

Helsinki

# Helsinki's housing policy

A historical overview and the current situation

Mika Ronkainen & Elina Eskelä



Mika Ronkainen and Elina Eskelä:  
**Helsinki's housing policy – A historical  
overview and the current situation**

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# Table of contents

Preface	4
The post-war era of rebuilding	6
Urbanisation and the construction of suburbs	12
Slow growth and new sectors in municipal housing policy	19
New housing culture and growth challenges	22
Economic recession and revitalisation with arava	24
Competition for taxpayers and new challenges in housing	25
Helsinki's current housing policy	27
References	43
Appendix 1. Objectives of the 2020 implementation plan for housing and related land use	44

# Preface

You are holding an account of the housing policy of Helsinki from the 1940s to this day. It describes the journey of this strongly growing city through different societal seasons of change, including ones that are reflected in housing. On the one hand, this can be seen as going from one housing crisis to another as generations keep solving challenges related to homelessness, housing shortages and equal opportunities to have a good living environment. On the other hand, the account also describes the work and the solutions that have made Helsinki an international paragon in preventing both homelessness and an areal segregation development.

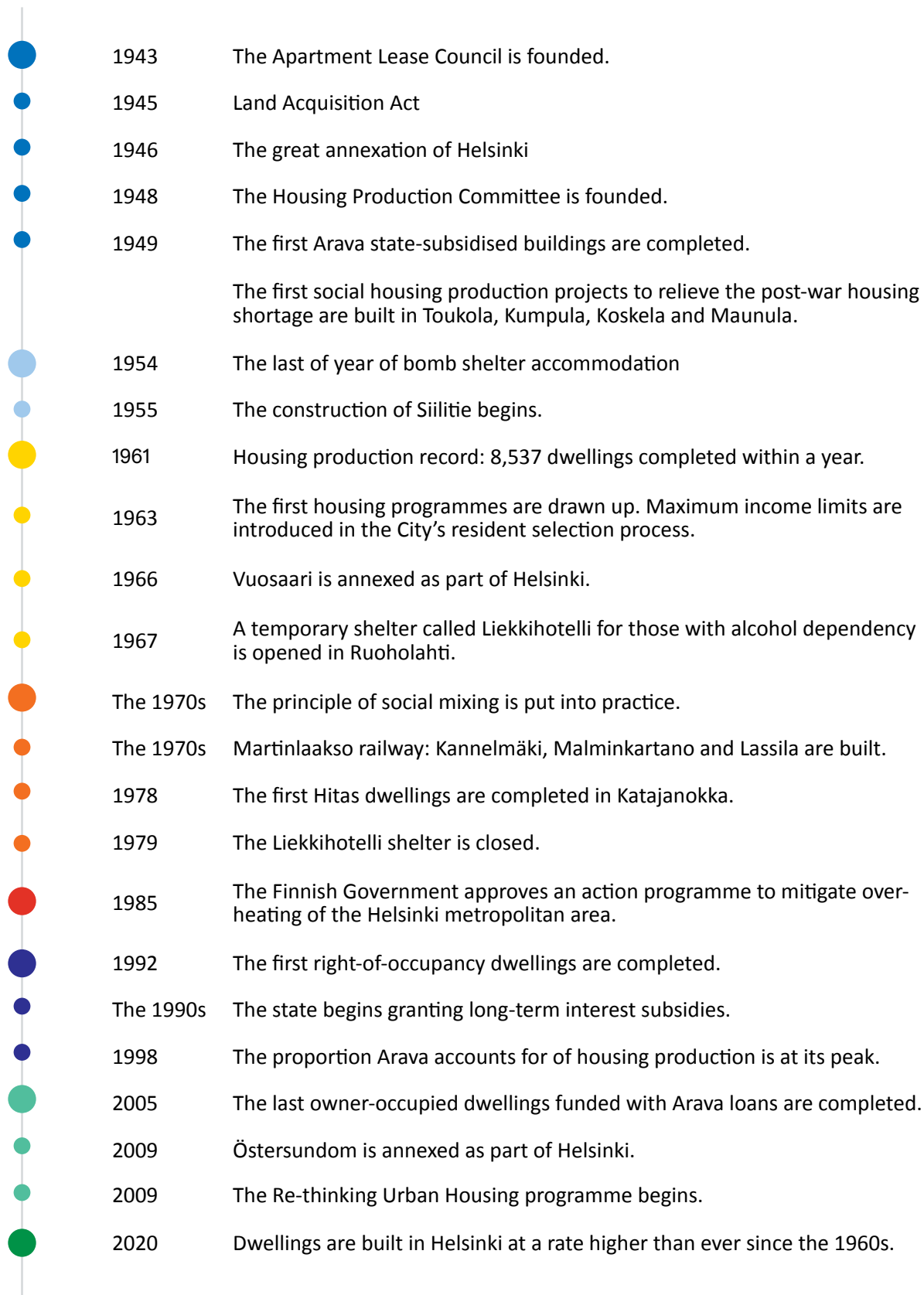
In June 2022, Helsinki will serve as the host city for the International Social Housing Festival. The purpose of this housing policy account is to provide the festival attendees with information about the history and the current state of housing and housing policy in Helsinki, compiled into one publication. However, it also serves as a good reminder to everyone who has worked on the housing conditions of Helsinki of how far we have come, and to us working with housing matters today of what kind of a work heritage we are continuing and why it is important to continue that work in the future.

We would like to give our heartfelt thanks to Mika Ronkainen for writing about the history of housing policy and to Elina Eskelä for writing about the current situation. We would also like to thank the City of Helsinki's former Housing Programme Manager Mari Randell for guiding and initiating this work.

Helsinki, 20 November 2021

Hanna Dhalmann  
Housing Programme Manager

# Timeline





# The post-war era of rebuilding

Helsinki was already a sought-after place to live before World War II, as only 0.2% of the dwelling stock of Helsinki was unoccupied in 1939<sup>1</sup>. The trend of migration to Helsinki continued during the wars as well, and as the housing situation was already tight, the reduction in the building stock caused by bombings and evacuees arriving from areas lost in the wars in Karelia, as well as other cities in Finland, had a significant effect on the housing conditions. The economic and societal changes that took place after the wars resulted in an outright housing crisis in Helsinki.

The housing situation in Helsinki was marred by homelessness, subtenancy and cramped dwellings long after the years of war. The bombings of February 1944 had resulted in 102,000 people evacuating Helsinki, and after the war ended, soldiers, people in labour service and Lotta Svärd members began moving back to their home city in the autumn of 1944.<sup>1</sup> Of the roughly 65,000 people moving to Helsinki between 1944 and 1949, around 8,000 came from surrendered areas. Migration from Helsinki was also active in those years, but the city had a net inflow of roughly 16,000 people regardless. The close relatives of the people returning to the city played a significant role in the process, and in late 1944, Helsinki residents voluntarily accommodated 10,000 people in need of housing<sup>1</sup>. Even though people with families were prioritised over single people in the housing queue, some families had to be accommodated in bomb shelters and other temporary facilities as well.

In an attempt to improve the housing conditions, the City of Helsinki established an Apartment Lease Council in 1943, the duty of which was to regulate apartment

leases and administrate rental housing in Helsinki. This was a difficult task, as an assessment carried out by the Council in 1944 indicated that there was a need for up to 19,000 dwellings in the city. This was despite the fact that strict criteria had to be set for merely getting in the housing queue and many people in need of housing, such as those without a family, were not even accepted as applicants.<sup>1</sup>

Even though cities had massive housing shortages, the post-war rebuilding process in Finland began in rural areas. Paying war reparations took up a large portion of the resources of the country as it recovered from war, which also contributed to the slow start to housing production. There was a major shortage of construction materials, necessitating their rationing, but the start of cities' housing production was also hindered by the prioritisation of the rebuilding of rural areas over population centres. This was in part due to the simple reason that rural areas had space for construction, but there were also political reasons. Finland was still largely agricultural in terms of its economic structure, and after the wars, around half of Finland's population with a profession worked in agriculture and forestry, whereas in other countries in Western Europe, the percentage of people working in agriculture was already low. However, a structural change had started in Finland as well, and between 1941 and 1951, the urban population increased by 415,000 people, while the population in rural areas increased by 51,000. Despite this, housing was built in rural areas at a rate three times higher than in cities over the same period.<sup>2</sup>

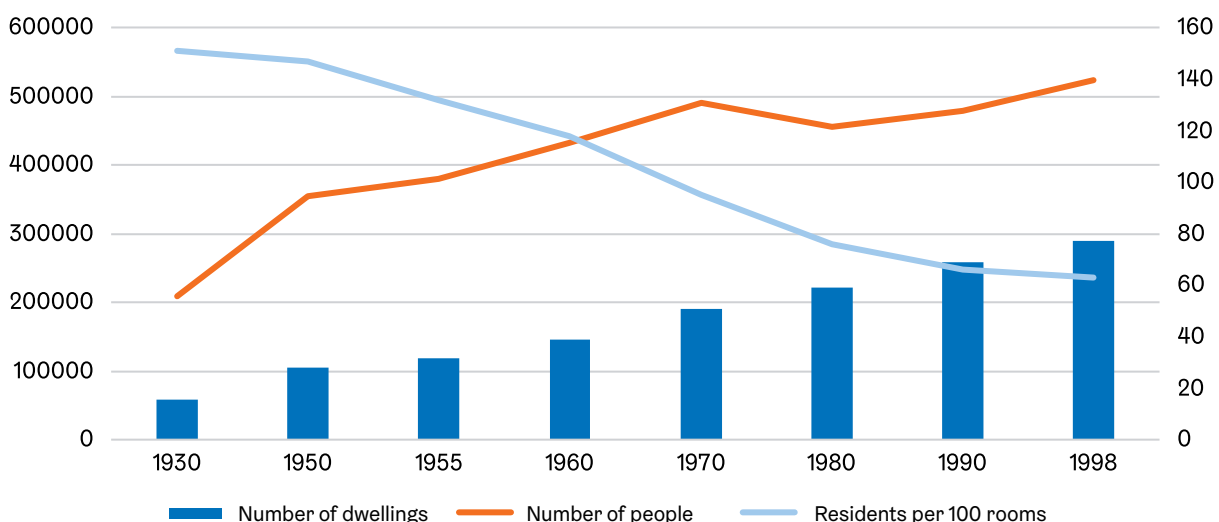


Figure 1. Dwellings, their residents and housing density in Helsinki in 1930–1998. Information from 1940 is missing. Source: Statistics Finland



**Image 1. Subtenants were often given the stove room of the apartment. Vallilantie 27 in 1973. Image: Helsinki City Museum / Eeva Rista**

The imbalance between population development and housing production did not make the situation any easier in Helsinki, either. Because housing production had got off to such a slow start, everything that could be used for housing, from saunas and attics to sheds and allotment garden cabins, had to be used for accommodation.<sup>3</sup> The Apartment Lease Council also had to develop some exceptional measures in order to get through these exceptional times. One method that was used in an attempt to alleviate the housing problem was placing compulsory subtenants in dwellings that were considered spacious. In accordance with the 'room and person' principle introduced in October 1944, the holder of the apartment had the right to have no more than one room reserved for each person

living there permanently, and two children under the age of ten were counted as one person. The Council ordered apartment holders to accommodate a subtenant in an unoccupied room, and starting from the summer of 1946, those subtenants had to be chosen from the City's housing queue. A total of 6,500 compulsory subtenants were placed in homes in Helsinki in 1944–1948, and newspapers and interior decoration magazines of the time reacted to the new housing norms by providing tips for arranging everyday routines and living in the apartment in this new situation. The lack of space and privacy often created tensions between the residents, and sharing the common facilities of the home with strangers made everyday routines more arduous and slower.<sup>1</sup>





Image 2. People evicted from condemned buildings formed a large group of people in need of housing. Evictees moving their belongings on Casterninkatu in Kallio in 1969. Image: Helsinki City Museum / Kari Hakli

The City of Helsinki had already had its first rental apartments built at the beginning of the 20th century in Katajanokka, Vallila and Kamppi<sup>4</sup>. In 1948, the City founded a Housing Production Committee, tasking it with coordinating the rebuilding of Helsinki and producing rental housing. The first social housing production projects to relieve the post-war housing shortage were barracks-like and poorly equipped wooden buildings in Toukola, Kumpula, Koskela and Maunula.<sup>3,5</sup> The dwellings had no running water and the families accommodated in them had to make do with water and sewer posts built in the yard. Residential buildings were also received as donations from Sweden and placed in Kumpula in the current campus area.<sup>6</sup> These so-called 'park houses', originally intended as tempo-

rary accommodation to alleviate the worst housing shortage, ended up being in residential use until the mid-1970s.<sup>7</sup> More two-storey park houses were built on Limingantie and Kymintie in 1951, and they still serve as the City of Helsinki's rental dwellings to this day, thanks to thorough renovations in 1980 and 1988. Slightly higher-quality small apartments were built in Maunula in 1954.<sup>6,8</sup>

In another attempt to boost housing production, a tax relief act was enacted in 1948 with the purpose of attracting capital for rental housing production by making housing investments more profitable. The act granted a ten-year tax exemption for investments made in housing production, which boosted the pro-





**Image 3. A woman has retrieved water from a water post by the north end of the house at Vadelmatie 8 and is carrying the water buckets through the area of the so-called Kumpula park houses in 1973. The one-storey barracks intended for temporary housing were donated from Sweden after the wars. Image: Helsinki City Museum / Simo Rista**

duction of small apartments in particular in Helsinki and improved the situation in the rental market.<sup>2</sup> However, the act was revoked in 1953 as it was deemed too beneficial for housing investors.<sup>9</sup>

The City also provided 11,000 veterans, war widows, war orphans and evacuees with a total of almost 3,000 detached house properties and more than 50 apartment building properties based on the Land Acquisition Act enacted in 1945. Distributing the properties proved to be a challenge, as in terms of numbers, the properties made up almost half of the city's land area at the time. However, the city's property shortage was resolved with the long-prepared great annexation of 1946, which caused the total area of Helsinki to in-

crease almost fivefold. The property situation was also alleviated by the fact that an amendment to the Land Acquisition Act in 1949 made it possible for people to exchange their property for an apartment share.<sup>2, 5</sup>

The Land Acquisition Act amendment anticipated the beginning of Arava building production, as the Arava Act of 1949 facilitated the construction of housing with the support of low-interest state loans, and the first Arava building was completed at Mannerheimintie 81 within the same year. Over the first decades, the main focus of Arava production was on owner-occupied housing, and the principle was to focus on the quality of housing in addition to reasonable pricing. As such, the apartments built in accordance with the Arava



Image 4. The first Arava buildings being built by Central Park on Mannerheimintie in 1949. Image: Helsinki City Museum / Hugo Sundström

standards served as trendsetters as Helsinki was striving towards a better standard of housing.<sup>6</sup> The standard utilities of Arava apartments in multi-storey buildings included central heating, a toilet and bathroom, an electric or gas stove and fixed closets and kitchen furnishings.<sup>10</sup> On the other hand, the strict regulations of Arava construction concerning apartment sizes also contributed to the smallness of Helsinki's housing stock, as in the early 1950s, the average apartment-specific floor space could not exceed 50 square metres.<sup>6</sup> The strict average floor space restriction was in force until 1959.<sup>10</sup>

Arava apartments were intended for people on a low income, but the requirement of 60% self-financing meant in practice that in the first decades, the apartments were occupied mostly by people on a good income. However, the housing situation of low-income people was also deemed to improve due to good-income people vacating their apartments.<sup>5</sup> Arava immediately played an important role in Helsinki's housing production, as more than half of apartments built in the 1950s were Arava apartments.<sup>6</sup> As the main focus of the Arava Act was on owner-occupied housing, it rapidly increased the proportion owner-occupied

housing accounted for of the housing stock together with the Land Acquisition Act in the 1950s and 1960s. In 1950, three quarters of all dwellings in Helsinki were rental dwellings, and tenancy was an esteemed form of housing in the first decades of the 20th century.<sup>5,6</sup>

In the 1950s, housing production took an upturn and the most dire stage of the housing crisis started to subside as apartments were built with the support of Arava loans in locations such as Länsi-Herttoniemi, Maunula, Etelä-Haaga and Munkkivuori. The last people living in bomb shelters with nothing but cardboard walls providing them with privacy got somewhere else to live in 1954.<sup>2</sup> Earlier the same year, the shelters had accommodated a total of more than 200,000 people, the largest being the Erottaja and Vilhonvuori bomb shelters, which accommodated up to almost 70,000 people according to statistics from the time.<sup>6</sup> However, the housing crisis and subtenancy continued, and in the coming decades, homelessness took new forms as the problems of single men returning from the war cumulated, for example.

