be an important issue for them.¹⁷ They said they believed that taking out a conventional bank loan would have negative implications for their social life (46%), health (50%) and afterlife (80%). On a more general note, a study of 29,000 people in 29 countries in Eastern and Central Europe and Central Asia found that Muslims were less likely to have bank accounts than non-Muslims and the authors suggest that this is partly for religious reasons and partly because of discrimination against Muslims as potential bank customers.¹⁸ Research has pointed out that Muslims worldwide are less included than non-Muslims in the formal financial system (for instance, they are less likely to have formal bank accounts), but little is known about the extent to which better availability of Islamic banking and finance would lead to greater financial inclusion.¹⁹

¹⁵ Brekke, Torkel, "Halal money: Financial inclusion and demand for Islamic banking in Norway", *Research & Politics*, 5 (1) (2018), pp. 1–7.

¹⁶ The results are being analysed and will be published soon.

¹⁷ 54% of respondents had a university education, 58% were employed and 6% had their own business.

¹⁸ Beck, Thorsten, and Brown, Martin, "Use of banking services in emerging markets: Household-level evidence", Centre for Economic Policy Research Discussion Paper 8475 (2011). <https://ssrn.com/abstract=1889998> (accessed May 24, 2020).

¹⁹ Demirguc-Kunt, Asli, Klapper, Leora, and Randall, Douglas, "Islamic finance and financial inclusion: Measuring use of and demand for formal financial services among Muslim adults", Policy Research Working Paper WPS 6642 (Washington, DC: World Bank, 2013).

3. Data and method

To test the hypotheses proposed for this study, we obtained data from Statistics Norway about eight major immigrant communities in Norway from Muslim-majority countries:²⁰ Pakistan, Bosnia-Herzegovina, Turkey, Morocco, Afghanistan, Iraq, Somalia and Syria. For comparative purposes, we also obtained the data about a major immigrant community from a non-Muslim-majority country: Vietnam. Ideally, we should have time series data to understand homeownership trends and homeowners' leveraging behaviour patterns (i.e. ability and willingness to take out loans). However, despite our best efforts and for reasons beyond our control, we were only able to obtain one-year data for 2016 from Statistics Norway by special request. Use of data for only one year may represent a limitation to this study. Nevertheless, we consider it useful for our purpose to analyse cross-sectional data. We supplemented this with other relevant publicly available data to understand the issue at hand. We present the data for homeownership and leveraging behaviour of non-immigrants, eight Muslim immigrant communities and one non-Muslim immigrant community in Table 1.

Country of origin	1	2	3	4	5	6
Non-immigrants	4 308 893	3 743 687	3 481 629	3 051 105	786 175	172 210
Long stay (over 30 years)						
Vietnam	13 282	10 931	10 199	8 876	2 908	864
Bosnia	13 268	10 227	9 573	8 642	2 179	461
Morocco	5 389	3 358	3 070	2475	585	125
Pakistan	18 558	14 681	13 845	12 421	4 698	1381
Turkey	10 838	8 321	7 839	6 924	2 638	766
Short stay (30 years or less)						
Afghanistan	13 602	6 589	5 924	5 107	2 162	528
Iraq	21 532	11 640	10 709	9 301	3 807	1 153
Somalia	27 253	5 082	3 853	1 850	483	163
Syria	9 527	2 165	1 051	836	330	107
1 Total number of persons						
2 Persons living in owned house						
3 Persons living in owned house and have debt						
4 Persons living in owned house and have debt exceeding NOK 250,000						
5 Persons living in owned house and have debt exceeding 3 times of the household annual income after tax						
6 Persons living in owned house and have debt exceeding 5 times of the household annual income after tax						

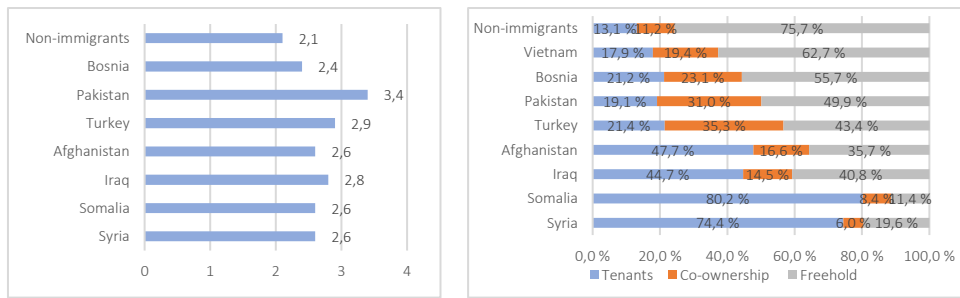
Statistics Norway notes that a relatively higher proportion of immigrants, especially those from Africa and Asia including Turkey (the selected nine communities belong to this region), live in crowded dwellings. Compared with an average of 2.1 persons per household

