

FEASIBILITY OF ‘WHO OWNS IT’ PLATFORM FOR HOUSING TRANSACTIONS IN ICELAND

Iceland 
Liechtenstein
Norway grants

 **TRANSPARENCY
INTERNATIONAL**
ICELAND

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SLOVENSKO

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1.1 Overview of Transparency International Slovakia and Iceland

Transparency International Slovakia (TI-SK) and Transparency International Iceland (TI-IS) are chapters of the global anti-corruption movement, Transparency International. Both chapters are dedicated to promoting transparency, integrity, and accountability in their respective countries. TI-SK has developed the “Who Owns Slovakia?” platform, a tool designed to reveal the ownership structures behind businesses and properties, thereby enhancing public awareness and control. Inspired by this initiative, TI-IS aims to address similar transparency issues in Iceland, particularly in the context of the housing market crisis.

1.2 Objective and Scope of the Project

The primary objective of this project is the cooperation of TI-SK and TI-IS on the basis of TI-SK’s Who Owns It (WOI) platform. Transparency Slovakia has for some time managed a platform allowing Slovaks and those visiting Slovakia to plan their ethical vacation.

In Slovakia TI-SK has identified that money from various scandals often ended up in the hospitality industry. Who Owns It focused on promoting fair business and ethical purchasing. The initial phase under a separate name Who owns hotels was dedicated to the hotel sector. In its next stage titled Who owns Slovakia, the project has expanded to cover other market segments as well, namely spa facilities, ski resorts, water parks, golf courses and tourist facilities.

By cooperating the two chapters can share experiences on transparency practices in the two jurisdictions. TI-IS has on numerous instances pointed out the disconnect between Iceland’s idea of its own transparency and the practicality of retrieving public data in the country. Iceland has made massive efforts towards better availability of public information but where it lacks is practical implementation. This results in information being theoretically available but only to those with skills and resources to chase the data.

TI-IS chose to focus on a feasibility study for tracking the ownership and transactions of development sites in Reykjavík rather than its hospitality industry. This allows TI-IS to utilise previous work on the issue while exchanging knowledge with TI-SK. For some time TI-IS has suspected that one underlying factor of Iceland’s unprecedented housing crisis are unregulated leveraging of potential increase in land value during a period of negotiation of land-usage-changes for underdeveloped sites within Reykjavík.

This report will delve into the dynamics of the housing market. Map out a few test-subjects used to investigate if and how data is publicly available. Explore what data is available but not accessible for the public and explain lessons learned from our research.

Furthermore, the project will explore the feasibility of creating an Icelandic version of the “Who Owns Slovakia?” portal to enhance transparency in property ownership and development.

1.3 Relevance and Importance of the Study

Iceland faces an unprecedented housing crisis characterised by skyrocketing property prices and a severe shortage of affordable housing. Since 1999, the population has grown from 275,000 to 388,000, accompanied by a significant increase in tourism, with around 2-3 million visitors annually. According to Eurostat, housing prices have surged by more than 150% since 2010, exacerbating the crisis. This study is crucial for understanding the structural issues and potential manipulations contributing to the housing shortage and price inflation.

In 2022, the Basel Institute on Governance highlighted Iceland in its report on money laundering and terrorist financing risks noting that while the country scores highly on technical compliance, it falls short on effectiveness. Real estate and land is traditionally at risk of utilisation by money launderers so the report got TI-IS interested in looking into the issue of Iceland's housing crisis.

In 2021 a local newspaper Heimildin published series of articles on the lax oversight and enforcement against money laundering in Iceland. The article describes how an individual used real estate transactions to launder money in Iceland. "Once, Magnús bought a house for around ten million krónur and "turned it into a palace." He purchased expensive materials with cash and paid labourers in cash to work on the house, thereby increasing its value. "It seems no one cares that I buy a house for ten million

and sell it for much more. How could this happen? It's like there's no oversight, it's like the tax authorities don't care about this," he says."

2: Background of the Housing Crisis in Iceland

A report, prepared by Intellecon in collaboration with the Housing and Infrastructure Agency (HMS), assesses Iceland's housing needs. It highlights several key factors affecting housing demand, including economic conditions, demographic changes, and governmental policies.

Key Findings:

Population Growth: Iceland's population has significantly increased, with projections suggesting continued growth. The influx of foreign nationals and asylum seekers contributes to this rise.