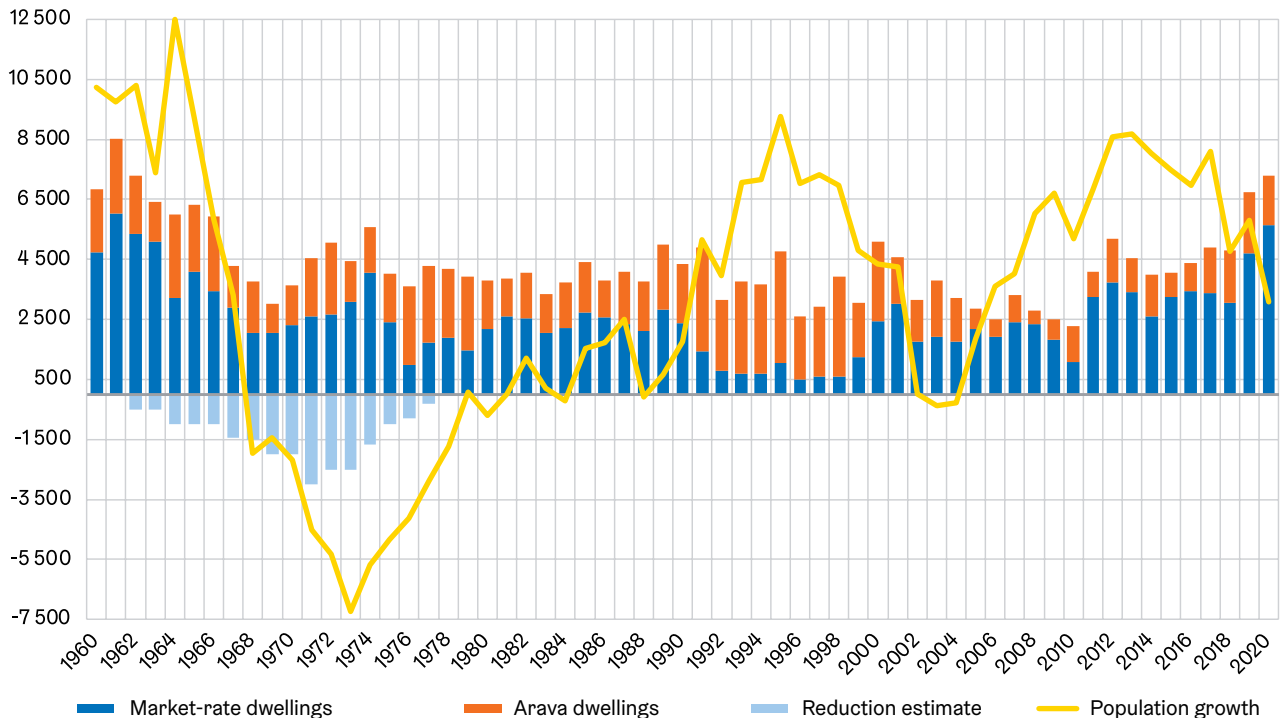




**Image 5. Municipal workforce housing on Karstulantie in Vallila in 1959. Image: Helsinki City Museum / Constantin Grünberg**



# Urbanisation and the construction of suburbs



**Figure 2. Completed dwellings by funding type\*, estimate of the reduction in the housing stock and population growth in Helsinki in 1960–2020.** (Sources: housing production: municipal register, population information: Statistics Finland, housing stock reduction estimate: Vuori 2020.) \*Arava production also includes housing production with long-term interest subsidies.

The change in the societal and economic structure in Finland did not get into full swing until after World War II, a lot later than in other countries in Western Europe. As agricultural jobs decreased, migration within the country headed towards the south, where there were industrial jobs available. The population growth in Helsinki was at its peak in the early 1960s with 10,000 new residents moving in every year. The intensity of migration within the country in the 1960s was also caused in part by the fact that after World War II, people who had to move out of surrendered areas had been placed in rural areas for the most part. Now, as the economic structure was changing, many of them had to move again.

However, housing production in Helsinki had picked up steam with the construction of suburbs. With the construction of areas such as Kontula, at the peak of construction more than 8,000 new dwellings were built in Helsinki annually in the 1960s, and such figures have never been reached since. However, it took some time for the escalated housing problem to subside, and in the early 1960s, Finland was among the few countries in Europe with a quantitative housing shortage.<sup>2</sup> The welfare state was still under construction, and surviving in the housing shortage era often relied on having a working personal support network.

**Image 6. A subtenant's apartment on Fabianinkatu in 1970.** Image: Helsinki City Museum / Kari Hakli







Even though people were no longer accommodated in bomb shelters, housing and everyday life continued to be rough for many in Helsinki. The number of subtenants peaked in the early 1960s, with statistics indicating that there were almost 40,000 of them.<sup>6</sup> In addition to the shortage of dwellings, housing was also marred by a lack of space, as the average density standard in the city was 17 square metres per resident, only half of today's standard. Housing queues were long, and people in need of housing could not afford to not accept almost any offer. The situation forced people to accept

almost inhuman housing conditions, and Helsinki became a housing investor's market. One report from the time describes a "kolkhoz" located on Mäkelänkatu with a room height of less than two metres. The 18 tenants had to share one toilet, and the apartment had no heating or warm water. At the time of the interview, one resident had been living in this apartment built in the two dressing rooms of the former shared sauna facilities for more than four years. The arrangement was quite profitable for the owner of the apartment due to rental income.<sup>11</sup>



Image 7. Keinulaudantie in Kontula in 1971. Image: Helsinki City Museum / SKY-FOTO Möller

The national housing policy of the time has been described as residual by nature. Housing loans were cut back, and the paying of housing allowance in the early 1960s has been described as mostly symbolic.<sup>2</sup> The lease regulation introduced in the early 1940s was also terminated in 1962, but it was restarted in 1968.<sup>6</sup> The regulation kept the lease level reasonable, but it also made leasing out an apartment less profitable, causing the proportion rental dwellings made up of the housing stock to keep decreasing. The proportion Arava production, which had got off to a good start,

accounted for also decreased to one third of all dwellings.<sup>6</sup> In the 1950s, three quarters of all state-supported Arava loans were still granted for owner-occupied dwellings, but after that, the focus of Arava production was placed more on rental dwellings, slowing down the decrease in their proportion. In 1962, more than half of Arava production in Finland focused on rental dwellings for the first time.<sup>2</sup>



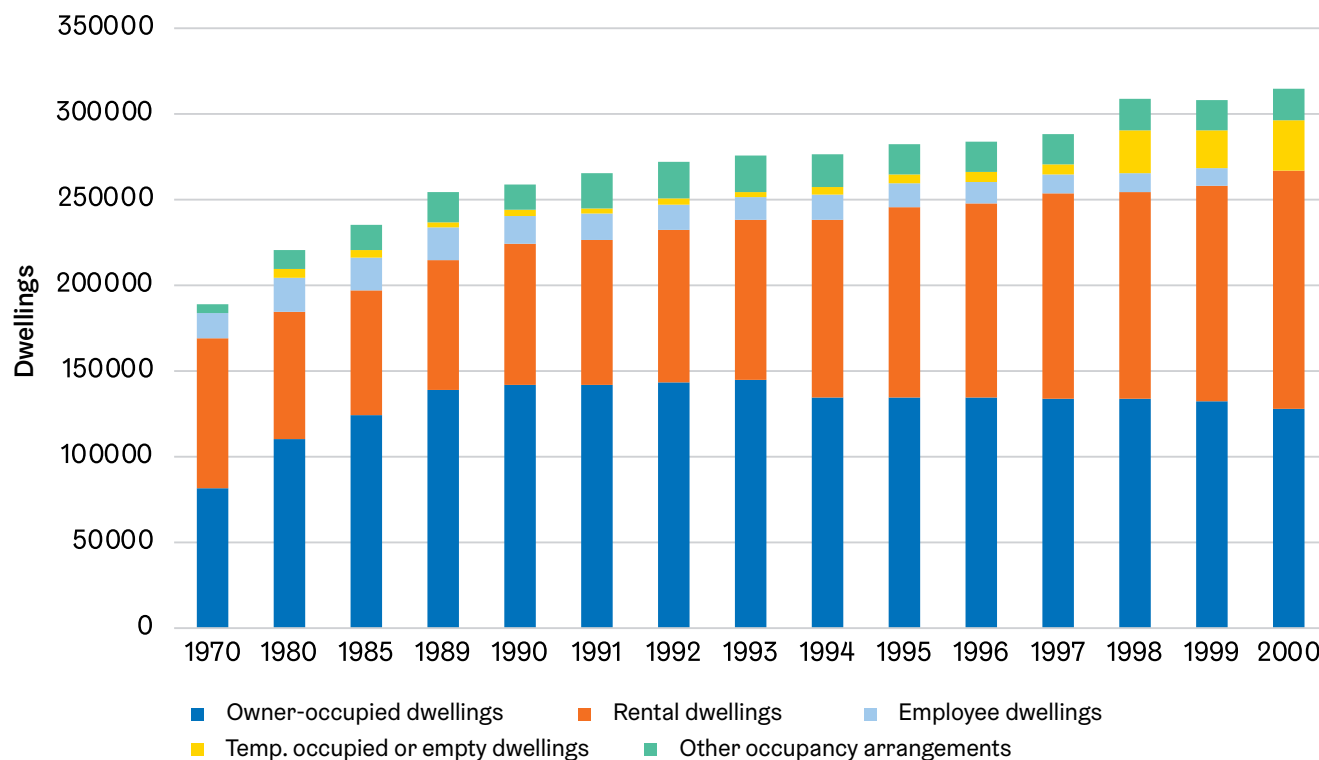


Figure 3. The housing stock of Helsinki by occupancy arrangement in 1970–2000. Source: Statistics Finland

However, the view on the state of housing policy in Finland in the 1960s does not reveal everything about the housing policy of Helsinki.<sup>3</sup> Since the early 1960s, the housing policy decisions of Helsinki began to focus on the City's housing programmes, the goals set for which included aspects such as a sufficient supply of rental housing, reasonable housing costs, the quality of housing production and ensuring a diverse population structure. Land policy, city planning, property policy and the City's own housing production and rental housing production were used in an attempt to achieve these goals.<sup>5</sup> With the creation of housing programmes, the City of Helsinki's housing production, which was established to temporarily alleviate the housing crisis, became a permanent fixture and has produced more than 65,000 dwellings. The housing crisis also prompted the City to review its own housing distribution policy, as at first, the City favoured people with a proven ability to pay, as well as its own officials and employees, in its resident selection process. However, people evicted from condemned buildings had to be accommodated somewhere, so the criterion of rental payment reliability was abolished and Helsinki's housing policy took a step in a more social direction as the City introduced maximum income limits in its resident selection process in 1963. The City introduced income limits of its own accord five years before they entered into force nationally.<sup>6</sup>



Image 8. Cover of the research publication drawn up to support the housing production programme from the 1970s. Source: Helsinki City Executive Office

Helsinki's first proper area and suburb construction areas, such as Kontula, Pihlajamäki, Jakomäki, Myllypuro, Kivihaka and Lehtisaari, were built in the 1960s. The majority of the City's busy rental housing production in the same time period was completed in the same areas, but the dwellings still became quite diverse in terms of occupancy arrangements. Even though Arava funding was a key funding method in

many areas, at least half of the dwellings in most areas were owner-occupied. However, the principle of social mixing had not yet been introduced, so not all areas became diverse in terms of their occupancy type structure. For example, initially, construction in Jakomäki was focused almost exclusively on Arava loan-funded rental dwellings.<sup>6</sup>

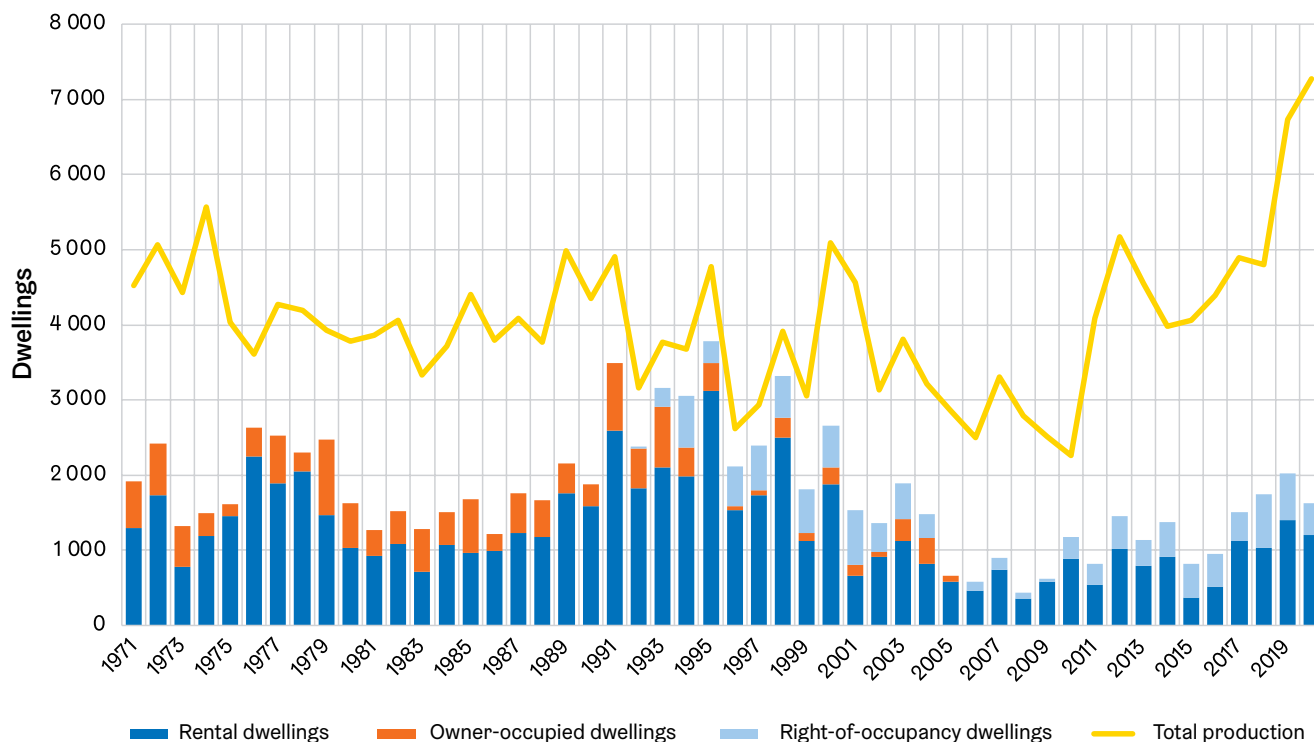


Figure 4. Arava production by occupancy arrangement and total housing production in Helsinki in 1971–2020. Source: Municipal register

After 1964, population growth in Helsinki took a steep dive, and housing production also decreased as the end of the 1960s drew near, down to slightly more than 3,000 dwellings per year at the lowest. A lot of dwellings had to be demolished in part due to their poor quality, but entire residential areas were also demolished to make way for new production.<sup>6</sup> It has been estimated that the housing stock was reduced by 23,000 dwellings in the 1960s and 70s due to demolition and conversion into offices, and the greatest decrease in the housing stock took place in the early 1970s.<sup>12</sup> The majority of the demolished dwellings were rental dwellings, which contributed to a greater emphasis on owner-occupied dwellings in the housing stock. As the City's housing queues were very long, evictees became a new group of people in need of help in Helsinki, and they were placed to live temporarily in places such as Haltiala manor house, which came to be known as the house of evictees.<sup>13</sup> However, the housing demolitions gradually resulted in better housing standards due to improved utilities and a better density standard. The housing stock of Helsinki, which was very small in terms of the average floor space, gradually began to grow as old and cramped dwellings were replaced with new ones.

As the differences in general income levels decreased, the position of wage labourers improved and housing problems gradually became a problem of those not in wage labour. The proportion of labourer families in the housing queue decreased, while the proportion of single men and single mothers increased. When it came to special groups, the focus was placed on the elderly, families with children and evictees. The demolition of dwellings made the position of elderly people in particular difficult. To alleviate their situation, the City founded the 400-year Home Foundation in 1950s to build housing for the elderly in Munkkiniemi in the 1950s and six buildings for the elderly in Maunula in the 1960s. To continue improving the housing situation of the elderly, a housing allowance system for the elderly was established in 1963 and a decision was made in 1965 to build 10 new residential homes and assisted living facilities for the elderly.<sup>6</sup> The City also began to pay more special attention to the housing conditions of the Romani population in the 1960s.<sup>3</sup>

However, one large group of people in need of help was left in the shade. The least amount of attention was paid to the housing conditions of single men, which

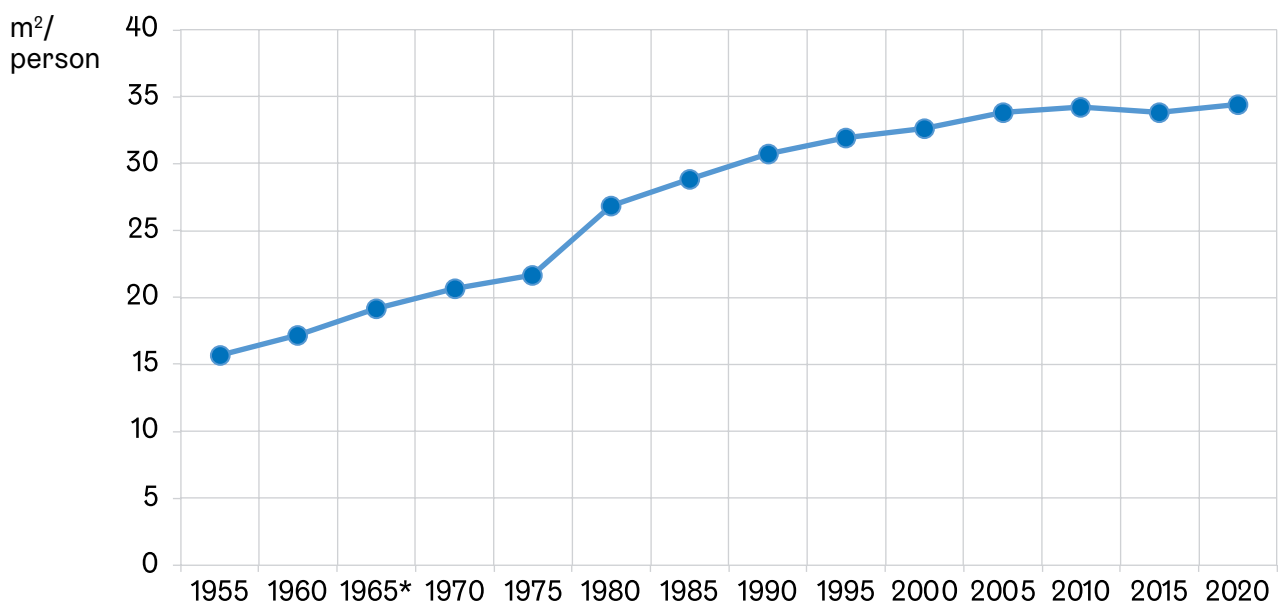


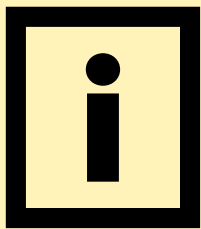
Figure 5. Housing space per person in Helsinki in 1960–2020. Source: Statistics Finland

began to result in a growing number of men with substance abuse problems and no housing, the majority of them being veterans. *“If you had no children and weren’t married, there was no point in trying to find an apartment through the Apartment Lease Council. You just had to try your luck on the free market.”*<sup>213</sup> This quote from back in the day summarises the position of single men on the housing market of Helsinki.