²⁰ This data was obtained from Statistics Norway (SSB; <https://www.ssb.no/en/>) by special request.

for the non-immigrant population, immigrants average 2.5 persons per household.²¹ We observe further differences between immigrants from different backgrounds, with the highest household occupancy (3.4 persons per household) among Pakistani immigrants, and the lowest (2.4 persons per household) among immigrants from Bosnia (see Figure 1a). A plausible deduction is that this overcrowding may potentially be the consequence of the relatively poor socio-economic status of these communities along with cultural factors. Further, the data presented in Figure 1b reveals major differences in tenure status. It is interesting to note that 75.7% of the non-immigrant population owns a freehold property (which is relatively costly compared with a jointly-owned property), compared with a maximum of 62.7% for immigrants from Vietnam. The ownership of freehold property among Muslim immigrants is quite low compared with both non-immigrants and immigrants from Vietnam, ranging from 55.7% for immigrants from Bosnia and 11.4% for immigrants from Somalia. Further, approximately 11.2% of the non-immigrant population owns a property jointly, whereas joint ownership among immigrants ranges from a maximum of 35.3% for immigrants from Turkey to a minimum of 6.0% for immigrants from Syria. These figures clearly indicate that immigrants in general and Muslim immigrants in particular own relatively less expensive properties. Moreover, the prevalence of renting is strikingly high among immigrants. Only 13.1% of non-immigrants are tenants compared with a range among immigrants from 17.9% for Vietnamese immigrants and 80.2% for Somalis. Apropos of our hypotheses, Figure 1, especially Figure 1b, clearly indicates a higher rate of renting and low homeownership among immigrants, especially Muslim immigrants. These figures potentially indicate a poor level of achievement of socio-economic indicators, exposing them to problems and discrimination,²² which may in turn lead to poor socio-economic outcomes and discrimination in future as well. Moreover, Figure 1b plausibly supports our hypothesis that these differences may be the result of following religious norms.

²¹ Andersen, "Stor variasjon i innvandreres husholdningssammensetning". <https://www.ssb.no/befolkning/artikler-og-publikasjoner/stor-variasjon-i-innvandreres-husholdningssammensetning> (Table 1 and Figure 1)

²² Engebretsen and Farstad, "Somaliere i eksil i Norg".



a. Average person per household
Source: ssb.no

b. Tenure status

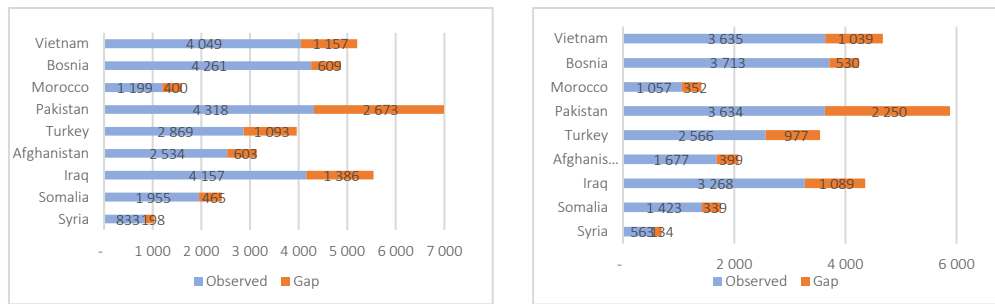
Figure 1: Housing conditions and tenure status among immigrants and non-immigrants in 2016

Is there any unmet need?