Household Size: The average household size in Iceland is larger than in neighboring countries but is expected to decrease from 2.53 to around 2.2 by 2040.

Future Housing Needs: To meet future demands, it is estimated that approximately 35,000 new housing units will be needed over the next decade, translating to about 4,500 units annually for the first five years and 3,500 units annually thereafter.

HMS Juny report: numbers from May 2024:

- Housing prices increased by 1.4% month-over-month in May, a notable rise compared to April's 0.8% increase.

- The rise was primarily driven by a 2.5% increase in the prices of detached houses, while apartment prices in multi-family dwellings showed minimal change (0.2% increase) and even a slight decrease (0.3%) in some regions.

- Around 3,350 apartments were for sale nationwide at the end of May, with about 2,000 of them in the capital area. A year ago, there were nearly 300 fewer apartments, and this increase is attributed to more new build apartments now available for sale.

- About 19% of all apartments sold above the asking price in April. The percentage is higher in the capital area at 21.3%, while it is 18.1% in the surrounding areas. In both regions, the proportion of apartments selling above the asking price has increased each month this year.

- The rental price index was 113.3 points in May 2024, marking a 3.2% increase from the previous month. Between May 2023 and May 2024, the index rose by 13.3%. In comparison, inflation during the same period was 6.2%, and the housing price index increased by 8.4%.

Year-over-Year:

- Over the past twelve months, housing prices have risen by 8.4%, which is 2% above the inflation rate.

- Detached houses in the capital region experienced an 11.9% price increase, while those in other parts of the country saw a 7.1% rise.

- Apartment prices in multi-family dwellings increased by 7.4% in the capital region and 7.3% in other areas.

- More than half (55.5%) of Icelanders aged 18 to 24 lived with their parents in 2021, according to Statistics Iceland. This rate was the highest in 2016, at 62.2%. For those aged 25 to 29, 22.5% lived with their parents in 2021, slightly down from 25.2% in 2020. Men are more likely than women to stay in the parental home, with 63.6% of men aged 18 to 24 living with parents, compared to 46.3% of women. In the older group, 23.6% of men and 21.1% of women live with their parents. Young people in the capital area are more likely to live with their parents compared to those in other regions.

Regional Variations in Housing Price Increases

- Capital Region: The new average property value in the capital region increased from ISK 83.3 million to ISK 85 million.

- Detached houses' average property value rose to ISK 130.5 million.

- Multi-family apartments' average property value increased to ISK 68.6 million.

- Other Regions: The average property value increased by 6.6% on average, with some areas like Flóahreppur experiencing a 20.6% increase.

- The average property value in neighbouring municipalities increased from ISK 58.4 million to ISK 61.2 million.

- In rural areas, it increased from ISK

41.4 million to ISK 45 million.

3. Economic Factors

- The property value index decreased in real terms despite the nominal increase due to a 6.6% inflation rate during the same period.

- The current overall property valuation stands at ISK 15.3 trillion, which is more than four times the GDP of Iceland.

- Significant differences were observed in the increase of property values between urban and rural areas, with rural areas seeing a higher average increase (6.6%) compared to the capital region (2.1%).

4. Market Activity and Transactions

- Despite significant residential housing development in recent years, supply has not kept up with demand. Following record construction levels, the pace of projects has slowed, though this is not attributed to a shortage of plots. An estimated 3,500 to 4,500 units need to be built annually over the next decade to stabilise the housing market.

- Since the housing market thawed after the post-crash years, Iceland's housing prices have risen faster and higher than in any other European country. Despite substantial development, demand has outpaced supply, driven by increased purchasing power and low interest rates.

- In February 2022, Statistics Iceland released a new population forecast predicting even greater population growth than previous estimates. This led the

Housing and Construction Authority to update its plans, revealing a higher-than-expected housing need.

- Mortgage Rates in Iceland are currently around 10% without inflation indexing. Sales have slowed down in 2023 but have started to pick up again.

- The number of property transactions increased significantly in April with 1,400 transactions compared to 1,139 in March.

- In the capital region, 733 residential property transactions were recorded.

- In surrounding areas, 475 transactions were recorded, including 229 purchases by a real estate company in Grindavík.

- In other regions, 187 residential property transactions were recorded.

- Data on real estate listings indicate sustained market activity, with a higher number of properties taken off the market in May compared to April, suggesting robust demand.

Sales Prices and Affordability

- The average sale price of properties in April was ISK 81 million in the capital region for both new and older housing.