Image 9. In the late 1960s, youth riots had already died down. Children playing in the yard of Siilitie 11 in Länsi-Herttoniemi in 1968. Image: Helsinki City Museum / Jalmari Aarnio







## Social mixing

In the early 1950s, the City of Helsinki began a busy period of Arava construction, especially in new areas acquired with the 1946 annexation. Maunula, Lauttasaari and Länsi-Herttoniemi were new areas dominated by rental housing, and rental apartments were built in particular in the Siilitie area in the northern part of the latter.<sup>6</sup> The construction of Siilitie began in 1955, and in just a few years 1,500 apartments were completed in the area, the majority of them rental apartments owned by the City.<sup>3, 14</sup>

The new Siilitie residential area was structurally a moderately unified housing concentration located relatively separate from its neighbouring suburbs, and the City's resident selection instructions had a significant effect on the formation of its population structure. First of all, the Resident Selection Committee's requirement of long-term uninterrupted residence in Helsinki led to the residents of Siilitie moving to the area primarily from other parts of the city. Since 1957, the Housing Distribution Committee's instructions had included a requirement of ten years of uninterrupted residence in Helsinki, before which the prerequisite for receiving an apartment was that the person had to have been living in Helsinki since the beginning of 1948. The resident selection criterion favouring those already living in the city was in force until 1970.<sup>5</sup>

Another factor affecting the population structure of Siilitie was that the City's housing distribution policy favoured families with children, resulting in up to 43–50% of the population of the new areas being minors. However, the Siilitie area was still a work in progress, and despite the large number of young people residing there, there were few facilities for them to spend their time in. As there were no alternatives, the young people of the area had to spend their time by a bar located at Siilitie 13 and on the streets, causing occasional disturbances and unrest that became a common topic of conversation, addressed by the press as well. Consequently, in the late 1950s, Siilitie became to be known as a disorderly area with youth gangs causing trouble.<sup>3, 14</sup>

The City reacted to the Siilitie youth issue by establishing a youth café in the autumn of 1960 a little under two kilometres away on Hiihtomäentie, in addition to which the City commissioned a survey from the Department of Sociology of the University of Helsinki regarding the background of the Siilitie youth riots.<sup>14</sup> Even though the survey was, despite its thoroughness, unable to indicate clear reasons for the riots, it was concluded that the large number of young people in the area was a significant factor behind the occurrences of unrest.<sup>5</sup>

The unrest in the Siilitie area died down as the 1960s went on, and the City began to pay special attention to the population structure of its new residential areas. When drawing up housing programmes, the aim was to mix social rental housing evenly into the city structure to prevent large unified rental housing areas like Siilitie from being formed.<sup>5</sup> The principle of social mixing was condensed in the programmes as follows: *"In order to prevent issues caused by a homogenous population structure in residential areas, the goal is to place production so that each area will have sufficient diversity of housing types in terms of their funding and occupancy."* Mixing socially supported housing with smaller units amidst other forms of occupancy could prevent strong areal accumulations of social problems.

In practice, the principle of social mixing entered into force in the 1970s, whereby the City began to prescribe percentages for different occupancy types in its housing programmes. This became a housing policy protocol that has facilitated preventing areal homogenisation of the population structure in Helsinki, as well as segregation into areas of people with low and high income. Succeeding in the mixing has required not only a city planning monopoly, but also the City's strong land ownership and terms of conveying housing plots.<sup>5</sup> Even though the City has not been able to follow the principle of social mixing in all areas built since the 1970s, the principle has enabled it to keep areal segregation in Helsinki at an average level when compared to other major cities in Finland. By international standards, the level of areal segregation in Helsinki is low.<sup>15</sup>

# Slow growth and new sectors in municipal housing policy

Helsinki's declining population growth had already reached negative numbers in the late 1960s, and at the peak of this trend, the population of the city decreased annually by more than 7,000 people in the early 1970s. The negative population development was the sum of many factors, affected by a decreasing birth rate and

emigration to Sweden alike. Migration within the country to the Helsinki metropolitan area also dwindled as the result of full employment brought about by a short economic upturn in the early 1970s.<sup>12</sup> At the same time, more and more people moved from Helsinki to Espoo and Vantaa.

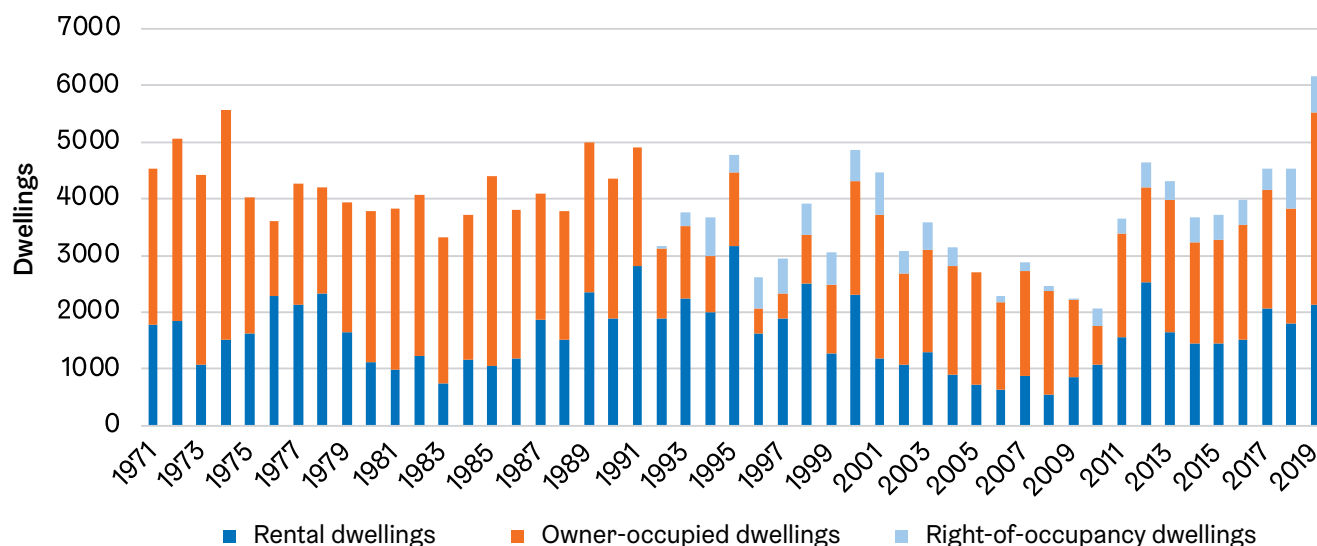


Image 10. Large rental apartment buildings were built quickly on Jakomäentie in the late 1960s. The buildings were in use until the 2010s, whereby they were demolished and replaced with new ones. Jakomäentie 6 in 1978. Image: Helsinki City Museum / Pekka Punkari

As the economy grew, so did housing production again after the nadir of the late 1960s, and the construction of a local train connection between Huopalahti and Martinlaakso also meant that the City's area construction focused on the areas along the new railway. The first new area to reach completion was Kannelmäki, followed by Malminkartano and Lassila. Around the same time, the City started new and infill construction projects in Northern Helsinki in the Malmi, Pukinmäki, Puistola and Tapanila districts. These areas received housing in different types of buildings with different occupancy types, and the average size of the dwellings was larger than usual.<sup>6</sup> At the beginning of the 1970s, the proportion of owner-occupied dwellings in Helsinki's housing stock had already increased to almost match the proportion of rental dwellings – at the end of 1970, there were 82,000 owner-occupied and 87,000 rental dwellings. All in all, the proportion of Arava build-

ings in housing production increased by almost half in the 1970s.

As the economy was still growing in the early 1970s, housing prices in Helsinki were also increasing rapidly. Because of this, work began to design a housing price and quality regulation system in Helsinki, the purpose of which was to produce reasonably priced owner-occupied housing in rental properties owned by the City for families with children in particular. The work resulted in the introduction of the Hitas system in 1978, and the first Hitas apartments were completed in Katajanokka in the same year.<sup>16</sup> At the time, economic growth had given way to a recession due to an oil crisis, but the Hitas system was still seen as a necessary tool for diversifying the funding and occupancy types of dwellings.



FFigure 6. Housing production in Helsinki by tenure in 1971–2020. Source: municipal register

The general housing situation in Helsinki improved steadily, evidenced by developments such as a rapid decrease in the number of subtenants. The number of statistically documented subtenant households decreased from roughly 23,000 in 1970 to slightly over 8,000 in 1980.<sup>6</sup> Finding comparable information regarding developments in the number of people entirely without housing is difficult partly because the definitions of homelessness have changed over the years. For example, people living with relatives or friends were not considered homeless during the worst years of the housing problem, in 1950–1970.<sup>6</sup>

According to the estimates of authorities, there were 400–600 homeless alcoholics in Helsinki in 1960, and a decade later that number was estimated to have increased to up to 1,000–2,000.<sup>3</sup> The large number of homeless men with substance abuse problems was partly caused by the City's own housing distribution policy in the previous decades, as single men had been left outside the sphere of public help and families, elderly people and other special groups were given priority in the housing queue. For a long time, helping people with alcohol dependencies and no place to stay was the responsibility of the third sector, albeit with

Image 11. Numerous housing protests were held in Helsinki during the decades of the housing crisis, many of which were organised by homeless university students. A protest on Mannerheimintie in 1970.

Image: Helsinki City Museum / Simo Rista





the City's support. For example, Koulumatkailutoimisto Oy (later Helsingin uudet asuntolat Oy) leased bomb shelters from the City and maintained dormitories in districts such as Katajanokka, Kämpylä and Lauttasaari. In 1965, the City's Maintenance Committee founded a Central Body for Accommodation Operations to co-ordinate the accommodation brokering of residential facilities.<sup>3</sup>

A couple of years later, the situation of the homeless took a rapid turn for the worse due to several circumstances. In 1967, a residential facility with almost 500 beds was closed on Pohjoinen Makasiinikatu with no temporary replacement accommodations arranged for the homeless. The same year, Helsinki was struck by freezing weather in the autumn earlier than usual, and 40 homeless people died on the streets in October. The homelessness situation was not made any easier by the President's pardon, granted to celebrate the 50th anniversary of Finland's independence, which resulted in Finnish prisons releasing more than one thousand convicts sentenced for relatively minor crimes, the majority of whom had no place to stay outside prison. Many of them ended up on the streets of Helsinki straight from prison.<sup>3</sup>

Now, as the homelessness situation had gotten out of hand, the City was forced to take action, and with an

amendment made to the housing distribution criteria in 1968, dwellings were also assigned to people without permanent housing. However, this was not enough to significantly remedy the situation, as between 1968 and 1974, no more than 78 dwellings could be assigned to homeless people annually.<sup>13</sup> As an emergency fix, the City gave Suoja-Pirtti ry permission in November 1967 to start a temporary shelter for people with alcohol dependencies in the facilities of a former paint storage in Ruoholahti. The shelter soon came to be known as Liekkihotelli ('Flame Hotel') and later Lepakkoluola ('Bat Cave').<sup>3,17</sup> The conditions were terrible in the hovel inhabited by a thousand men, and its location by the traffic-heavy Länsiväylä made sure that the situation of the homeless remained a popular topic of conversation. In the mid-1970s, "solving the housing problem of special groups" was entered into the housing programme with the intention of carrying it out in collaboration with Espoo and Vantaa. However, the collaboration was reduced to only a few dozen homeless people receiving housing, and resolving the homelessness situation by means of housing policy was ultimately left incomplete.<sup>3</sup> Liekkihotelli served as a temporary shelter until 1979, whereby an overnight shelter and a care home for the homeless was completed in Kyläsaari.



**Image 12.** The temporary dormitory for homeless people and people with alcohol dependencies, known as Liekkihotelli or Lepakkoluola, photographed in 1973. The dormitory was maintained by Suoja-Pirtti ry. Image: Helsinki City Museum / Kari Hakli

In the 1970s, the municipal housing market was split into several sectors, whereby municipal housing policy no longer meant a mere social housing queue. Special groups, such as the elderly and the Romani population, were given their own housing systems, and the Hitas system was used to also facilitate reasonably priced

owner-occupied housing. The City also had plenty of employee dwellings built.<sup>5</sup> The national housing policy of the early 1970s has been described as an era of a mature welfare state. The Government's housing policy decisions included creating permanent housing policy support systems and regularising state housing loans.<sup>2</sup>

# New housing culture and growth challenges

The 1980s were characterised by strong economic growth, which resulted in increased construction and investors becoming more active in the housing and construction markets. The housing market heated up, housing prices skyrocketed, and the decrease in the proportion of rental dwellings that accelerated in the

1970s continued. At the end of the decade, rental dwellings made up no more than slightly over one third of all housing, while owner-occupied dwellings comprised more than half of the housing stock. The proportion Arava buildings made up of Helsinki's housing production dropped down to 39%.<sup>6</sup>

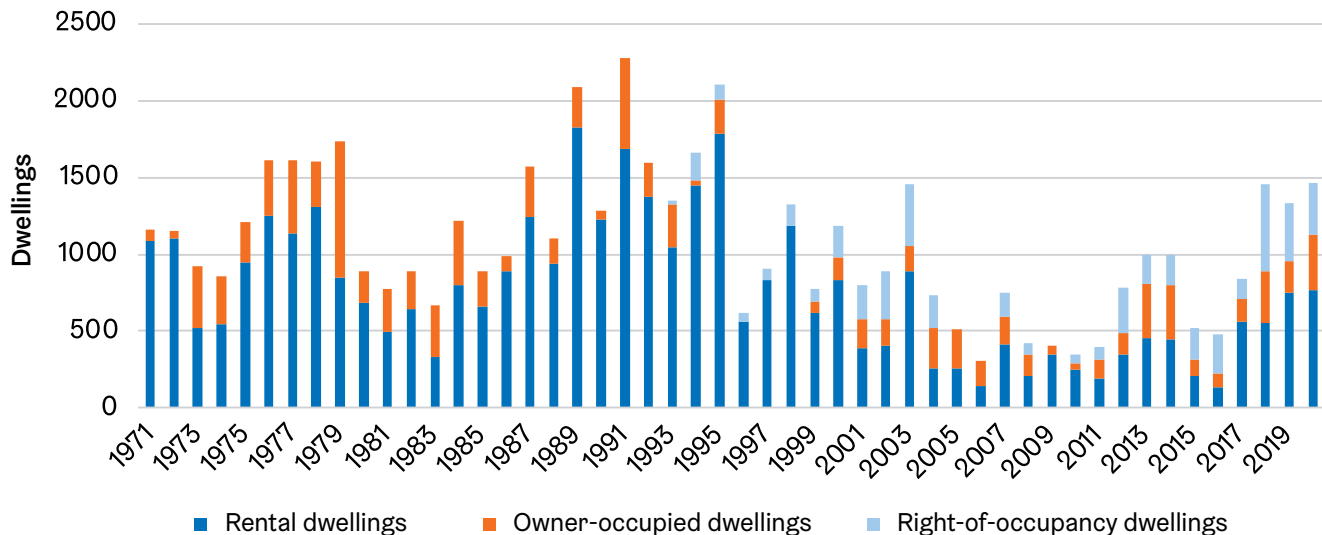


Figure 7. Housing production commissioned by the City of Helsinki by occupancy arrangement in 1971–2020. Source: Helsinki City Executive Office

The rest of the areas along the Martinlaakso railway were completed in the early 1980s. The construction of a metro track also tightened residential construction in eastern Helsinki, and the Kurkimäki area was completed in the east as a new area to represent small-scale apartment building housing. In Länsi-Pasila, a district close to nature and consisting exclusively of Hitas apartments was built to replace the wood building area demolished in the late 1970s and to serve as a counterbalance to the concrete architecture of Itä-Pasila.<sup>6</sup>

Changes in housing culture also affected the market as young people began to move away from home earlier than before. Households became smaller and the average density standard in Helsinki increased in the 1980s by almost four square metres per resident. This, combined with the resumed population growth following the downturn of the 1970s, placed pressure on the housing market that could not be resolved with new production alone, so the housing market kept heating up.<sup>5</sup>



**Image 13. Hitas apartments in Länsi-Pasila in 1984. Image: Helsinki City Museum / Jan Alanco**

In 1985, the Government approved an action plan that included measures for mitigating the overheated growth in the Helsinki metropolitan area. The measures were intended to prevent the population and jobs from becoming concentrated in the Helsinki region too much. Helsinki's excessive attractiveness caused a housing and basic service shortage in the Helsinki metropolitan area and worsened the employment situation in other parts of Finland.<sup>5</sup> As per the Government's request, Mayor Raimo Ilaskivi commissioned an extensive survey on what kind of land policy and city planning procedures securing the construction and housing production of the Helsinki metropolitan area would require. The report, handed over to the Prime Minister on the cusp of the summer of 1989, indicated that securing the space required for housing and jobs would require intensified land acquisition and city planning by means such as founding units to focus on the development of new city districts. Implementing that package would have required rearrangements in the regional administration and annexations.<sup>5</sup> A key part of the proposal was expanding Helsinki towards Sipoo and establishing the Itäsalmi district in the then western part of Sipoo.