Studies have observed that immigrants' social behaviours tend with time to converge with the native population.²³ Assuming this convergence should apply to homeownership in Norway, we estimate the expected number of privately owned dwellings for each of the selected communities on the basis of immigrants living 2.1 persons per household, like the non-immigrant population. We then estimate the number of private dwellings currently in each of the selected communities by using the data and dividing the number of persons by the number of persons per household (including all persons, not just those who are working). The difference between the two estimates is the estimated gap between the current number of houses in each community and the number of houses that would be needed if immigrant households had the same number of persons as non-immigrant households (see Figure 2). We argue that the gap may be due to socio-economic factors, marginalisation and/or financial exclusion resulting from following religious norms.²⁴ This gap is likely to have future socio-economic consequences, not only for individuals and families but also for society at large.

²³ Cameron, Lisa, Erkal, Nisvan, Gangadharan, Lata, and Zhang, Marina, "Cultural integration: Experimental evidence of convergence in immigrants' preferences", *Journal of Economic Behavior & Organization*, 111 (2015), pp. 38–58; Woldemicae, Gebremariam, and Beaujot, Roderic, "Fertility Behavior of Immigrants in Canada: Converging Trends", *Journal of International Migration and Integration*, 13 (2012), pp. 325–341.

²⁴ Brekke, "Halal Money".



a. All persons

b. Working persons

Source: Estimated by author

Figure 2: Number of private dwellings observed and estimated gap among immigrants in 2016

We used univariate logistic regression to estimate the general tendency of immigrants, especially Muslim immigrants, to borrow (Figure 2), as well as the prevalence of homeownership and debt among homeowners (Table 2). Our results in Table 2 indicate a generally low tendency to borrow among immigrants, especially Muslim immigrants, compared with non-immigrants. Our Model 1, which includes all persons, indicates that immigrants are 17% to 93% less likely than non-immigrants to borrow any amount. By increasing the amount of debt to over NOK 250,000, the results of our Model 2 are slightly inflated but indicate a similarly low of borrow among immigrants, especially Muslim immigrants, compared with non-immigrants. Similarly, our Models 3 and 4, which include working persons only, yield similar results and indicate that working immigrants are a little more cautious about borrowing. It is pertinent to note that Muslim immigrant communities (except those from Pakistan and Turkey) have quite a low tendency to borrow any amount when compared with both non-immigrants and non-Muslim immigrants from Vietnam. We argue that this outcome is potentially due to financial exclusion resulting from varying levels of compliance with religious norms.

Table 2: Odds ratio and 95% confidence intervals for debt								
Country of origin	1		2		3		4	
	OR	95% CI	OR	95% CI	OR	95% CI	OR	95% CI
Non-immigrants	Ref		Ref		Ref		Ref	
Long stay (over 30 years)								
Vietnam	0.69	0.66-0.73	0.79	0.76-0.82	0.48	0.45-0.51	0.70	0.64-0.70
Bosnia	0.56	0.54-0.59	0.76	0.73-0.79	0.47	0.44-0.50	0.73	0.70-0.76
Morocco	0.50	0.42-0.48	0.37	0.35-0.39	0.25	0.23-0.27	0.28	0.26-0.30
Pakistan	0.72	0.69-0.75	0.86	0.83-0.89	0.45	0.43-0.48	0.73	0.70-0.76
Turkey	0.83	0.78-0.88	0.79	0.76-0.83	0.52	0.49-0.56	0.63	0.60-0.66
Short stay (30 years or less)								
Afghanistan	0.24	0.41-0.44	0.25	0.24-0.26	0.19	0.18-0.20	0.29	0.28-0.30
Iraq	0.42	0.41-0.44	0.35	0.34-0.36	0.24	0.23-0.25	0.29	0.28-0.29
Somalia	0.17	0.17-0.17	0.05	0.05-0.05	0.11	0.10-0.11	0.05	0.05-0.05
Syria	0.03	0.03-0.03	0.04	0.04-0.04	0.02	0.02-0.02	0.04	0.04-0.04
Model 1 All persons having any amount of debt								
Model 2 All persons having debt exceeding NOK 250,000								
Model 3 Working persons having any amount of debt								
Model 4 Working persons having debt exceeding NOK 250,000								

Our Models 1-2 (all persons) and 3-4 (working persons) included both homeowners and non-homeowners, while our Models 5 to 9 include persons who live in their own home, and either have or do not have debt. As homeownership usually involves relatively huge amount of debt, we include two additional categories of debt: debt exceeding three times, and debt exceeding five times the annual household income after tax. Further, we categorize the sampled immigrant communities by length of stay in Norway, as length of stay in the destination country is indicated as a significant determinant of homeownership among immigrants.²⁵ Using univariate logistic regression, we present the results of our Models 5 to 9 in Table 3, which indicate the differences in odds of homeownership and debt categorized by background and length of stay.