- Entry price in the Reykjavík housing market was recorded at ISK 60 million minimum in May 2024. Although properties can be found below 60 million ISK it is safe to state that 60 is the minimum.

The average sale price in surrounding areas was ISK 66 million.

- In rural areas, the average sale price for new housing was ISK 82 million, while for other housing it was ISK 53 million.

- A significant portion of the housing supply, especially in the capital region, is priced above ISK 60 million, making affordability a concern for first-time buyers.

- The number of properties priced under ISK 60 million has decreased over the past year, highlighting affordability challenges.

Conclusion:

- The HMS report underscores the urgent need for strategic planning and policy interventions to address the projected housing shortfall. It emphasises the importance of increasing the housing supply to meet the demands of a growing and changing population while ensuring affordability and sustainability.

5: Data Collection

5.1 Sources of Data

HMS (Housing and Infrastructure Agency)

City of Reykjavík

The Tax Authority

Statistics Iceland

Company Registration

News coverage

City Meeting minutes

Market Reports

6: Sites used for testing

Site 1: Landhelgisgæslureitur

Overview: The Landhelgisgæslureitur site, located at Seljavegur 10 in Reykjavík, has been the focus of several planning and development discussions. The site is owned by the state and served as location for The Coast Guard for multiple years. In 2013 the City of Reykjavík approached the State for cooperation of multiple state owned plots in Reykjavík.

State ownership of the plot significantly increases the availability and accessibility of ownership data. During our analysis Transparency Iceland looked into multiple state owned plots. Surprisingly TI-IS found that despite ministers and government coalition politicians repeatedly criticising the city of Reykjavík for lack of available land for development the state as a large owner of land in Reykjavík is one of the most difficult landowners for the city to convince to participate in the building of residential buildings. We hypothesise that a significant factor could be that the capital is under a different majority coalition than traditionally in government. TI-IS will explore this part more systematically in coming weeks; benefiting immensely by this project.

Site 2: Háskóli Íslands

Overview: This site near the University of Iceland is earmarked for developing student housing and additional

university facilities. The project aligns with the city's broader goal of integrating educational institutions into the urban landscape, enhancing the university area's vibrancy.

Háskóli Íslands is a state university and the plots are owned by the state and city. The area is developed by the Student Union. Ownership data is transparent and there are no transactions to trace. The state and City own the land but usage and development is given to the Student Union.

Site 3: Orkureitur

Overview: Orkureitur is a notable development site located near Suðurlandsbraut and Ármúla. It is designed to be a sustainable, pedestrian-friendly area, benefiting from the upcoming Borgarlína public transportation system. The development of Orkureitur has been on the political agenda for years. The plot was originally developed as the Headquarters of the Reykjavík Municipal Electric Works (Today; Reykjavík Energy, OR) in the 70's and housed the public company until late 80's when it moved its headquarters to the suburb of Höfði. Public records do not accurately indicate when Reykjavík Municipal Electric Works sold the plot as digitized records only go back to around 2000. However, Reitir ehf. owned the site since at least 2017.

Plans for redevelopment of the site started formally in 2017 when Reitir approached Reykjavik City in order to broker a deal on a change in land-use-plan, allowing for the development of a residential neighbourhood on the plot. Today Orkureitur is divided into 4 plots; Orkureitur A, B, C, D. However in this report we will refer to it as one

plot as the division only states the stages of development but the ownership, development and land-use-plan are as one.

As previously mentioned Reitir approached the City of Reykjavík in 2017 on the potential of development of the plot from an industrial and office zoning into a residential development. In 2019 a Letter of Intent (LOI) between Reykjavík and Reitir was signed. In 2021 a competition for the design of the new development was held after which Reitir signed an agreement to develop the plot. In 2023 construction started and in may 2024 the first apartments went on sale.

After the 2021 competition and agreement of a new-land-use plan that allowed for 436 flats the plot doubled in value from 2.5 billion ISK to 5.8 billion ISK without any development in transactions that seem odd.

Key Transactions:

2017: Reitir approaches The City of Reykjavík on the redevelopment of Orkureitur from Commercial/Industrial plot to Residential.

January 2019: Reitir and Reykjavik sign a Letter of Intent (LOI) on redevelopment of Orkureitur.

April 2019: Closed competition in cooperation with Architectural Association of Iceland for a new land-use-plan and development specs finishes.