Even though Ilaskivi's report was ultimately not implemented as it was, the municipalities of the Helsinki metropolitan area used it to draw up a letter of intent regarding increasing housing production and restricting the construction of business premises. This served as the basis for starting preparations for a new city plan to cover the entire city in late 1989, with a special focus on improving the quality of housing. The goal was to patch up the state's now passive housing policy.<sup>5</sup> Indeed, the state's housing policy in the 1980s has been described as an era of dismantling the welfare state, as production support was replaced with demand-based support, direct support systems were dismantled and indirect support means affecting things through the market were reintroduced.<sup>2</sup> In the 1980s, the City's housing policy placed its focus on new special groups alongside the homeless, such as the disabled, young people and mental health patients, for whom apartments were reserved in the City's rental housing stock.



# Economic recession and revitalisation with Arava

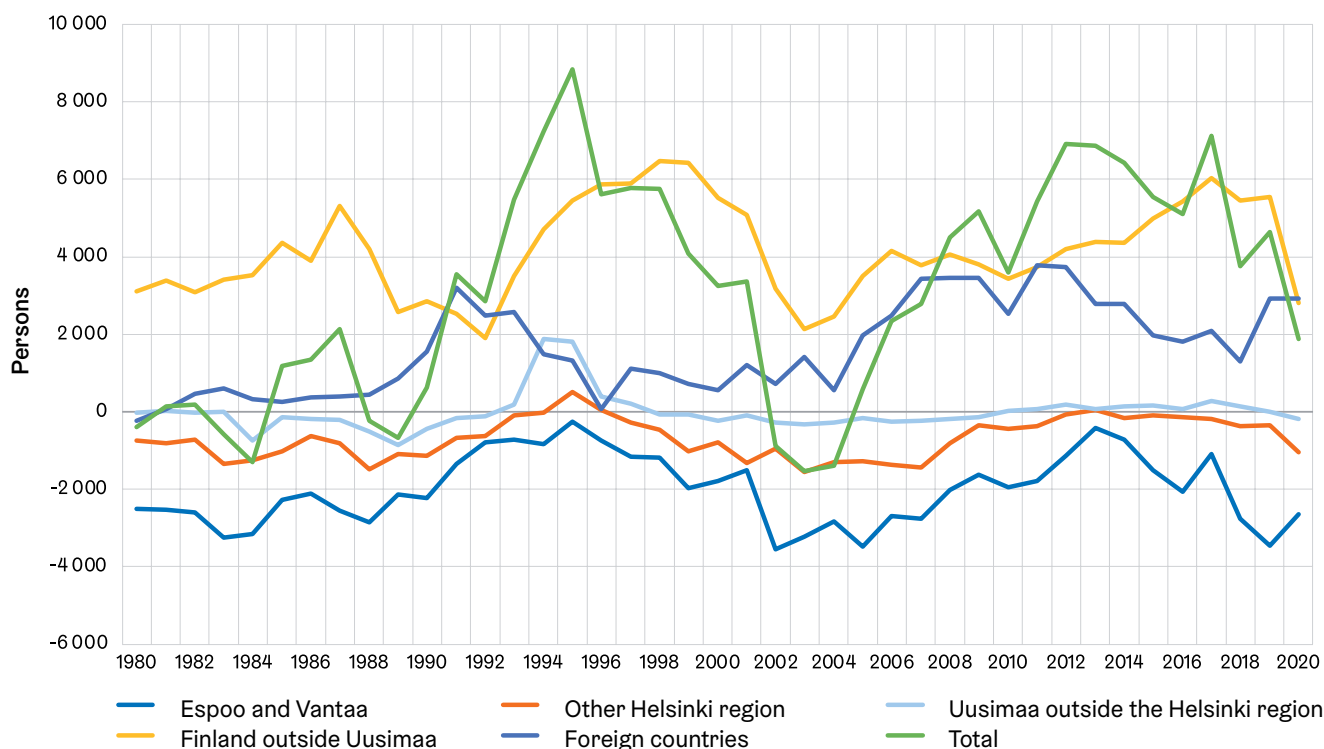
In the early 1990s, after a decade of economic growth in the 1980s, Finland was struck by the worst economic collapse ever seen in industrial countries since World War II. Construction practically stopped, whereby it was decided to support the construction industry in crisis with a high level of Arava production in Helsinki.<sup>6</sup> Due to this revitalisation measure, up to 78% of dwellings built in Helsinki in the 1990s were Arava buildings, which was evidenced by the enormous proportion of rental housing in new residential areas built during that time: in 2000, more than 80% of the housing stock of Tali consisted of rental dwellings. The corresponding number was 75% in Kivikko and 70% in Ruoholahti and Meri-Rastila.

New immigrant groups, such as refugees and Ingrian Finns, had to be taken into consideration in the 1990s when selecting residents for the City's rental dwellings. The principle of social mixing could not be followed in this exceptional situation, and the proportion of people with a foreign background in the population increased to a higher level in many residential areas built in the 1990s than in the entire city on average. As a result of this, areas in eastern Helsinki in the 1990s became the most immigrant-populated areas of Helsinki, and even at the start of 2020, more than one third of the population in Kallahti, Meri-Rastila and Kivikko consists of people with a foreign background.<sup>18</sup>

It was also decided during the bleak economic situation that lease regulation would cease in 1993.<sup>5</sup> This, combined with the uncertainty of the economy and the labour market characteristic of the time of recession, increased rental housing in Helsinki so that in 2000, 47% of the housing stock consisted of rental dwellings and 43% of owner-occupied dwellings.<sup>5, 6</sup> In the 1990s, the occupancy arrangement structure of dwellings in Helsinki became more diverse with the construction of right-of-occupancy and owner-occupied housing. The 1992 city plan proposed the construction of a harbour in Vuosaari, which would free up old harbour areas such as Jätkäsaari, Kalasatama and Kruunuvuorenranta for residential construction.

In addition to Arava support, the state began to support housing by granting short and long-term interest subsidies, the latter of which remained an established subsidy form after the recession. 24% of the dwellings built in Helsinki with the support of the state in the 1990s were built with long-term interest subsidies.<sup>6</sup>

# Competition for taxpayers and new challenges in housing



**Figure 8. Net migration to Helsinki by migration area in 1980–2020 (Helsinki City Executive Office, Urban Research and Statistics).**

After the recession, the economy of Finland took off on a new growth trajectory as led by the ICT sector, due to which employment rates improved and the general interest level decreased. The improving economic situation reignited households' interest, which had been laying dormant for the duration of the recession, in seeking less dense housing than what the cramped housing stock of Helsinki facilitated. Consequently, migration from Helsinki to the other cities of the metropolitan area and the neighbouring municipalities picked up steam in the early 2000s. A downturn in the ICT sector, which had begun around the same time, affected industries in the Helsinki metropolitan area in particular, contributing to the slowing down of population growth in the metropolitan area.<sup>12</sup> This development came to be known as the Nurmijärvi phenomenon. Concerns about the viability of Helsinki's tax base, aroused by the decrease in the population, were exacerbated by the fact that the largest group of people moving away consisted of families with children, which would mean losing future taxpayers to the other municipalities of Uusimaa. The phenomenon was interpreted to be also caused partly by the neighbouring municipalities' better ability to provide housing and basic services more suited to the needs and preferences of families with children.

Ultimately, the years of negative net migration did not last long, however. They were limited to 2002–2004 as the population decreased by up to around 1,500 people per year. Thus, the severity of the population development situation was nowhere near situations such as that in the early 1970s, when the population of Helsinki decreased by almost 7,500 people per year at worst. The proportion the neighbouring municipalities accounted for as migration destinations also ended up being relatively small, but the Nurmijärvi phenomenon led to major land policy changes in the Helsinki region regardless. Helsinki received its latest annexation in January 2009 as Östersundom, which was located in the southeast part of Sipoo and had already been mentioned in Ilaskivi's survey in the late 1980s, was finally annexed as part of Helsinki. The annexation of Östersundom was intended to resolve Helsinki's plot shortage while also facilitating an increase in semi-detached and detached housing, which was considered to be one factor behind the attractiveness of the neighbouring municipalities. However, the development of Östersundom has gotten off to a slow start and Helsinki's housing production has focused on other area projects and condensing infill construction.

Since the Nurmijärvi phenomenon, the City of Helsinki has aimed to develop the diversity of its housing production to better meet the requirements of changing and diverse life situations. The Re-thinking Urban Housing programme, launched in 2009, aims to increase the attractiveness, diversity and comfort of apartment building housing. The City also wanted to meet families' housing needs by regulating the floor space distribution of its housing production with the goal of being able to ensure a sufficient density standard for different life situations, as well as sufficient diversity of residential areas.

The need to regulate the floor space distribution of housing production has also been increased by the accelerated financialisation of the housing market in the 2000s, due to which the proportion small apartments account for in housing production has increased in several major cities in Finland. Financialisation is an international phenomenon in the housing market that causes a risk of excessive production of small apartments, as small apartments are of particular interest to housing investors because of their good rental profits. This may lead to homogeneity in the housing stock and thus homogeneity in the population structure of the area if there are no apartments in the same area to meet the requirements of changing life situations.

Thus, the floor space regulation serves as a continuation of the principle of social mixing.

The international financial crisis of 2007 had a negative impact on financing prospects in Finland as well, and Helsinki's housing production could not keep up with the population growth. Housing production was also made more difficult by challenges in city planning, as the decisions on transferring harbours slowed down and led to worsened conditions for construction.<sup>12</sup> On average, only around 2,700 dwellings were built in Helsinki annually in 2005–2010. The last Arava-funded owner-occupied dwellings were built in Helsinki in 2005, and long-term interest subsidies remain a form of housing support granted by the state. The proportion of Arava buildings in Helsinki's housing stock was normalised after the years of recession, landing at 34% in 2000–2009.

In the 2010s, housing production was once again on the rise, and more dwellings were built in Helsinki in 2020 than had been since the early 1960s. This was achieved by tightening regional co-operation and through the City's goal-oriented housing production, the policies of which are entered into the housing and land use implementation plans drawn up every council period of office.



# Helsinki's current housing policy

Helsinki is well-positioned to steer its housing policy. One key starting point in the planning and implementation of land use and housing is the City's significant ownership of land. Helsinki owns roughly two thirds of its land area, and the majority of its housing production is carried out on land owned by the City. The City is also responsible for land use planning in its area. Factors important in terms of housing policy also include the City's housing assets (17% of the whole housing stock) and its own developer, Housing Production.

Helsinki's current housing policy is steered by the housing and land use implementation programme approved by the City Council on 11 November 2020. The programme determines the City's housing policy goals, which are divided into four themes:

- the amount of housing production
- the quality of housing production
- vibrant areas and segregation prevention
- developing the housing stock and the City's housing assets.

The objectives of the programme are provided in their entirety in Appendix 1.

## Ensuring sufficient housing production

Housing production is one of the most important means of responding to Helsinki's tight housing market situation. In the 2020 housing and land use implementation programme, **the annual housing production goal is at least 7,000 dwellings at the moment and at least 8,000 dwellings starting from 2023**. Increased demand for urban housing, aging of the population and households' changing space needs maintain a need for new housing production. Increasing the supply of dwellings is also intended to affect the price level of housing. New housing is produced in locations that are within the urban structure, both near the inner city and in the suburban zone. Helsinki is also committed to regional housing production goals in accordance with the Helsinki region MAL agreement for 2020–2031.

Housing construction is currently taking place in Helsinki at a record-breaking rate. 10,000 dwellings were being built in the autumn of 2021, and the number has stayed at such a high level for almost three years now. A total of 7,280 new dwellings were completed in 2020.

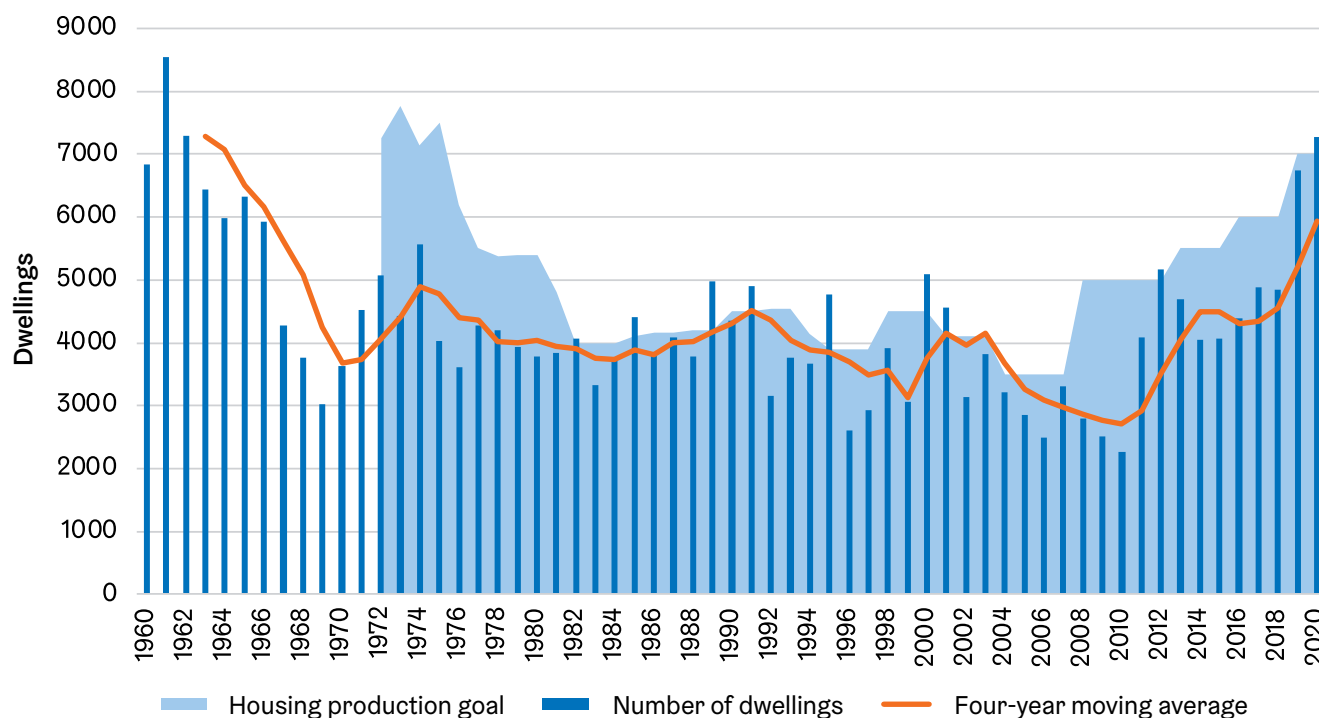


Image 9. Helsinki's housing production in 1960–2020 and the total production goal in 1972–2020 (Helsinki City Executive Office, municipal register).