Table 3: Odds ratio and 95% confidence intervals for homeownership and debt										
Country of origin	5		6		7		8		9	
	OR	95% CI	OR	95% CI	OR	95% CI	OR	95% CI	OR	95% CI
Non-immigrants	Ref		Ref		Ref		Ref		Ref	
Long stay (over 30 years)										
Vietnam	0.70	0.67-0.73	1.05	0.97-1.13	0.95	0.89-1.00	1.37	1.31-1.43	1.78	1.66-1.91
Bosnia	0.51	0.49-0.53	1.10	1.02-1.19	1.31	1.22-1.40	1.01	0.96-1.06	0.97	0.88-1.07
Morocco	0.25	0.24-0.26	0.80	0.71-0.90	0.58	0.58-0.64	0.81	0.74-0.88	0.81	0.68-0.97
Pakistan	0.57	0.55-0.59	1.24	1.16-1.34	1.23	1.16-1.30	1.76	1.70-1.82	2.13	2.01-2.25
Turkey	0.50	0.48-0.52	1.22	1.11-1.34	1.07	1.00-1.14	1.74	1.66-1.82	2.08	1.93-2.24
Short stay (30 years or less)										
Afghanistan	0.14	0.14-0.15	0.67	0.62-0.73	0.88	0.82-0.95	1.97	1.87-2.08	1.88	1.72-2.05
Iraq	0.18	0.17-0.18	0.87	0.81-0.93	0.93	0.88-0.99	1.89	1.82-1.97	2.32	2.18-2.46
Somalia	0.03	0.03-0.04	0.24	0.22-0.25	0.13	0.12-0.14	0.49	0.45-0.54	0.85	0.73-0.99
Syria	0.04	0.04-0.05	0.07	0.07-0.08	0.55	0.47-0.64	1.56	1.37-1.78	2.16	1.77-2.64
Model 5 Persons living in owned house										
Model 6 Persons living in owned house and have debt										
Model 7 Persons living in owned house and have debt exceeding NOK 250,000										
Model 8 Persons living in owned house and have debt exceeding 3 times of the household annual income after tax										
Model 9 Persons living in owned house and have debt exceeding 5 times of the household annual income after tax										

Considering homeownership only, our Model 5 suggests that immigrants who have been in Norway for a long period are 30% to 75% less likely than non-immigrants to own a house. It is interesting to note that non-Muslim immigrants from Vietnam are 30% less likely than non-immigrants to own a house, while Muslim immigrants are between 43% (Pakistan) and an alarming 75% (Morocco) less likely than non-immigrants to own a house, even when they have been living in Norway for more than 30 years. Given the objectives of “Eierlinja”, the results of Model 1 for homeownership by long-term Muslim immigrants are not encouraging, but the results for homeownership by recently arrived Muslim immigrants are far more disturbing. It would be relevant to note that immigrants from Syria are relatively

²⁵ Mundra, Kusum, and Oyelere, Ruth Uwaifo, “Determinants of homeownership among immigrants: Changes during the Great Recession and Beyond”, *International Migration Review* 52 (3) (2018), pp. 648–694.

new to Norway but immigrants from Afghanistan, Iraq and Somalia have been in Norway for an average of around 10–20 years. They are 82% (Iraq) to 93% (Somalia) less likely than non-immigrants to own a house. The likelihood of Syrian immigrants being homeowners is higher than for Somali immigrants, a plausible reason being that some of them arrived in Norway with their own financial resources.

Our Model 6 includes persons living in their own home with any amount of debt. Regarding the indebtedness of homeowners, the results of our Model 6 indicate that home-owning Muslim immigrants who have been in the country for a long time are 10% (Bosnia) to 24% (Pakistan) more likely to be in debt than non-immigrants (apart from immigrants from Morocco, who are 20% less likely), even though the chances of owning a house are quite low for Muslim immigrants. Immigrants from Vietnam, on the other hand, are only 5% more likely than non-immigrants to be in debt. These findings suggest that, even though long-term Muslim immigrants have far less chance to own a house, if they do own a house the probability of their being in debt is considerably higher than for non-immigrants. However, the probability of Muslim immigrant homeowners from Morocco being in debt is quite low compared with non-immigrants. In contrast, Muslim immigrant homeowners who have been in the country for a short time are 13% (Iraq) to 93% (Syria) less likely than non-immigrants to be in debt. These findings may indicate a relatively lax interpretation and practice of religious norms by high-leveraging home-owning Muslim immigrant communities as compared with low-leveraging home-owning Muslim immigrant communities, or that it is socio-economic status that defines eligibility to borrow.