April 2020: Reykjavík City Council approves of redevelopment plans.

July 2020: Reykjavík published new plan which finalises it's formal approval

Oktober 2021: Reitir announces its plan to sell Orkureitur to Íslenskar fasteignir ehf. for 3,8 billion ISK at an

estimated profit of 1.3 billion ISK for Reitur.

May 2020: Sale is finalised and Íslenskar fasteignir ehf subsidiary Orkureitur ehf. becomes the owner of the plot.

July 2020: Íslenskar fasteignir sells the plot to SAFÍR byggingar ehf. After four weeks at a price of 5.1 billion ISK at a profit of 1.3 billion ISK.

2023: Construction starts on Orkureitur A.

2024: First flats go on sale

What was learned and how did we find ownership records?

Mapping ownership of this plot had to be done by hand.

Officially records exist and can in theory be accessed.

The information needed to track ownership of land and real-estate in Iceland should be easily accessible in practice that is not the case. The official avenues are inefficient, often unreliable, costly and come with terms that do not allow for the mass publication of ownership in a form such as 'Who owns it'.

The official data sets are:

- Fasteignaskrá, "Property Register" in English. It is a public register in Iceland that contains detailed information about real estate properties, including ownership details, property boundaries, valuation data, and other relevant legal and administrative information. The register is managed by the Housing and Infrastructure Agency

(HMS) in Iceland. However, open access includes only landowners number (Currently: L103543) which allows for an overview of real-estate owned by the same number. Access is granted to basic information such as property size, fire insurance assessment, and property valuation in an open area. There is an option to access more detailed information about plots and buildings in a restricted access area which access can be applied to for a fee. The fee is a mix of starting fee, monthly fee, service fee and per search/request fee. This would make running a platform like WOI financially unavailable for most democratic or Transparency Organizations. Usage of the data is restricted and usage terms would not allow a platform for land ownership and real estate like the TI-SK Who owns it platform.

- Landeignaskrá, "Land Registry" in English. Similar to Fasteignaskrá and includes much of the same data but for land ownership irrelevant if it has property. The Registry uses the same landowner-number as the Property Registry so it is possible to cross reference between the two.

- Kortasjá Reykjavíkur (Húsnæðisupbygging), "Reykjavík GIS-viewer or Reykjavík MapViewer (Housing development)" The Reykjavík Kortavefsjá is a sub-platform of Borgarvefsjá "City Maps Viewer", which allows for open access to planning data, public administrative data, environmental data and other thematic datasets i.e. Housing Development maps: the one used the most for this research. The viewer is free of charge and offers historical record, planning submissions and blueprints to name a few. Through this data information can be derived or assumed for further research.

- Borgarsjá, is the city's internal data viewer. It offers more detailed data but is not open to the public. TÍ-IS requested information from the system to get an overview of the data available. It includes ownership data for open applications but is not systematic registration of ownership.

- Firmaskrá "company register" or "business register" in English. It is a public registry operated by the Tax Authorities that contains information about companies, such as their legal status, ownership details, financial statements, and other relevant data. The company register is an essential tool for ensuring transparency and accountability in business operations. The data is mostly open to the public with free access to annual returns and beneficial ownership registration. It does not include a database of ownership in the traditional sense but that information can be found by looking at annual returns manually. The beneficial ownership registry is notoriously inaccurate and can for the most part not be relied on. The Tax Authority as an institution will traditionally deny FOI-requests at first. Those decisions can be appealed to an FOI appeal board at the Prime Minister's Office.

- Administration data and minutes from the City of Reykjavík is open to the public. Further information can be requested via FOI which the City aims to answer within seven days. Data on zoning and development plans can be found in meeting minutes.

The goal of this feasibility analysis is not to build our own version of the WOI-platform but to look at the feasibility of doing so. Iceland prides itself on the availability of public data but that tells only half the story. The data can often be found but requires extensive manual labour with a mix of FOI and combining of information from multiple sources. Once the data is acquired Iceland's privacy laws restrict the publication of mass amounts of data. This is particularly true for land and real estate like what we are looking at in this analysis. The Slovakian WOI-platform looks at company ownership and beneficial owners of hotels, spa facilities, ski resorts, water parks, golf courses, and other tourist facilities. This type of information on companies would in theory be publishable - with some restrictions and tracking. It is important to note that the media in Iceland has extensive exemptions from privacy laws; an attempt to safeguard media freedom.