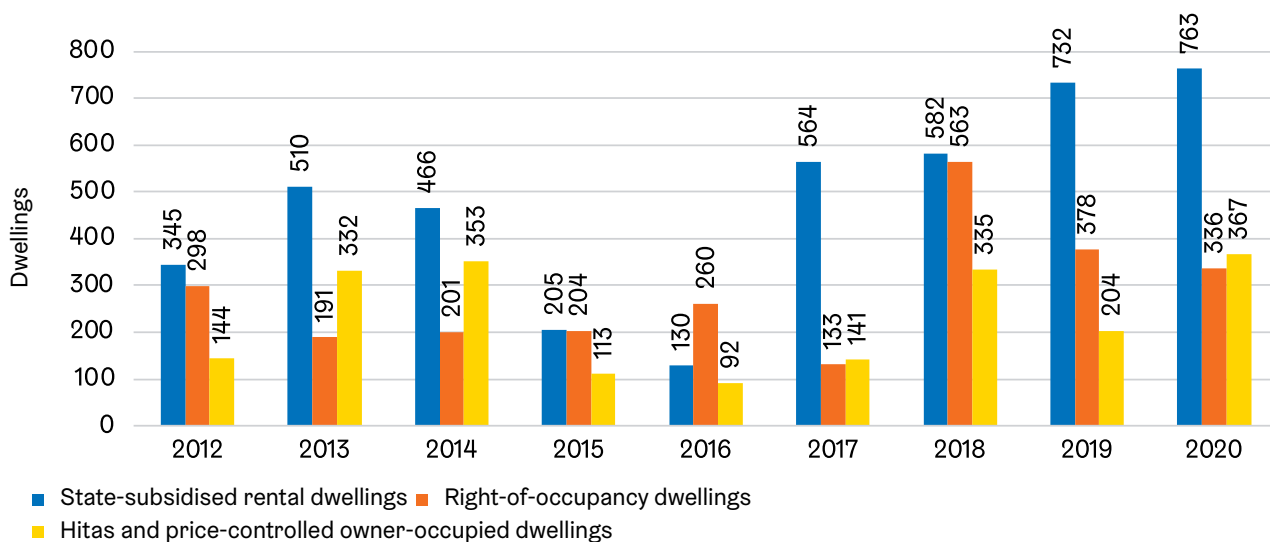


Figure 10. The City's own housing production in 2012–2020 (Helsinki City Executive Office, municipal register)

**The City's goal for its own housing production is 1,500 dwellings a year, and starting from 2023, it will be 25% of the actual housing construction volume.**

The City's own production includes the housing production of state-subsidised rental dwellings for City-owned Helsingin kaupungin asunnot Oy (Heka), right-of-occupancy dwellings for City-owned Helsingin Asumisoikeus Oy (HASO) and, if necessary, the housing production of other City-owned companies. The City's own housing production plays an important role both as a developer of reasonably priced housing and in terms of the overall goal of housing production in potential market situation downturns as well.

In 2020, the City had 1,466 dwellings built, 763 of them state-subsidised rental dwellings. A total of 336 right-of-occupancy dwellings and 367 Hitas dwellings commissioned by the City were completed. In addition to this, 258 student and youth dwellings and 89 dwellings for special groups were built.

### Securing diverse quality in housing production

For a long time now, the key principle of Helsinki's housing policy has been to ensure a diverse population and housing structure in all residential areas. Housing production regulation facilitates opportunities for reasonably priced housing in the most expensive areas of the city as well. Different occupancy and funding types meet different kinds of demand, so occupancy and funding type distribution implementation ensures a diverse socio-economic population structure. In turn, this contributes to mitigating unwanted areal segregation.

Housing occupancy and funding types are divided into three groups: long-term-regulated state-subsidised rental housing, intermediate housing and unregulated owner-occupied and rental housing.

**The occupancy and funding type goal for housing production in 2021–2022 is as follows:**

- 25%** long-term-regulated state-subsidised rental housing (1,750 dwellings, 300 of which student and youth dwellings)
- 30%** intermediate housing (2,100 dwellings, 700 of which long-term-regulated state-subsidised right-of-occupancy dwellings and 1,400 of which short-term-regulated state-subsidised rental dwellings, Hitas and price-controlled owner-occupied dwellings and other dwellings)
- 45%** unregulated owner-occupied and rental dwellings (3,150 dwellings).

**Starting from 2023, the occupancy and funding type goal will be as follows:**

- 30%** long-term-regulated state-subsidised rental housing (500 of which student and youth dwellings)
- 20%** intermediate housing
- 50%** unregulated owner-occupied and rental housing (4,000 dwellings with an average of 250 owner-occupied dwellings implemented by the City in its own construction projects in areas that would otherwise have no owner-occupied housing production. This will facilitate abolishing the current half-Hitas system.)



<b>25% long-term-regulated state-subsidised rental housing in 2021–2022, 30% starting from 2023</b>	Rental housing implemented with a 40-year state interest subsidy loan (Act on Interest Subsidy for Rental Housing Loans and Right of Occupancy Housing Loans 604/2001)
<b>30% intermediate housing in 2021–2022, 20% starting from 2023</b>	<p>Right-of-occupancy housing implemented with a 40-year state interest subsidy loan (Right-of Occupancy Housing Act 650/1990 and Act on Interest Subsidy for Rental Housing Loans and Right of Occupancy Housing Loans 604/2001)</p> <p>Rental housing implemented with a 10-year state interest subsidy loan (Act on Short-term Interest Subsidy for Rental Housing Loans 574/2016)</p> <p>Rental housing implemented with a 20-year state guarantee loan (Act on State Guarantee for Rental Housing Loans 856/2008)</p> <p>30-year Hitas owner-occupied housing</p> <p>Price-controlled owner-occupied housing</p> <p>Regulated co-operative housing</p> <p>Other short-term-regulated housing</p>
<b>45% unregulated owner-occupied and rental housing in 2021–2022, 50% starting from 2023</b>	<p>Unregulated owner-occupied housing</p> <p>Unregulated rental housing</p> <p>Unregulated co-operative housing</p>

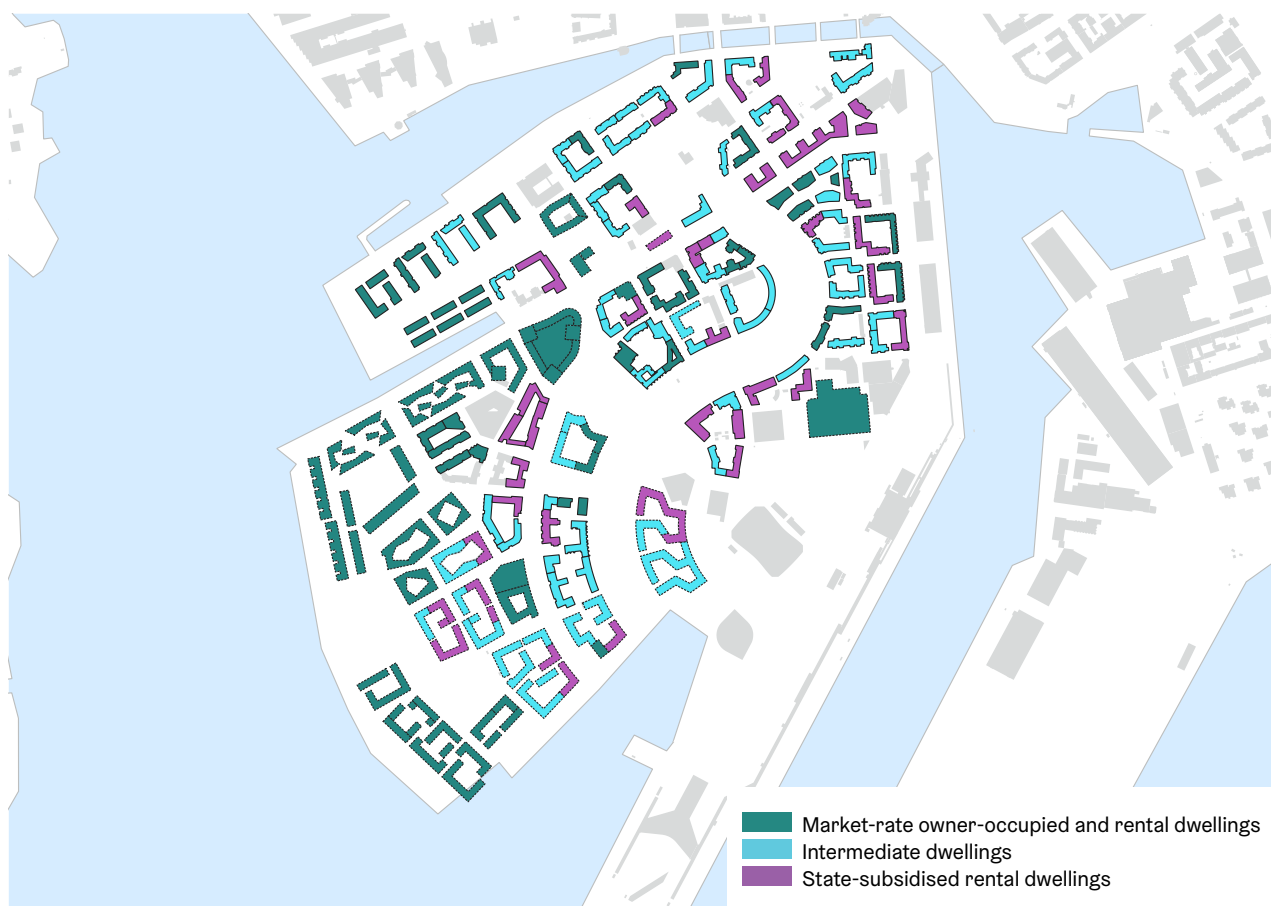
**Table 1. Target occupancy and funding type distribution of the 2020 AM programme.**

The City's aim is to **avoid residential areas that are homogenous** in terms of their housing stock. **Generally speaking, the proportion of rental dwellings in the housing stock of an area must not exceed 50%.**

Since the 1970s, reasonably priced owner-occupied housing has been produced in Helsinki through the Hitas system, in which housing is subjected to price and quality level regulation. **Preparations began in 2021 for a model that secures reasonably priced owner-occupied housing in various residential areas in Helsinki while avoiding the issues with the current system. The aim of the preparations is to abolish the current Hitas system and replace it midway through the programme period.**

The occupancy and funding type goals are applied both to City-owned land and with private landowners. With private landowners, a plot-specific occupancy type distribution is agreed upon in land use agreements. Areal occupancy and funding type distributions are decided on in the plot conveyance and land use agreement phase with the areal balance taken into consideration. The housing stock is examined by school district to ensure a diverse pupil structure at every school.

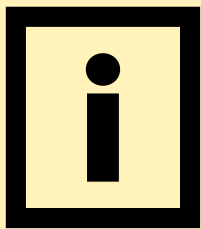
In new project areas, such as Kalasatama and Jätkäsaari, different occupancy and funding types are mixed on blocks as a rule. The goal is for housing types, such as owner-occupied and rental apartment buildings, to be equally high-quality in terms of their visual appearance. Many blocks feature shared yards for resident use.



**Image 14. Occupancy types of existing and planned residential buildings in the Jätkäsaari area (City of Helsinki, HSY)**

The City supports state-subsidised production by setting plot leases at a lower price level than for market-based housing. The land lease price level is determined by the Housing Finance and Development Centre of Finland (ARA), granting the state subsidies and guarantees for housing construction. In turn, the state supports housing with both production subsidies (e.g. interest subsidy loans) and demand-based subsidies (housing allowance).

When examined by occupancy and funding type, the number of market-rate owner-occupied and rental dwellings built in Helsinki in recent years has exceeded the target level, and at the same time, there have been the most challenges with reaching the target level in intermediate housing production.



# Hitas – price and quality-controlled owner-occupied housing

Hitas housing means freely funded owner-occupied housing that is subject to price and quality level regulation. The Hitas system only exists in Helsinki.

The City monitors the construction of Hitas housing and the developer's funds, and new production undergoes a systematic price and quality process. The sales price of Hitas dwellings has a maximum limit, and the City monitors Hitas dwelling sales and sales prices. The maximum sales prices apply to both new and old dwellings. For new buildings, the price regulation is in force for 30 years from the completion of the building. In old Hitas buildings, the regulation ends either with a notice from the City or upon the housing company's request. An exception to this are so-called half- Hitas buildings (price-controlled production), which are built primarily outside the inner city of Helsinki. For those buildings, the price regulation only pertains to the sale of a new dwelling from the developer to the first owner. No substantial difference is seen between the construction costs of dwellings and the market price level of the area in these areas.

Hitas buildings are always built on a plot leased from the City by the housing company. Hitas dwellings have had a more affordable land lease than market-based prices for the duration of resale regulation.

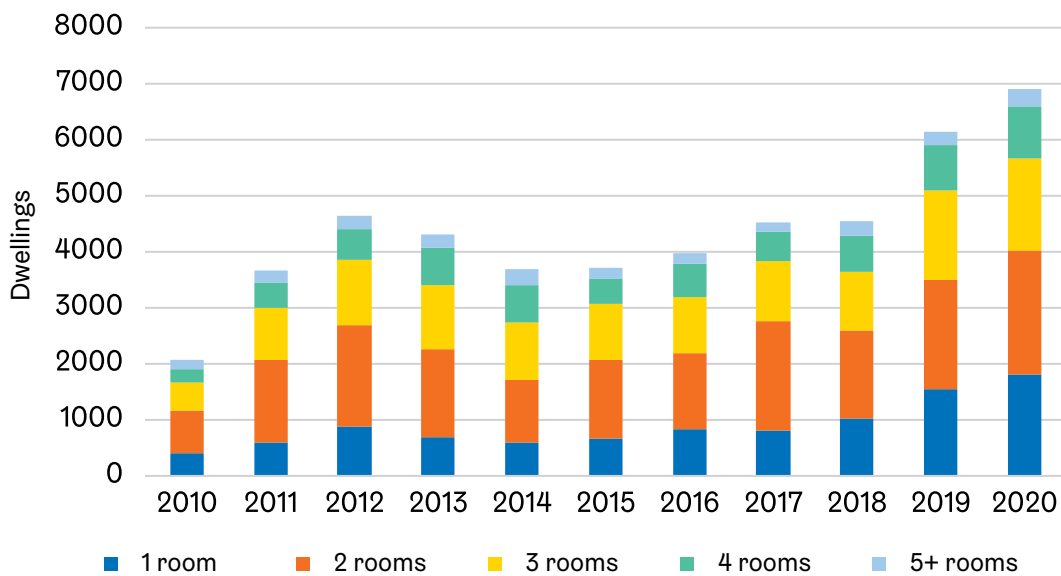
In recent years, the targeting of Hitas dwellings has been improved by randomly assigning family dwellings primarily to families. Correspondingly, one goal of the Hitas system is to provide families with children with an attractive alternative to moving from Helsinki to the surrounding municipalities.

Roughly 25,000 Hitas dwellings have been built in Helsinki, 14,000 of which were subject to regulation in the autumn of 2021. The Hitas housing stock was on its strongest growth trajectory until 1995. In recent years, the construction of Hitas housing has been focused on the inner city and its surroundings. In the last decade, the proportion of Hitas dwellings has been around 10% of the total production.

The Hitas system is one housing policy tool in the areal mixing of the funding and occupancy types of dwellings. The greatest significance and challenges of Hitas lie in the most expensive areas, which are also the subject of all operators' (developers, constructors and consumers alike) greatest expectations regarding value increase. Considerably attractive residential areas are now being built in Helsinki's cost areas 1 and 2, and the prices the dwellings have been experiencing a strong rise. However, one of Helsinki's key housing policy goals has been to ensure that these areas are also made available to all socio-economic groups. This has been achieved by ensuring that unregulated rental and owner-occupied dwellings in the area are accompanied by state-subsidised rental dwellings and right-of-occupancy dwellings under the ownership of the City and other non-profit parties, as well as Hitas owner-occupied dwellings. The price level of Hitas housing has been significantly lower than that of corresponding market-rate housing. However, special attention must be paid to the plot's ownership or lease type when making price comparisons. Another benefit of the Hitas system is that it facilitates providing the housing market with price information regarding actual construction costs.

It has been acknowledged in recent years that the world has changed around the Hitas system developed in the 1970s, and the system must be developed further to meet today's challenges. Examples of such challenges include the targeting of Hitas dwellings (random selection) and lower land lease income. The system has also been criticised for the fact that it has made it possible for one person or community to own several Hitas dwellings and lease them out at market lease levels. Preparations began in 2021 for a model that secures reasonably priced owner-occupied housing in various residential areas in Helsinki while avoiding the issues with the current system. The aim of the preparations is to abolish the current Hitas system and replace it. In February 2022, The City Council decided that the lower land lease for new Hitas housing plots will be terminated in the end of the year 2022 at the latest.