Our Model 7 includes persons living in their own house with debt exceeding NOK 250,000. The results for our Model 7 indicate that home-owning long-term Muslim immigrants are 7% (Turkey) to 31% (Bosnia) more likely than non-immigrants to have debts exceeding NOK 250,000 (with the exception of immigrants from Morocco, who are 42% less likely), while immigrants from Vietnam are 5% less likely than non-immigrants to have debts exceeding NOK 250,000. In contrast, home-owning Muslim immigrants who have recently arrived in the country are 7% (Iraq) to 87% (Somalia) less likely than non-immigrants to have debts exceeding NOK 250,000. These findings indicate mixed leveraging responses by the various Muslim immigrant communities; some (Morocco, Turkey and Somalia) become relatively conservative borrowers while others (Bosnia, Afghanistan, Iraq and Syria) become relatively aggressive borrowers, with debts rising to over NOK 250,000. These findings may indicate either varying interpretations and levels of

practice of religious norms by the various Muslim immigrant communities, or that their socio-economic status defines their eligibility to borrow.

Our Model 8 includes persons living in their own home with debts exceeding three times their annual household income after tax. The results suggest home-owning long-term Muslim immigrants are 1% (Bosnia) to 76% (Pakistan) more likely than non-immigrants to have debts exceeding three times their annual household income after tax (with the exception of immigrants from Morocco, who are 19% less likely), while home-owning immigrants from Vietnam are 37% more likely than non-immigrants to have debts exceeding three times their annual household income after tax. In contrast, home-owning Muslim immigrants who recently arrived in the country are 56% (Syria) to 97% (Afghanistan) more likely than non-immigrants to have debts exceeding three times their annual household income after tax as (with the exception of Somali immigrants, who are 51% less likely). Like the findings for Model 7, the findings for Model 8 indicate mixed leveraging responses by the various Muslim immigrant communities. These results for Models 7 and 8 combined indicate non-monotonic responses by the various Muslim immigrant communities to the increase in the amount of debt, potentially dividing Muslim immigrant communities into two groups: the leveraging behaviour of the first group (Bosnia, Pakistan, Turkey, Afghanistan, Iraq, Syria) indicates their eligibility to borrow, along with their risk preferences, is defined more by their socio-economic status and less by varying interpretations and levels of practice of religious norms, while the leveraging behaviour of the second group (Morocco and Somalia) potentially indicates that their religiosity plays a part in determining their indebtedness.

Finally, our Model 9 includes persons living in their own home with debts exceeding five times their annual household income after tax, which is the maximum level of debt permitted by banks in Norway. The results for our Model 9 indicate that, compared with non-immigrants, home-owning Muslim immigrants from Pakistan and Turkey are 113% and 108%, respectively, more likely to have debts exceeding five times their annual household income after tax, and those from Morocco and Bosnia are 19% and 3%, respectively, less likely, while home-owning immigrants from Vietnam are 78% more likely than non-immigrants to have debts exceeding five times their annual household income after tax. On the other hand, home-owning Muslim immigrants from Somalia are 15% less likely, and home-owning Muslim immigrants from Afghanistan, Syria and Iraq are 88%, 116% and 132%, respectively, more likely than non-immigrants to have debts exceeding five times their annual household income after tax. The results of Model 9 reinforce the results of

Model 8 described above, indicating the potential role that religiosity of Muslim immigrants from Morocco and Somalia plays in determining their indebtedness.

4. Discussion

Models 1–4 clearly indicate that all Muslim immigrant communities, apart from those from Turkey and Pakistan, have a considerably lower tendency than non-immigrants and non-Muslim immigrants from Vietnam to borrow any amount of money. We argue that this outcome is potentially due to financial exclusion resulting from varying degrees of strictness in the practice of their religious norms. In Model 5, we observe that the lower prevalence homeownership among immigrants, especially Muslim immigrants, when compared with non-immigrants, may be due to relatively lower income levels among immigrants, and/or potential financial exclusion resulting from varying degrees of religiosity found in Models 1–4, and/or the fact that non-immigrants may have inherited properties. However, we hypothesise that the lower probability of homeownership among Muslim immigrants compared with non-Muslim immigrants may be due to the religious norms and relatively lower income of the former.