The findings on Orkuhúsið are found by looking up all available information in the public databases.

Starting with Kortavefsjá Reykjavíkur (Húsnæðisuppygging), after which the plot is searched for in the Property Registry.

In the case of Orkureitur the land ownership registry isn't applicable as the site is already in use and the Property Registry includes most of the same data.

The third database is Borgarvefsjá which offers blueprints and applications submitted for any development or construction. By reading through those documents it is possible to find out the names of individuals or companies submitting applications. Here it is possible to find changes in ownership if and only if new owners have

How we actually found the data?

submitted requests for licence or changes in land-use-plan, construction or modification.

Understanding the dates of those applications allows for a more efficient search in Municipality meeting minutes; which grants access to applications and contracts between developer and municipality. Data from approximately 2000 will include a case number linked to ownership number; assisting in search

Using that information owners can be looked up in the company registry. It is not possible to look up individuals in the open access but it is possible to build your own map of individuals by extracting that information manually from annual returns.

We searched archives; news papers, market announcements and Press releases with keywords extracted from these searches.

It is possible to find information but for Orkureitur alone the work amounted to around ten hours of work.

The data is not standardised so automating the process is challenging. However, there are private service providers licensed to offer databases which simplify the search and allow the search of individuals. During this project TI-IS was granted review access to the most prominent of those databases. It is expensive and we opted to focus on mapping out the availability of acquiring data open to the public.

Site 4: Skeifan

Overview: Skeifan is another key development site in Reykjavik, earmarked for a significant mixed-use project. The area is set to undergo a transformation, incorporating residential, commercial, and recreational

spaces. A new land-use-plan was first announced in 2016 by the City of Reykjavik. Originally, Skeifan was planned as an industrial and factory district, which developed in the 1960s. According to the Reykjavik Master Plan 1996-2016, the entire area is now designated as a business zone. Earlier planning schemes for the area mostly covered individual plots but not the area as a whole. Soon, most of the buildings began to be used for retail, and now the area is almost exclusively retail and other clean activities. This aligns with the development trends in Reykjavik, as industrial districts steadily retreated eastward due to the rapid expansion of the city in the 20th century. Therefore, the role of the oldest buildings in Skeifan has changed, and both they and the traffic layout indicate that they were not designed for current activities.

Skeifan is not a single plot but an industrial state with multiple plots for redevelopment. All in all the redevelopment plans suggest 750 residential housing units.

Sales Reports and Ownership Transfers

We were not able to find extensive change in ownership during the administrative phase of Skeifan redevelopment. The most likely reason being that the area is currently in use by businesses that either own its plot and those renting in Skeifan are in most case renting from a company that specialises in property rentals and construction.

Skeifan development site is split into the following plots.

Grensásvegur 1 (A) og (F) -

Owned by Fasteignafélagið G-1,

Apartments are already built and sold or for sale.

No, transaction found after change of land-use-plan

Grensásvegur 1 B mhl. 03

Owned by Fasteignafélagið G-1,

Apartments are already built and sold or for sale.

No, transaction found after change of land-use-plan

Grensásvegur 1 (C) mhl. 04

Owned by Fasteignafélagið G-1,

Apartments are already built and sold or for sale.

No, transaction found after change of land-use-plan

Grensásvegur 1D & 1E (A)

Owned by Fasteignafélagið G-1,

Plot under development

No, transaction found after change of land-use-plan

Skeifan A

New Land-use-plan under development by Reykjavík

Multiple owners and multiple plots

Unable to find complete ownership in public records

EIK ehf. confirmed as owner of two plots

Skeifan B

New Land-use-plan under development by Reykjavík

Multiple owners and multiple plots

Unable to find complete ownership in public records

Skeifan C

New Land-use-plan under development by Reykjavík

Multiple owners and multiple plots

Unable to find complete ownership in public records

The findings on Orkuhúsið are found by looking up all available information in the public databases.

Starting with Kortavefsjá Reykjavíkur

(Húsnæðisuppbýgging), after which the plot is searched for in the Property Registry.

In the case of Skeifan the land ownership registry isn't applicable as the site is already in use and the Property Registry includes most of the same data.

The third database is Borgarvefsjá which offers blueprints and applications submitted for any development or construction. By reading through those documents it is possible to find out the names of individuals or companies submitting applications. Here it is possible to find changes in ownership if and only if new owners have submitted requests for licence or changes in land-use-plan, construction or modification.