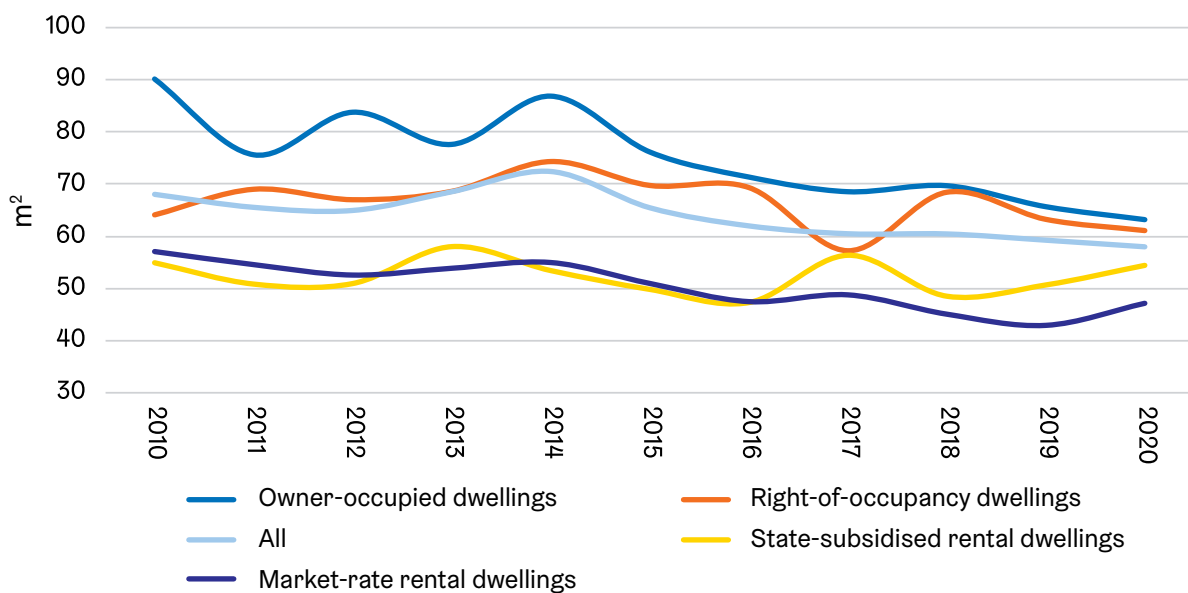




**Figure 11. Dwellings built as new production and with expansions by apartment type in 2010–2020 (Helsinki City Executive Office, municipal register).**

With its apartment type distribution goal, the City aims to ensure that there are enough family apartments, i.e. apartments with at least two bedrooms, in new production. The purpose is to ensure sufficient living space and meet the housing requirements of different households. **On average, 60–70% of the residential building right of properties built as Hitas owner-occupied housing is implemented as family apartments in apartment building production. On average, 40–50% of the residential building right of properties on plots conveyed for unregulated owner-occupied housing production is implemented as family apartments in apartment building production.**

The average floor space of apartment building housing built in Helsinki decreased in the 2010s, being 54.6 square metres in 2019. The average apartment size in the completed owner-occupied housing stock is greater than in the rental housing stock. In right-of-occupancy housing, the average sizes have remained almost unchanged. In market-rate rental apartment production, the average floor space has decreased to 43 square metres. **Sufficient diversity in apartment types will be ensured as regards rental and right-of-occupancy housing production. A target number regarding the average floor space can also be used if necessary.**



**Figure 12. The average floor space (m²) of completed dwellings by occupancy and funding type in 2010–2020 (Helsinki City Executive Office, municipal register).**

Of Helsinki's housing stock, 86% consists of apartment buildings, and in the future, the proportion will be even greater due to new production focusing on apartment buildings. For this reason, apartment building housing in Helsinki must be developed to make it diverse, attractive and suitable for different housing needs. The City's Re-thinking Urban Housing programme contributes to the creation of new solutions for apartment building construction and housing. The built environment and the housing stock play an important role in achieving the City's carbon neutrality goal, and measures related to it are listed in the Carbon-neutral Helsinki action plan. **The proportion wood construction accounts for of all construction projects is being increased each year.**

The City **secures housing for special groups, i.e. substance abuse and mental health patients, the intellectually and otherwise disabled, child welfare clients, young people in need of housing-related support, elderly people in need of care services, refugees who have been granted residency in the municipality and long-term homeless people in a manner in which the housing-related care or support meets the need.** In housing for special groups, the aim is to cease institutional care and provide housing in housing groups or group homes, for example. Institutional care for the

intellectually disabled in Helsinki ceased in late 2018 as the last residents in institutional care moved to suitable apartments, such as the City's group homes. Special groups' housing is provided both in the City's own housing stock and apartments interim leased by the City and as purchased services and services produced by private providers.

Finland is the only country in Europe in which the number of homeless people has been in constant decline. Half of Finland's homeless people are in Helsinki. In 2020, there were 1,856 homeless people in total in Helsinki. Key measures in reducing homelessness include outreach local work and the development of a preventive service provided at home. One important aspect in preventing homelessness is the availability of housing advice, which is secured regardless of the housing type.

### Vibrant areas and segregation prevention

Helsinki has been working for a long time to prevent unwanted residential segregation. Although the urban development has been relatively balanced compared to many European reference cities, new operating modes must be developed for segregation prevention.

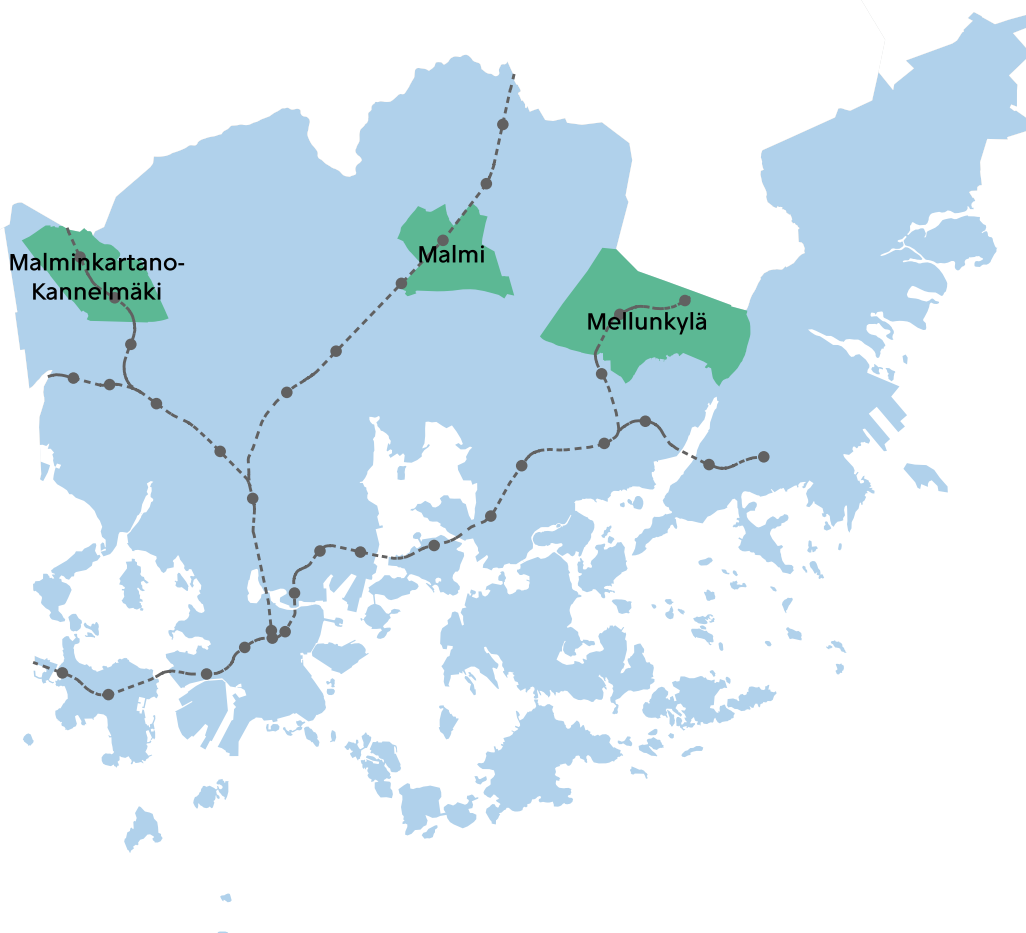


Image 15. Suburban regeneration areas in this programme period (City of Helsinki Executive Office)

Development measures carried out in Myllypuro show that diverse investments and plentiful housing construction can increase the attractiveness of a residential area and change the course of the area's development. In addition to construction, it is important to take care of the quality of the urban environment and service selection, such as sufficient resources for schools. **A cross-administrative model for suburban regeneration will be developed to strengthen the vitality of residential areas.** The suburban regeneration will improve residents' sense of security and living comfort and increase the vitality and attractiveness of areas.

In this programme period, **Malminkartano-Kannelmäki, Malmi and Mellunkylä were selected as target areas for the urban renewal.** Both new housing production and maintaining and developing the existing urban structure will be facilitated in these suburban regeneration areas. The objective is **to ensure prerequisites for a 30% addition to the housing stock in the urban renewal areas by 2035 so that the occupancy and funding type distribution of the dwellings in the areas are developed towards the City's occupancy and funding type goal at the same time.** The areas will be developed in cross-administrative co-operation and together with their residents and operators.



Image 16. Malmi is one of the suburban regeneration areas. Image: Lauri Rotko

Half of Helsinki's new dwellings will be built in new urban development areas projects. **The most important urban development projects in this programme period will be Kalasatama, West Harbour, Kruunuvuorenranta, Pasila, Kuninkaantammi and the area around Malmi Airport.** The Malmi Airport area and Koivusaari will be opened as new urban development areas. The occupancy type distribution will be implemented in the housing production of the project areas in a systematic manner. This will ensure that the new residential

areas will be diverse in terms of their population.

In 2020, half of the City's housing production was carried out as infill construction across the city. Of the new urban development areas, the most heavily built areas were Jätkäsaari (903 dwellings) and Kalasatama (877 dwellings), in addition which housing construction continued actively in other project areas as well, such as Pasila and Kruunuvuorenranta.



Tightening the urban structure and relying on ready-made infrastructure is important for urban development that is ecologically and economically sustainable. With infill construction in existing residential areas, Helsinki will secure the preservation of their vitality and their social sustainability. **The objective is for 50% of housing construction to be carried out as infill construction. Infill construction will focus on locations with good public transport connections and the accessibility of areas will be taken care of.** In addition

to the suburban regeneration areas, the areas of focus in infill construction are Jokeri Light Rail, Herttoniemi and Laajasalo. Examples of significant infill development areas include the infill construction of Meri-Ras-tila, the Koskela Hospital area, the Karhukallio area in Myllypuro, the Aromikuja area in Vuosaari, Huopalah-denportti and Kumpulanmäki. In the infill construction areas, the aim of new housing production is to balance the local dwelling occupancy and funding type distributions towards the City's occupancy type objective.

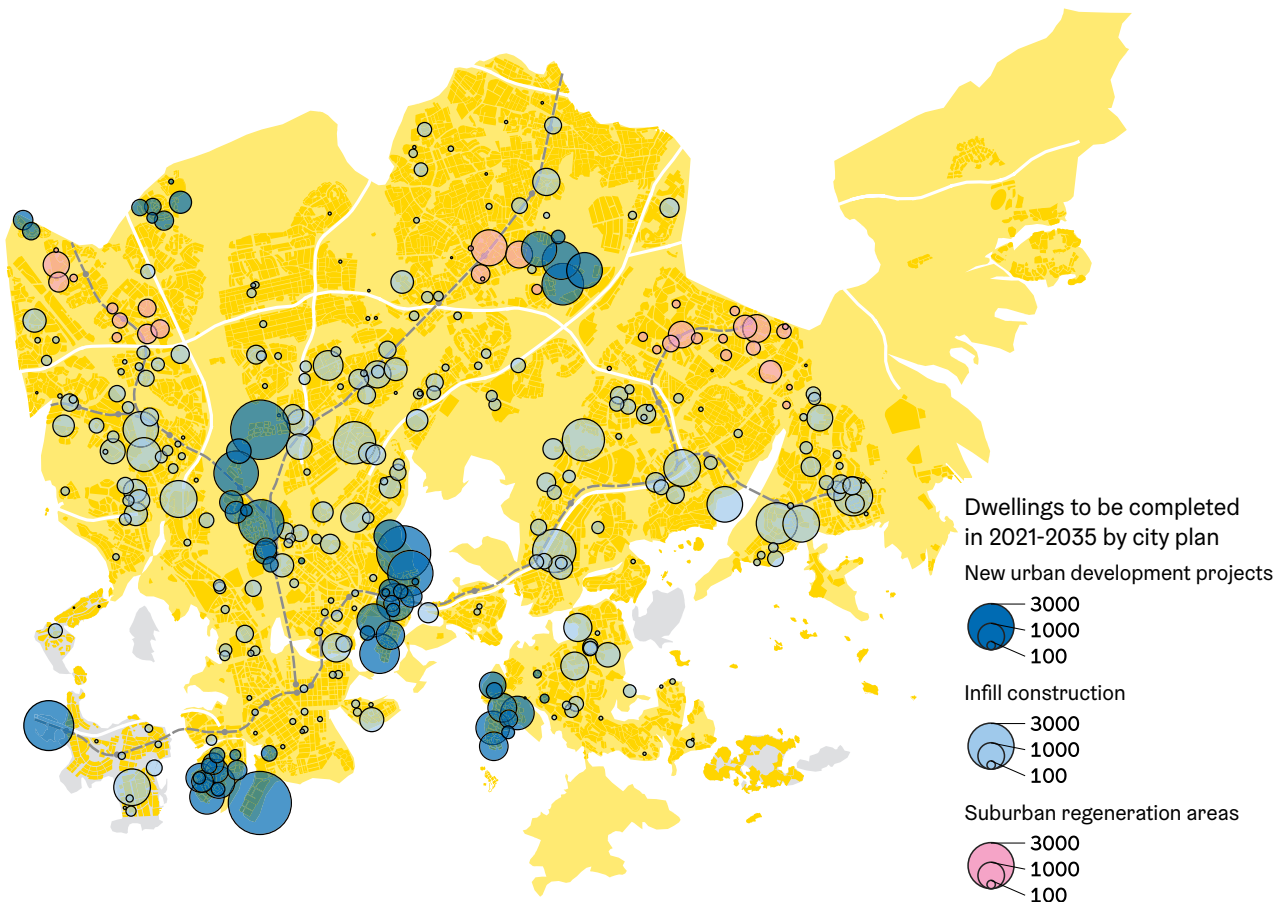
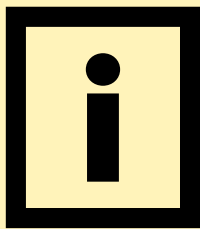


Image 17. Dwellings to be completed in 2021-2035 by city plan: new urban development projects and infill construction (Helsinki City Executive Office, construction forecast 2020)



# History of the City's housing companies

The City of Helsinki group owns 63,500 dwellings. The majority of them, 50,000 dwellings, are owned by **Helsingin kaupungin asunnot Oy (Heka)**, the housing stock of which features long-term state interest subsidy rental dwellings and rental dwellings for special groups (such as the intellectually disabled and substance abuse and mental health patients). Heka was founded in 2010. In 2011–2012, a total of 21 decades-old Arava property companies that owned their properties were merged into Heka. Heka's current one-company model was created at the turn of 2019 and 2020 as Heka's southern, eastern, north-eastern, south-eastern and western regional companies were merged into their parent company. Since the beginning of 2015, Heka has assumed ownership of more than 2,500 special needs dwellings as Kiinteistö Oy Helsingin Palveluasunnot was merged into the group. The service dwellings are leased to the City's Social Services and Health Care Division, which in turn leases them to residents. At the turn of 2015 and 2016, the City of Helsinki's 400-year Home Foundation ceased its operations and the buildings (520 dwellings) administrated by the foundation were transferred to Heka.

**Helsingin asumisoikeus Oy (HASO)** owns 5,000 right-of-occupancy dwellings. Founded in 1992, HASO is currently Helsinki's largest and Finland's fourth-largest right-of-occupancy company.

**Kiinteistö Oy Auroranlinna** was founded in 1989 around the properties built at Paulankatu 2, and in 2003 Auroranlinna became a merged company. KKOY Helsingin Korkotukiasunnot, owned by the City of Helsinki, was merged into Auroranlinna from 1 January 2020.

**Oy Helsingin Asuntohankinta Ab** was founded in 1984. Around one half of its dwellings consist of market-rate rental dwellings and the other half of housing shares acquired with state subsidy loans. The original idea was to procure reasonably priced rental dwellings for the City's needs and prevent segregation by placing rental apartments in a decentralised manner in areas where there were none before, and to place apartments in a decentralised manner in different apartment blocks. It was decided in 2009 that the company's apartment procurement operations would cease.

The Urban Environment Division's Facilities department administrates other parts of the City-owned housing stock, which includes individual Hitas housing shares, housing shares and semi-detached and detached houses. The Hitas housing shares were acquired by the City in accordance with the rules of the Hitas system from almost every Hitas building built in the city.

Constant efforts are being made to clarify the management of the City's housing assets. The aim is to centralise the City's ownership of state-subsidised rental dwellings to Heka and its ownership of freely funded dwellings to Auroranlinna.