The exclusion of many of the persons (minimum 21% to maximum 81%) belonging to eight Muslim immigrant communities from the elusive housing market (Model 5) may potentially be due to their financial exclusion resulting from their religiosity, along with socio-economic factors. The remaining persons (minimum 19% to maximum 79%) who enter the housing market demonstrate mixed leveraging behaviour because of their varying interpretation and levels of practice of religious norms. Muslim immigrants from Pakistan and Turkey are likely to borrow more than non-immigrants, and Muslim immigrants from Bosnia are generally likely to borrow at a similar level to non-immigrants, while Muslim immigrants from Morocco, Afghanistan, Iraq, Somalia and Syria are likely to borrow less than non-immigrants. These results suggest that, along with socio-economic factors,²⁶ varying degree of religiosity and consequent financial exclusion may be a plausible explanation for this outcome,²⁷ providing partial support for our hypotheses. Education and income are two commonly quoted socio-economic factors²⁸ that determine homeownership among immigrants. A relatively poor level of education (Figure 3a) among Muslim immigrants and a low level of employment (Figure 3b) among their labour force (15–74

²⁶ Beck and Brown, “Use of banking services”.

²⁷ Brekke, “Halal money”; Grødem and Sandbæk, “Helt bakerst i køen”.

²⁸ Mundra and Oyeler, “Determinants of homeownership”; Normann, “Lavere eierandel blant innvandrene”.

year-olds) would potentially lead to relatively low household incomes (Figure 3c) for these communities. Consequently, high leveraging by some Muslim immigrant communities may indicate their lax interpretation and practice of religious norms, but may also suggest a possible financial stress on the household budget, which may have socio-economic consequences for the household.

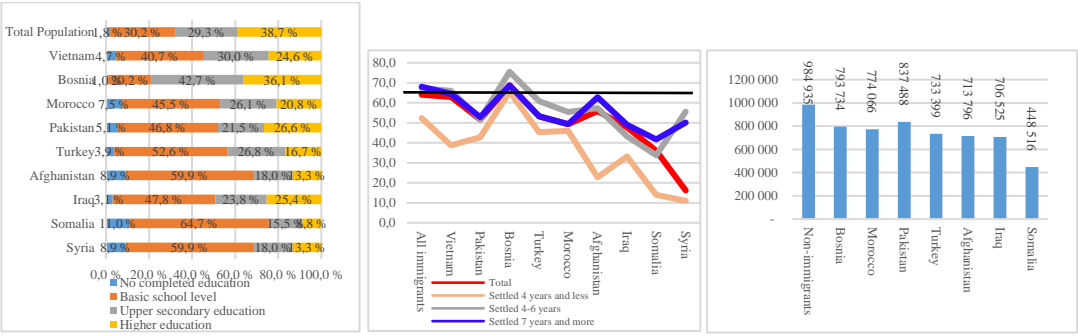


Figure 3: Education and employment among immigrants in 2016

Overall, Muslim immigrants are likely to enjoy lower levels of homeownership than both non-immigrants and non-Muslim immigrants, no matter how long they have been in the country. This clearly suggests that Norwegian housing policy is not inclusive when it comes to immigrants, especially Muslim immigrants. Further, homeownership outcomes for Muslim immigrants may indicate that, along with low household income and Norway’s elusive housing policy, financial exclusion potentially resulting from the practice of religious norms²⁹ may be another plausible explanation for this outcome, reinforcing our hypotheses. Furthermore, the low level of homeownership among immigrants, especially Muslim immigrants, may be a consequence of their low socio-economic status in the past. However, continuing lower levels of homeownership can be expected to lead to future poor socio-economic outcomes,³⁰ with implications not only for families and communities but also for Norwegian society at large, and this demands a reconsideration of Norwegian housing policy.

²⁹ Brekke, “Halal money”.
³⁰ Bramley, Glen, and Karley, Noah Kofi, “Homeownership, poverty and educational achievement: School effects as neighbourhood effects”, *Housing Studies* 22 (5) (2007), pp. 693–721.