Understanding the dates of those applications allows for a more efficient search in Municipality meeting minutes; which grants access to applications and contracts between developer and municipality. Data from approximately 2000 will include a case number linked to ownership number; assisting in search

Using that information owners can be looked up in the company registry. It is not possible to look up individuals in the open access but it is possible to build your own map of individuals by extracting that information manually from annual returns.

We searched archives; news papers, market announcements and Press releases with keywords extracted from these searches.

Due to how far the development of certain sites of Skeifan has come the search for ownership is significantly simplified once apartments go on sale via FF Fasteignir database, a public database of real estate offered on sale.

It is possible to find information but for Skeifan alone the work amounted to around 3 hours of work.

The data is not standardised so automating the process is challenging. However, there are private service providers licensed to offer databases which simplify the search and allow the search of individuals.

7: Challenges and Limitations

7.1 Data Accessibility

One significant challenge in this project is the accessibility of reliable data. Despite Iceland's commitment to transparency, practical implementation falls short. Many datasets, while theoretically available, require extensive manual labour and resources to access. Public records are often incomplete, outdated, or restricted by fees and usage terms, making comprehensive data collection for publishing difficult.

7.2 Legal and Regulatory Constraints

Iceland's privacy laws pose another limitation, particularly regarding the publication of mass data. This restricts the ability to provide a broad, transparent view of land and real estate ownership, which is crucial for a platform like "Who Owns It?". Additionally, FOI (Freedom of Information) requests are frequently denied or delayed, complicating timely data retrieval.

7.3 Technological Barriers

The lack of standardised data formats across various databases complicates the automation of data processing and integration. Current technology in Iceland's public sector is not fully equipped to handle large-scale, automated data aggregation, necessitating manual intervention that is both time-consuming and prone to errors.

8: Conclusion and Recommendations

8.1 Summary of Findings

The investigation into Iceland's housing crisis highlights a complex interplay of insufficient supply, rapid population growth, and market manipulations. Despite significant residential developments, the supply has not met the soaring demand, exacerbated by increased purchasing power and low interest rates. State-owned land presents a unique challenge, as cooperation between state and city authorities remains inconsistent.

This project will be used by TI-IS to advocate for changes in policies on data availability and to negotiate cooperation with state institutions. During our work TI-IS cooperated with HMS. The institution was welcoming and helpful. It has the legal avenue to access the data required. In our cooperation with HMS TI-IS was met with welcoming attitude and interest.

However, building a who owns it map on real estate

transactions in Iceland is a challenge at the current state and is difficult to automate.

8.2 Policy Recommendations

To address these issues, the following policy recommendations are proposed:

Enhance Data Accessibility: Improve the practical implementation of transparency laws by streamlining data access processes, reducing fees, and updating public records regularly. emphasise on self service when it comes to data.

Regulatory Reforms: Revise privacy and data protection laws to balance transparency with privacy, enabling broader data publication for public scrutiny.

Technological Investments: Invest in advanced data management technologies to standardise data formats and automate data aggregation, ensuring more efficient and accurate information processing.

Market Regulation: Implement stricter regulations to control speculative investments and ensure that real estate transactions contribute to increasing the housing supply rather than driving up prices.

8.3 Future Research Directions

Further research should focus on:

Ownership Structures: Detailed mapping of ownership patterns in the real estate sector to identify potential market manipulations.

Impact of State-Owned Land: Investigating the role

of state-owned land in housing supply and developing strategies to enhance cooperation between state and municipal authorities.

Economic Effects: Analysing the broader economic impacts of housing market fluctuations on Iceland's economy, particularly concerning affordability and accessibility.

While TI-IS and TI-SK project was ongoing a *Ásdós Hlökk Theodórsdóttir* presented research at the annual meeting of *Byggðastofnun* revealing that the majority of municipal employees and planning consultants in Iceland have observed cases of corruption influencing municipal planning decisions. The study, which involved questioning elected officials, municipal employees, and independent planning consultants, found that over half of respondents were aware of instances where personal connections, nepotism, or political favouritism affected planning decisions in the past three years. Although Theodórsdóttir's research is indirectly related to the project it is well known that nepotism and political favours are likely to increase prices and affect efficiency negatively which can amplify a housing crisis.

These recommendations aim to foster a more transparent, fair, and sustainable housing market in Iceland, addressing the root causes of the current crisis and paving the way for effective long-term solutions.