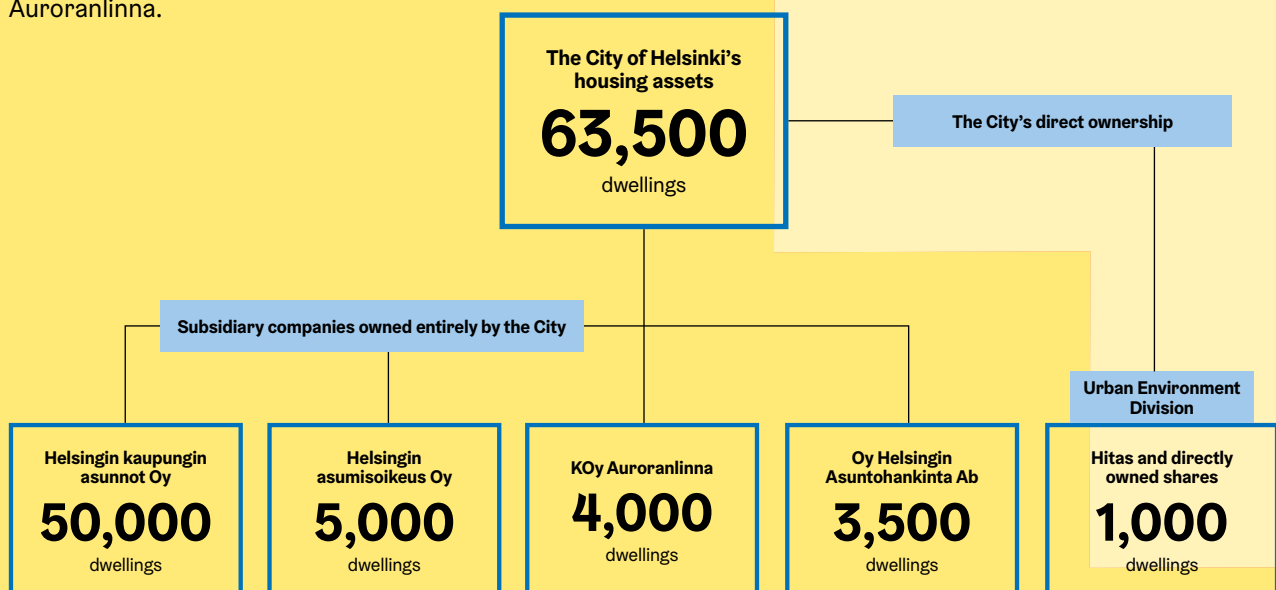


Image 18. The City's housing assets. Source: Helsinki City Executive Office

## Developing the housing stock and housing assets

Lifts play a major role in the living comfort of all resident groups. One key way to improve the quality of the housing stock is retrofitting buildings with lifts. The City's lift project provides housing company owners, residents, housing managers and board members with advice related to acquiring a lift.

The housing stock owned by the City plays a significant role in providing reasonably priced dwellings, as a tool for social mixing and in securing housing for special groups. The City of Helsinki group owns 63,500 dwellings, which is 17% of the city's housing stock. **The clarification and development of the management of the City's housing assets will continue.**

Heka's resident selections are made by the City of Helsinki's Urban Environment Division in accordance with regulations pertaining to the resident selection of The Housing Finance and Development Centre of Finland (ARA). The selection criteria include the applicant's need for housing, wealth and income. Priority is given to homeless people and other applicants with the most urgent need for housing, the least wealth and the

lowest income. In other words, a needs test is used in resident selections. This priority arrangement can be deviated from in individual cases for reasons such as the population structure of the building or residential area.

Right-of-occupancy housing falls somewhere between ownership and leasing. The right-of-occupancy system and related resident selection is regulated by the Right-of Occupancy Housing Act. The right-of-occupancy holder pays a right-of-occupancy fee, which is 15% of the acquisition price of the dwelling, and a resident charge, which is comparable to rent. The right-of-occupancy is granted based on the applicant's order number. With the new Right-of Occupancy Housing Act, the order numbers will be temporary, whereby right-of-occupancy dwellings will be assigned better in accordance with actual housing needs and faster than before.

Heka's rents and HASO's resident charges are determined on a cost price basis and are affordable. In 2021, the average rent at Heka was €12.00 and the average resident charge at HASO €10.27 a month per square metre.



# Key housing figures



**657,000**

RESIDENTS  
17% NON-FINNISH-SPEAKING



**376,000**

DWELLINGS, 86% OF WHICH IN APARTMENT BUILDINGS



**345,000**

HOUSEHOLDS



HOUSING SPACE / PERSON

**34m<sup>2</sup>**

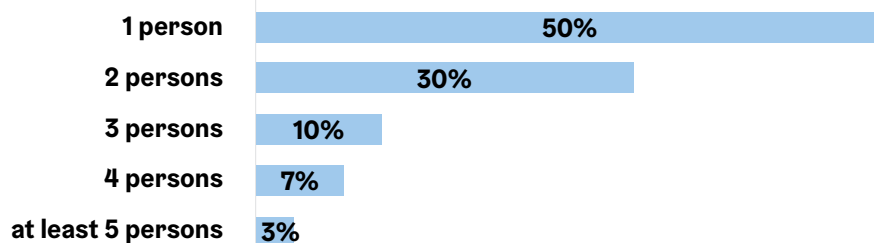
AVERAGE FLOOR SPACE OF APARTMENTS IN APARTMENT BUILDINGS



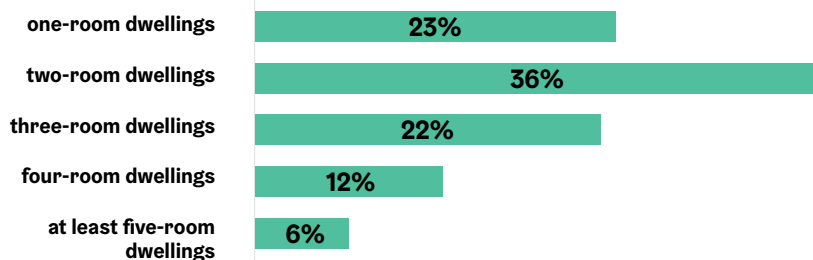
**57m<sup>2</sup>**



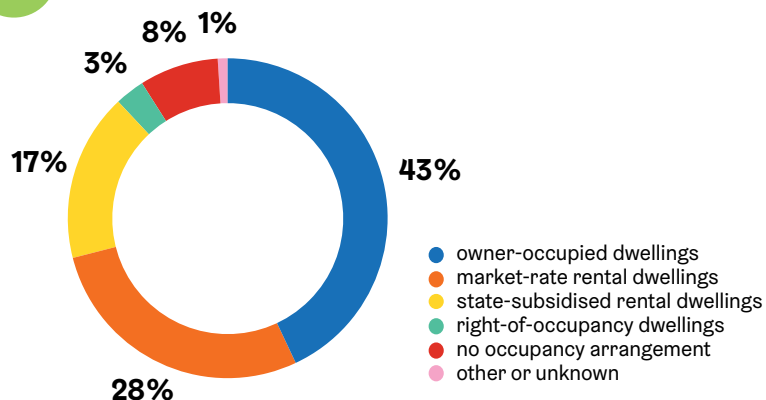
HOUSEHOLDS BY NUMBER OF PERSONS:



HOUSING STOCK BY NUMBER OF ROOMS:



HOUSING STOCK BY OCCUPANCY AND FUNDING TYPE:



Source: Statistics Finland

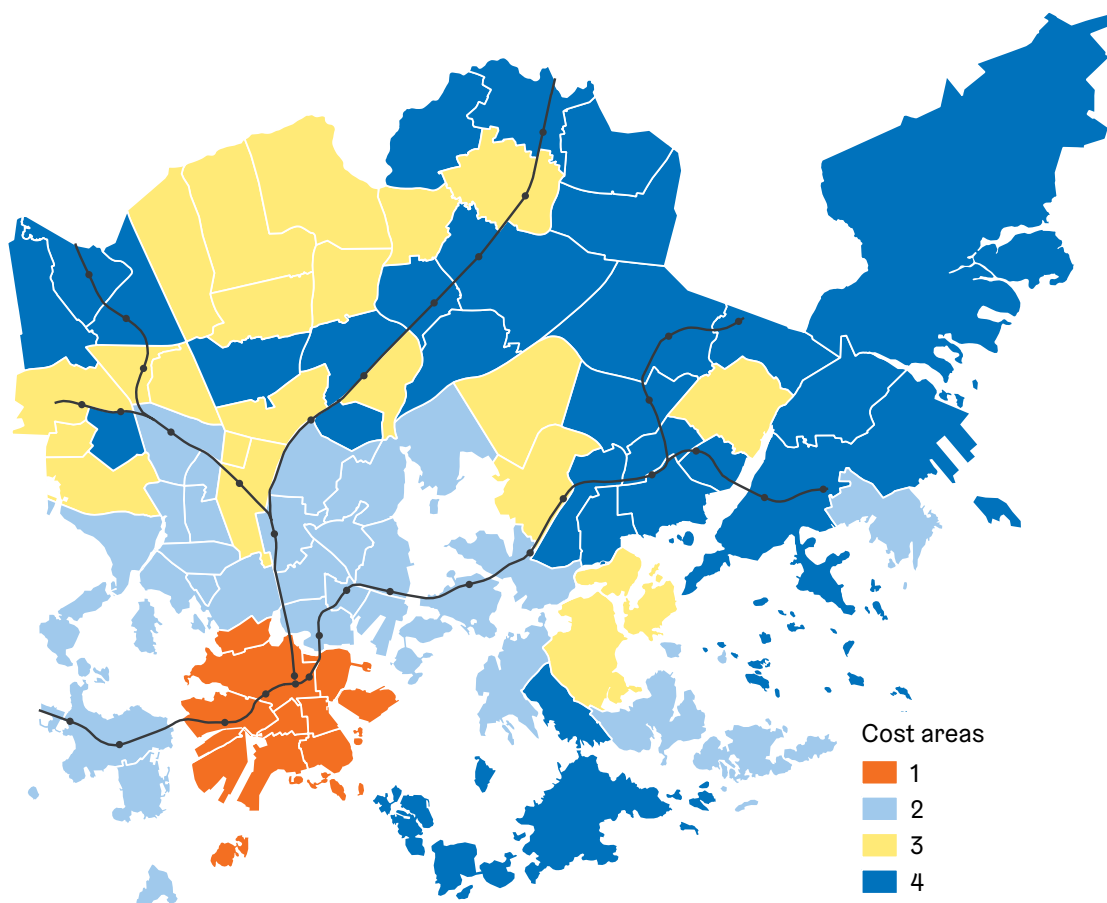


Image 18. Cost area map of Helsinki (Statistics Finland)

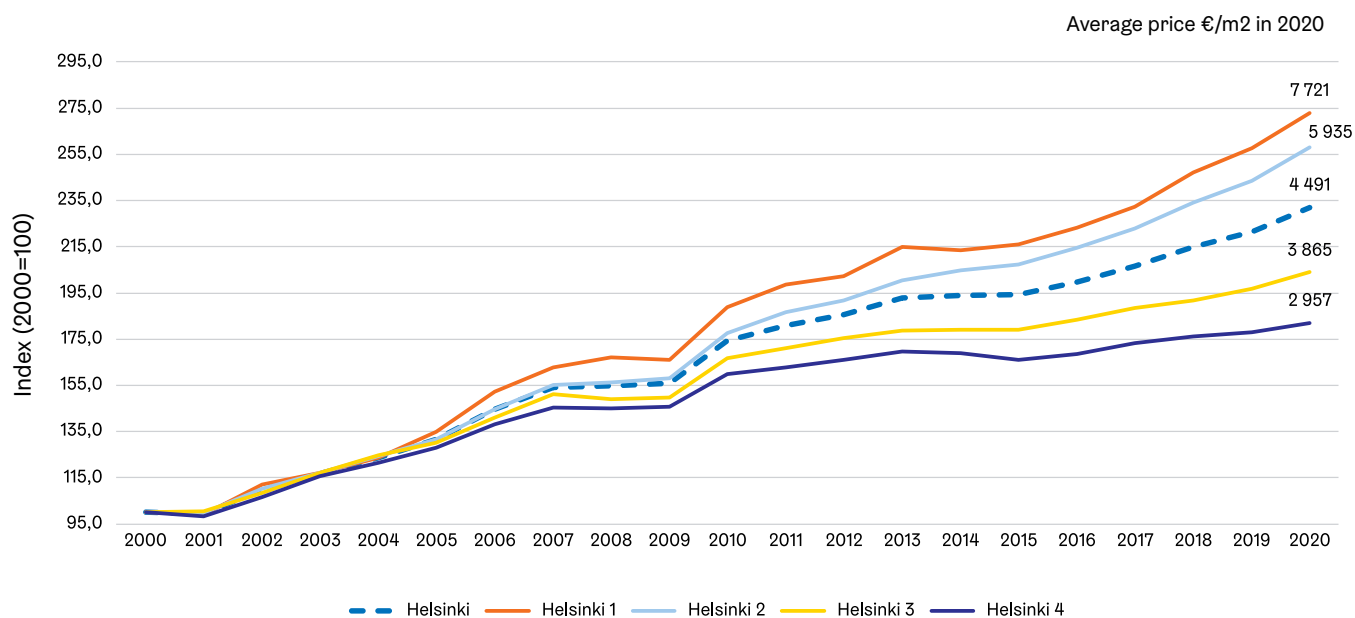
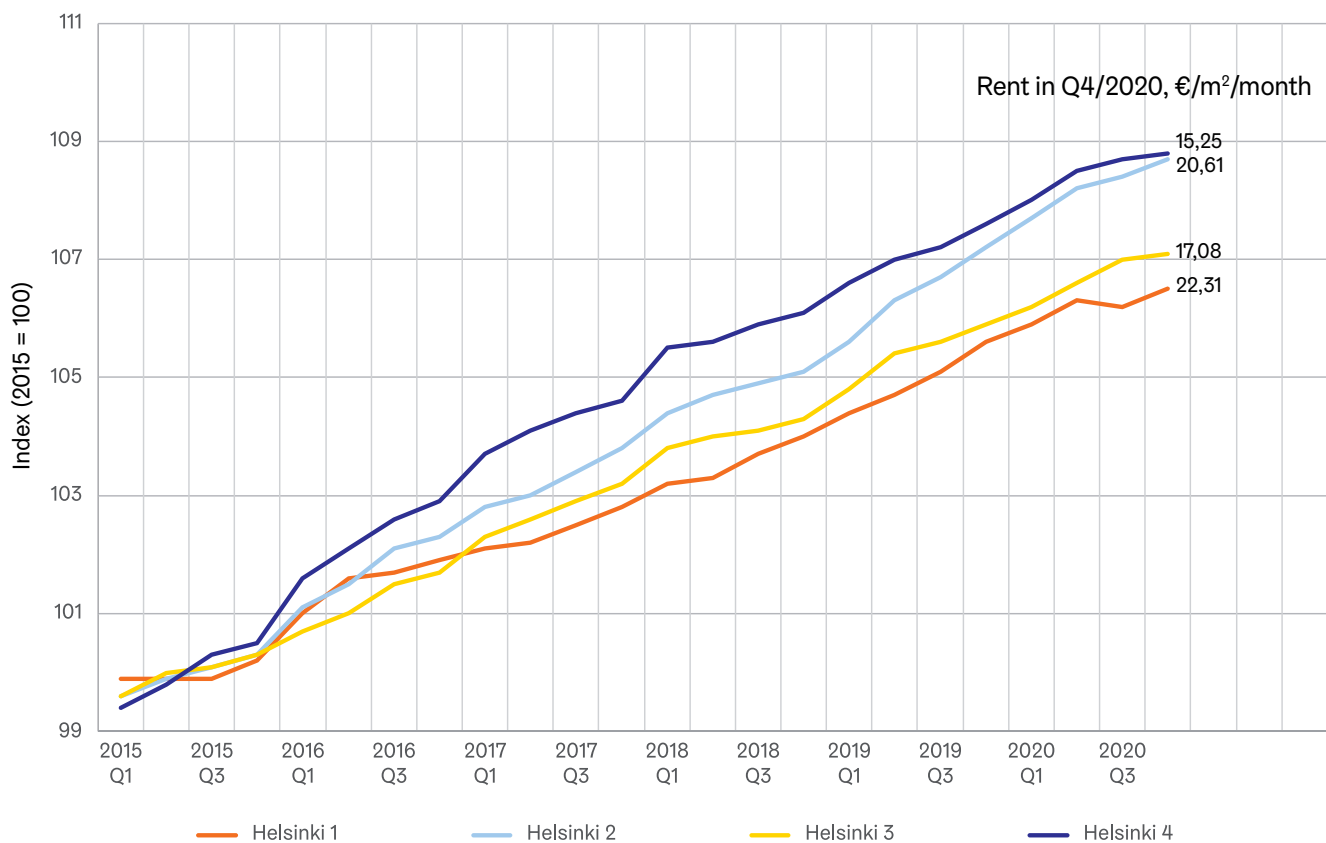
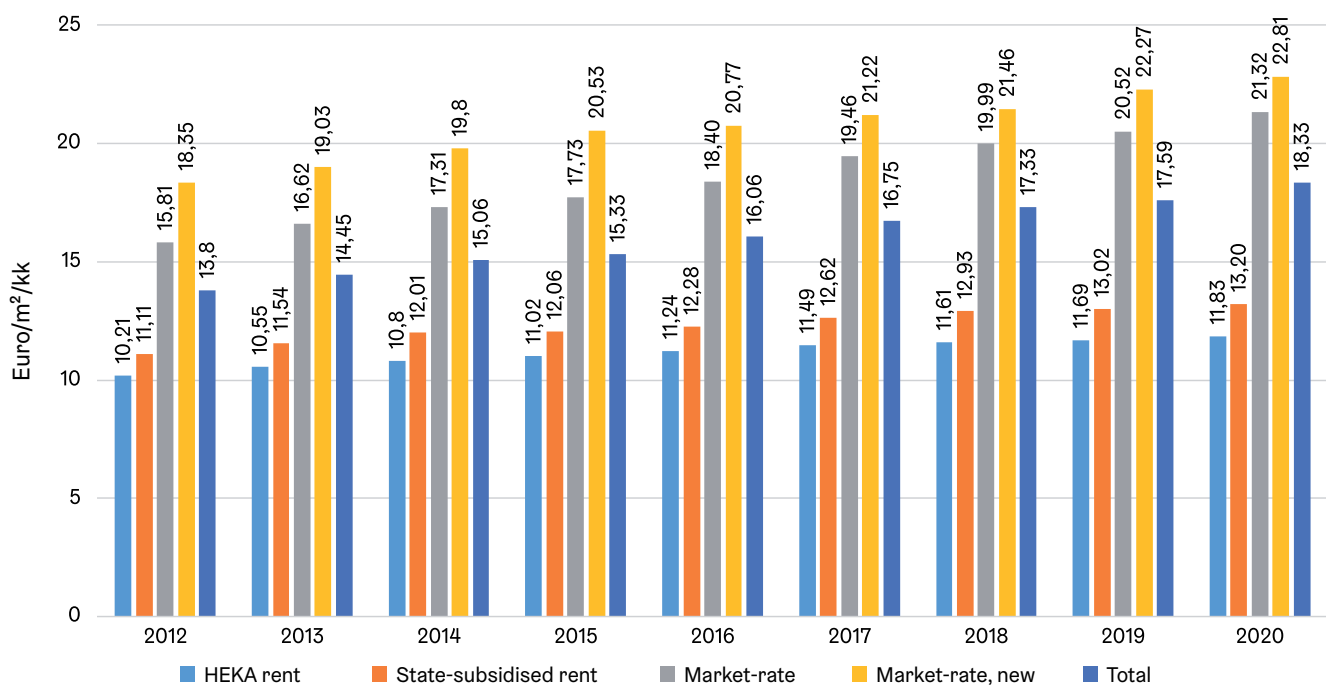