5. Causal model of homeownership and other socio-economic factors

The data³¹ suggests that a quarter of the households in Norway spend approximately 25% of their household income on housing costs. It is interesting to note that out-of-pocket housing costs (principal repayments and interest for homeowners, and rent for tenants) in Norway are generally equal for owners and tenants. However, homeowners in Norway enjoy three economic benefits, as noted above: each instalment increases their equity in the property; interest paid is tax deductible, which effectively makes the after-tax cost of a mortgage for homeowners less than rent for tenants; and steady growth in the value of the property increases the owner's wealth. These realities of the Norwegian housing market raise a serious question about housing policy. Is it inclusive or elusive? This question challenges the potential of the present mechanisms to ensure some degree of inclusion as envisioned in "eierlinja" and the welfare state's vision of distributive justice.

We further argue that the organic intertwining relationships of a variety of different social factors, such as education, access to and use of healthcare services, socio-economic conditions, discrimination, etc.,³² and their dynamic complexities over time, determine the level of homeownership for households and communities (see Figure 4a). Using the data for the Norwegian-born children of immigrant parents from Morocco, Turkey and Pakistan, we find that the prevalence of lower levels of homeownership persists, even after three generations, although sizeably reduced. The Norwegian-born children of immigrant parents from Pakistan, Turkey and Morocco are 65%, 23% and 15%, respectively, less likely to own a house. In other words, we observe some convergence of home ownership behaviour in Norway in line with other social behaviour convergence observed elsewhere.³³ This provides empirical evidence to suggest the partial success of state policies that currently follow the channel depicted in Fig 4a and yield some results in third-generation immigrants and after more than 30 years. However, persistent low socio-economic status, as well as low homeownership among immigrants, especially Muslim immigrants, clearly suggests that these policies, although deemed reasonable when considered from a very long-term but narrow perspective, are inconsistent with the welfare state agenda when viewed from a medium and short-term overall perspective. Our data and the discussion above suggest that majority of the Muslim immigrants in Norway are lagging far behind in homeownership. The realities of the Norwegian housing market are constantly increasing the barriers to their

³¹ <https://www.ssb.no/en/bygg-bolig-og-eiendom/statistikker/bo/hvert-3-aar>.

³² Cameron et al., "Cultural integration"; Turner and Hedman, "Linking integration"; Sari, "Home-ownership".

³³ Cameron et al., "Cultural integration". Woldemicae and Beaujot, "Fertility behavior".

entry in to the homeownership market. Unfortunately, we do not have sufficient data to estimate the potential socio-economic losses to families, communities and the country over all these years. It is interesting to note that researchers conclude that the lower level of homeownership among immigrants in Sweden cannot be attributed simply to family composition and employment.³⁴ We argue that homeownership brings with it a sense of belonging to a community that makes the owners stakeholders who take responsibility to compete, improve their socio-economic status, and socially integrate into society. This approach to welfare is called an asset-based welfare approach and it provides a win-win solution to households and to the welfare state. The state encourages households to accept more responsibility for their own welfare and enables them to invest in the ownership of a home that will increase in value over time,³⁵ foster social networks, and be a better use of state funds that is less stigmatising than traditional forms of welfare-state support.³⁶ We argue that enabling homeownership as a policy tool will considerably reduce the cost of the provision of social housing and lead the individuals and households concerned to become active citizens. Countries like Canada seek to support homeownership among immigrants through state policies grounded on asset-based approaches to welfare.³⁷ Consequently, we hypothesise that the low level of homeownership that is observed among immigrants in Norway, and especially among Muslim immigrants, is a cause of their persistently poor socio-economic status. The example of Muslim immigrants in general and immigrants from Somalia in particular may substantiate our theoretical model of this cause-and-effect relationship. We argue that the observed poor socio-economic status and lack of social integration of immigrants from Somalia in Norway may be an outcome of the extremely low level of homeownership in this community. Thus, we extend our Figure 4a to close the loop and complete it as Figure 4b. It will be relevant to note that closed-loop thinking is essential in systems thinking and system dynamics.³⁸ This closed-loop thinking provides the missing causal link suggesting that low levels of homeownership lead to poor socio-economic

³⁴ Turner and Hedman, "Linking integration".