Figure 13. Price development of old housing company dwellings in Helsinki's cost areas since 2000, index 2000=100 (Statistics Finland)

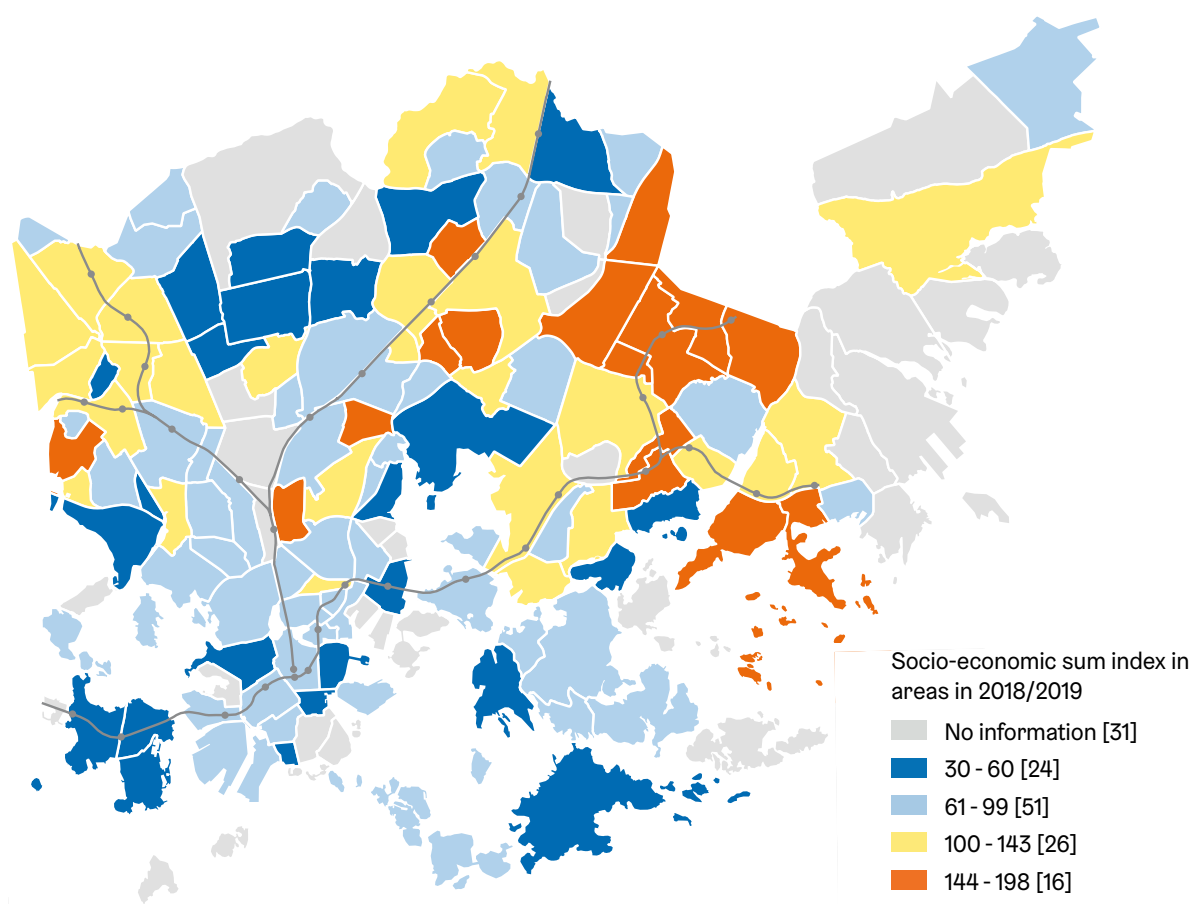


**Figure 14. Development of rents (incl. market-rate and state-subsidised rental dwellings) in Helsinki's cost areas and change in income levels since 2015, indexes 2015=100 (Statistics Finland)**



**Figure 15. Average rents per square metre by funding type in Helsinki in 2012–2020 (Statistics Finland)**





**Image 19. Helsinki's socio-economic sum index in areas in 2018/2019 (Statistics Finland, sum index: Helsinki City Executive Office, Urban Research and Statistics).**

*Helsinki is monitoring the socio-economic development of its areas with a sum index featuring the proportion of low-educated, unemployed and low-income people added together. The city's average as a sum index figure is 100. If the value of the index exceeds 100, the area is socio-economically poorer than the city average. Correspondingly, if the value is under 100, the socio-economic structure of the area is better than the city average.*



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# Appendix 1. Objectives of the 2020 implementation plan for housing and related land use

## Objective I The amount of housing production

### Goal 1. The amount of housing production

At least 7,000 new and converted dwellings are built in Helsinki each year. Starting from 2023, the annual number will be at least 8,000 dwellings. The housing production is carried out in a sustainable manner, conserving nature and green areas.

The City's goal for its own housing production is 1,500 dwellings a year, and starting from 2023, it will be 25% of the actual housing production volume.

In order to reach a high level of housing production, the overall process of the City must be streamlined. The amount of plots eligible for construction must correspond to the amount of 1.5 years of housing production.

The additional resources required for increasing housing production are estimated as official preparation for the 2022 budget framework and onwards.

### Goal 2. Land use planning

The city plan implementation programme is reviewed every council period of office, and it will be used to create an established tool for land use programming.

The reserve of detailed plans must facilitate housing production for at least five years in accordance with the occupation and funding type distribution specified. At least 700,000 storey area square metres<sup>2</sup> (s-m<sup>2</sup>) worth of detailed plans are created annually. The detailed plans must facilitate an occupancy and funding type distribution corresponding with the objectives and support the prerequisites for reasonably priced housing production. Special attention must be paid to the viability of the detailed plans.

In order to streamline housing production, excessive details in the requirements for detailed plans must be avoided so that the amount of deviation decisions can be decreased.

The values of the recreation, nature and cultural environments are coordinated sustainably with a housing production objective that serves the growing city's needs and increasingly effective land use.

Land use planning must ensure opportunities for detached and semi-detached housing in Helsinki.

The systematic expansion of market-based parking policy will be continued in accordance with the outlines provided in the strategy in suitable areas.

The necessity of extensive green areas and local nature will be emphasised as the city grows. Use of the green factor as a tool either in detailed planning or plot conveyance will be expanded further.

The availability of services will be secured as the population grows, in both new areas and infill construction areas.

### Goal 3. Land policy

Between 2021 and 2022, the City will annually provide plots for the production of at least 4,900 dwellings, and as of 2023, it will be providing plots for 5,600 dwellings each year.

Plot conveyance will be used as an active tool in steering the implementation of the quality level of housing production and occupancy and funding types. The carbon neutrality of housing construction will be promoted in plot conveyance in accordance with the Carbon-neutral Helsinki 2035 action plan. Plot reservations will remain at a level that allows for at least four years of housing construction on the City's own land, in accordance with the occupation and funding type distribution specified in the programme. Plot conveyance, land acquisition and land use agreement practices will also be steered with separate land policy decisions and application instructions.

The City will actively acquire land suitable for the community structure through voluntary transactions at a reasonable price level. If necessary, the City can also resort to other legally provided land acquisition methods, such as the right of pre-emption and expropriation.

If necessary, land use agreements will be made in detailed plan change areas. In areas without a detailed plan, land use agreements will only be made in exceptional cases, e.g. in situations in which a significant portion of contractual compensation is paid in raw land important to the City.

The provision of smaller wholes in construction projects and plot conveyance will be promoted in order to make it possible for more smaller and medium-sized operators to take part in tendering processes and serve as main contractors in Helsinki.

Halfway through the programme period, the operation and appropriateness of plot funds in the housing market of Helsinki will be assessed based on surveys conducted.

## Objective II The quality of housing production

### Goal 4. Occupancy and funding types

The occupancy and funding type goal for housing production in 2021–2022 is as follows:

25% long-term-regulated state-subsidised rental housing (1,750 dwellings, 300 of which student and youth dwellings)

30% intermediate housing (2,100 dwellings, 700 of which long-term-regulated state-subsidised right-of-occupancy dwellings and 1,400 of which short-term-regulated state-subsidised rental dwellings, Hitas and price-controlled owner-occupied dwellings and other dwellings)

45% unregulated owner-occupied and rental dwellings (3,150 dwellings).

Starting from 2023, the occupancy and funding type goal will be as follows:

- 30% long-term-regulated state-subsidised rental housing (500 of which student and youth dwellings)

- 20% intermediate housing

- 50% unregulated owner-occupied and rental housing (4,000 dwellings with an average of 250 owner-occupied dwellings implemented by the City in its own construction projects in areas that would otherwise have no owner-occupied housing production. This will facilitate abolishing the current half- Hitas system.)

The City will take determined action to ensure that the state-subsidised rental dwelling objective set is met. The City will survey different ways to ensure the realisation of production in accordance with the occupancy type distribution set for the programme period. The matter will be reported on to the Urban Environment Committee on a regular basis.

Indicators that measure the proportions of income and housing expenses will be developed to analyse the actual availability of reasonably priced housing. The relationship between housing costs and earnings among households of varying sizes and various forms of housing will be compared.

The occupancy and funding type objective will be complied with on land owned and conveyed by the City, the state and private parties. The realisation of the occupancy and funding type distribution will be steered with plot conveyance and land use agreements. Areal occupancy and funding type distributions will be decided on in the plot conveyance and land use agreement phase with the areal balance taken into consideration. The formation of homogenous residential areas will be avoided. Generally speaking, the proportion of rental dwellings in the housing stock of an area must not exceed 50%.

In the City's own housing production, the objective in 2021 and 2022 is to commission 750 long-term-regulated state-subsidised rental dwellings (50% of production) and 750 Hitas or price-controlled owner-occupied dwellings and right-of-occupancy dwellings per year. Starting from 2023, the objective will be to commission 1,000 long-term-regulated state-subsidised rental dwellings (50% of the production), 250 owner-occupied dwellings in areas that would not otherwise have owner-occupied housing, and 750 intermediate dwellings.

Preparations will begin for a model that secures affordable owner-occupied housing in various residential areas in Helsinki while avoiding the issues with the current system. The aim of the preparations is to abolish the current Hitas system and replace it midway through the programme period. The structure of intermediate production will be specified with the renewal.

### **Goal 5. Steering the apartment type distribution**

A sufficient proportion of family housing, i.e. apartments with at least two bedrooms, must be ensured in the production of owner-occupied housing. The amount of family housing in owner-occupied housing production and the quality of production will be ensured.

On average, 60–70% of the residential building right of properties built as Hitas owner-occupied housing will be implemented as family apartments in apartment building production. On average, 40–50% of the residential building right of properties on plots conveyed for unregulated owner-occupied housing production will be implemented as family apartments in apartment building production. The objective can be deviated from for justified reasons in areas in which the amount of family housing is already sufficient.

Sufficient diversity in apartment types will be ensured as regards rental and right-of-occupancy housing production. A target number regarding the average floor space can also be used if necessary.

The steering of the apartment type distribution is based primarily on plot conveyance conditions and assessed in relation to the current apartment distribution of the area. Steering based on detailed plan regulations can be used on land owned by the state and private parties.

### **Goal 6. Developing housing construction**

The development of diverse apartment building construction and housing will be continued. Sustainable construction will be promoted in accordance with the Carbon-neutral Helsinki 2035 action plan, among others.

When calculating the carbon footprint of construction becomes statutory in 2025, Helsinki's ceiling values will be more ambitious than the national law. All in all, the objectives related to the carbon footprint of construction and buildings will be updated as the Carbon-neutral Helsinki 2035 action plan is updated so that achieving the carbon neutrality goal will be ensured.

The proportion wood construction accounts for all construction will be increased each year.

The construction and commissioning of urban semi-detached and detached houses will be promoted. Resident-oriented construction and commissioning will be promoted, e.g. group commissioning and new operators entering the housing construction market.

### **Goal 7. Population structure and special groups**

A sufficient amount of housing suitable for families with children will be built in new areas and infill construction locations. Apartment type steering will be used to ensure the construction of family apartments.

Households in different life situations will be provided with opportunities to implement areal housing paths.

The implementation of housing alternatives for the elderly in all occupancy and funding types will be promoted.

Housing for special groups, i.e. substance abuse and mental health patients, the intellectually and otherwise disabled, child welfare clients, young people in need of housing-related support, elderly people in need of care services, refugees who have been granted residency in the municipality and long-term homeless people will be ensured in a manner in which the housing-related care or support meets the service need. Special groups' housing paths to light or more intensive assisted housing as their service needs change will be ensured.

The availability of housing advice will be ensured regardless of the housing type.

## Objective III Vibrant areas and segregation prevention

### Goal 8. Urban renewal

A cross-administrative model for urban renewal will be developed to strengthen the vitality of residential areas.

During the programme period, the urban renewal areas are Malminkartano-Kannelmäki, Malmi and Mellunkylä.

Prerequisites for a one-third addition to the housing stock in the urban renewal areas by 2035 will be ensured so that the occupancy and funding type distribution of the housing stock of the areas are developed towards the City's occupancy and funding type objective.

The measures used in the urban renewal areas will also be utilised in other city districts facing segregation challenges, such as the Vuosaari area.

### Goal 9. Project areas

The most important regional construction areas in the coming years will be Kalasatama, West Harbour, Kruunuvuorenranta, Pasila, Kuninkaantammi and the area around Malmi Airport. From the perspective of future housing production, the progress of planning will be promoted to ensure new regional construction projects. These areas constitute about 50% of the overall housing production.

### Goal 10. Infill construction

Of the annual housing construction volume, 50% will take the form of infill construction within the suburban zone (including the urban renewal areas). To secure the production goal, the coordination of infill construction will be strengthened, processes and incentives will be developed and obstacles to infill construction will be removed by means such as co-operating with the state.

Infill construction will focus on locations with good public transport connections and the accessibility of areas will be taken care of.

Sustainable urban development will be promoted with awareness of the differences and segregation development of the areas.

In areas with a homogenous housing stock and a low level of new production, new infill construction to diversify the housing stock will be the most important goal. When creating renovation plans, it must be surveyed whether it will be more appropriate to select renewing complementary construction and making use of the plot more efficient.

Assessment of the need for parking spaces will be developed in connection with infill construction and the requirements for parking planning brought about by the increasing prevalence of electric cars and car-sharing will be promoted.

In order to realise infill construction on the plots of limited liability housing companies, the Urban Environment Division may promote demolishing new construction or other infill construction by good public transport connections by means such as lowering the land use fee. The matter will be prepared as part of land policies.

Segregation development will be prevented by promoting a balanced occupancy type distribution in areas of the city in which the occupancy type distribution is currently not balanced.

## Objective IV Housing stock and housing assets

### Goal 11. Developing the housing stock

Reusing the old housing stock and attic and additional storey construction will be promoted.

The promotion of lift construction will focus more strongly on lift specialist operations and supporting applying for Government transfers.

### Goal 12. The City's own housing stock

It will be ensured that the City-owned housing stock will be maintained, its value and condition will be preserved, and leases and resident charges will be kept reasonable. When selecting residents for rental dwellings, the aim will be to achieve a diverse and areally balanced population structure. Special emphasis will be placed on preventing homelessness by sufficiently assigning the City's housing stock for the purpose.

Renovations on the housing stock will commit to the target levels of the Carbon-neutral Helsinki 2035 action plan.

Development of the management of the City's housing assets will be continued.







**Helsinki**