³⁵ Aalbers, Manuel B., and Christophers, Brett, "Centring housing in political economy", *Housing, Theory and Society*, 31 (4) (2014), pp. 373–394; Sherraden, Michael, "Assets and the social investment state", *Journal of Sociology and Social Welfare*, 45 (4) (2018), pp. 35–54.

³⁶ Simone, Dylan, and Walks, Alan, "Immigration, race, mortgage lending, and the geography of debt in Canada's global cities", *Geoforum*, 98 (2019), pp. 286–299.

³⁷ Simone and Walks, "Immigration".

³⁸ For quick definitions, see <https://sds.memberclicks.net/assets/SDGlossary.pdf> (accessed May 25, 2020). For further reading, see Sterman, John D., *Business Dynamics: Systems Thinking and Modeling for a Complex World* (New York: McGraw Hill, 2000).

outcomes in the future. We believe that this is our theoretical contribution to the strand of theory that considers the dynamics of homeownership and socio-economic outcomes for which Figure 4b presents our theoretical model as a circular causal loop diagram. We argue that the two reinforcing feedback loops will engage the new homeowners in building their social capital through improved and stable educational attainment as well as social networks that will trigger a “virtuous cycle” of active citizenship. Given the limitations of our data, we cannot empirically test this model. In this situation, an alternate method is to develop a system dynamics based simulation model that allows the modeller to incorporate both data and soft variables into the model. We are in the process of developing this model, which we shall present in the near future.

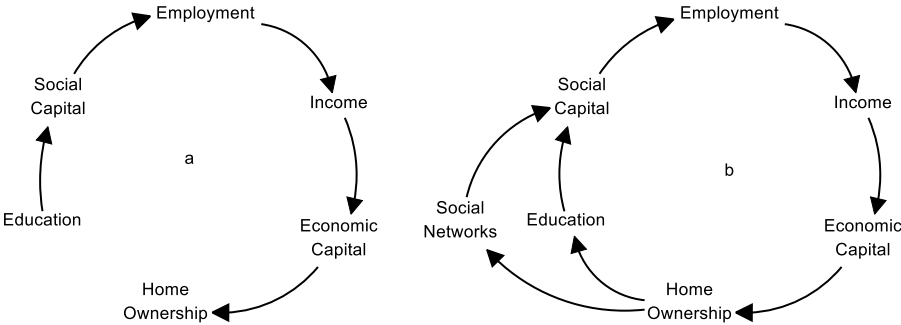


Figure 4: Causal loop diagram linking homeownership and socio-economic factors

6. Conclusions and policy implications

Is it the case that religious norms are a barrier to homeownership among Muslims in Norway? If so, this should be recognised as a policy issue that merits serious discussion. We observed in the introduction that Norwegian policy documents over the past decades have attached a large number of tangible and intangible positive effects to homeownership. Becoming a homeowner is often presented as the touchstone for the successful integration of immigrants. Given the great focus on homeownership in Norway, persistent low levels of homeownership among immigrants, especially Muslim immigrants, suggests that socio-economic status and religious norms may make it difficult for Muslim immigrants to become homeowners. We suggest that this should be recognised as a potential housing policy challenge to the long-term cohesion of Norwegian society. Knowledge about the processes underlying the dynamics of this socio-economic structure could make a highly valuable contribution to a better policy debate about the integration of immigrants. We strongly believe that building a sound knowledge base is the first step. The various persons and

institutions involved in this field, i.e. politicians, the relevant ministries, commercial banks, the NSHB and the financial regulatory authority, all need more knowledge and awareness of the long-term risk posed by the potential financial exclusion of Muslims in Norway.

We have observed a gap between homeownership among immigrants, especially Muslim immigrants, and non-immigrants. To bridge this gap, we advocate a two-dimensional intervention. First, policy intervention that helps these communities to attain homeownership, and, second, policy intervention that helps improve social factor outcomes. We argue that, when the state enables households to invest in the ownership of homes that increase in value over time,³⁹ it is a better use of state funds and one that is less stigmatising than the traditional forms of welfare-state support.⁴⁰ By doing so, the state is effectively providing nurturing the new homeowners' ability to develop stable social and economic capital that grows over time, making them stakeholders in society and active citizens who take responsibility for themselves, which will substantially reduce costs to the welfare-state. However, this needs further investigation.

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³⁹ Aalbers and Christophers, “Centring housing in political economy; Sherraden, “Assets and the social investment state”.

⁴⁰ Simone and Walks, “Immigration”.

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