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The role of municipalities in promoting housing affordability: an analysis of three Finnish cities

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ABSTRACT
Land use and housing development policies are crucial for promoting housing affordability. As municipalities have considerable power over these policies, local variations in affordability measures occur. Focusing on three Finnish municipalities (Helsinki, Tampere, and Turku), this study analysed differences in promoting affordability. A content analysis based on expert interviews ($N = 22$) and policy documents showed how one of the municipalities (Turku) differed from the other two. Turku had less administrative capacity for policy implementation and more volatility in social rental housing targets, which indicates a less active role in steering the housing market compared to Helsinki and Tampere.

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Introduction

Affordability is a key element of the right to adequate housing and part of the right to an adequate standard of living, as defined in the Universal Declaration of Human Rights[1] (UN-Habitat 2009). Hence, it is a concern for governments committed to protecting the right to housing. Affordability became a widespread and urgent urban policy concern shortly after the global financial crisis (Anacker 2019; Galster and Lee 2021; Haffner and Hulse 2021), and is understood as securing appropriate quality housing at a reasonable cost given household income (MacIennan and Williams 1990).

As municipalities have considerable power over land use and housing development (Fainstein 2010; Haila 2016; Gurran and Bramley 2017), their actions and inactions are of particular interest in analysing questions on urban housing affordability. Municipalities utilize various strategies to address housing questions, as documented in studies in Amsterdam, London, and New York (Fainstein 2010; Whitehead and Goering 2021); Vienna (Peverini 2021); and Berlin, Hamburg, Stockholm, and Gothenburg (Granath Hansson 2019). Hoekstra (2020) argued that comparative housing research focused chiefly on national differences. However, he recommended that more attention be paid to comparing local housing regimes because the local government's prominence has increased owing to the devolution of central state powers. Comparisons of local strategies to promote affordability (see Gurran and Bramley

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2017; Granath Hansson 2019; Whitehead and Goering 2021) – especially within the same national context – are limited.

This article contributes to the analysis of local housing policies within the same national context by exploring how and why three Finnish municipalities[2] differ in promoting housing affordability. An analysis of policy goals and the municipal administration's capacity to implement them distinguished one of the case study municipalities (Turku) from the other two (Helsinki and Tampere). Based on the analysis, I reflected on how active these municipalities are in steering the local housing market towards their political will. Finland is an appropriate case study because of its highly localised approach to land use and housing and the largest cities' promotion of non-profit housing (25–55% of new housing stock).

Literature review: local governments promoting housing affordability

Local governments play a crucial role in addressing housing affordability problems because two significant areas supporting affordability – land use and housing – are often steered locally (Fainstein 2010; Gurran and Bramley 2017). To analyse local government actions, I employed Hoekstra's (2020) definition of the local housing regime: *'The configuration of actors that is responsible for the provision, regulation, allocation, and consumption of housing in a particular administrative entity (a city or a region)'* (ibid., 79). He proposes using Pestoff's (2008) triangle to analyse the distribution of power, tasks, and competencies between different actors: the state (public agencies), market (private firms), community (e.g. household), and non-profit associations. I am interested in studying the actions of the local state, namely city councils, i.e. political agenda setting and the municipal administration and government departments i.e. implementation.

Municipalities promote local affordability via two broad housing policy strategies (Granath Hansson 2019). First, municipalities can promote an increase in the housing stock, which aims to improve housing supply responsiveness by creating conditions primarily for private developers to construct new housing (Caldera and Johansson 2013; Meen and Whitehead 2020). Second, municipalities can have a more direct role in housing provision by supporting the development of various types of non-profit housing, such as social rental housing[3] (Clapham 2019). Furthermore, the role of land use policies, such as public or communal landowning, limiting land speculation, and private owners' rent-seeking on land, are other means to promote affordability (Fainstein 2010; Haila 2016; Ryan-Collins, Lloyd, and MacFarlane 2017).

The balance between these policies is a political question as it relates to the balance between public sector and market actors in housing provision (Fainstein 2010; Madden and Marcuse 2016). Researchers and politicians are actively debating whether cities should prioritise increasing the overall housing supply or providing non-profit housing (e.g. Gurran and Bramley 2017; Meen and Whitehead 2020). Proponents of increasing housing supply emphasise the role of market actors. Essentially, affordability should be supported by improving housing market efficiency by promoting private housing development, prioritising demand-side policy measures, and increasing the targeting of non-profit housing and limiting its share. Another perspective underlines government actors' stronger and more active role in decommodifying housing by regulating

the market, including prioritising a greater share of non-profit housing development (Madden and Marcuse 2016; Clapham 2019).

Locally, a city council, which is responsible for setting the local housing policy agenda, is the key actor formulating the public sector's role. In most Western countries, housing is primarily provided through markets, and the government's role is best understood as 'providing correctives to the market' (Bengtsson 2001, 257). This shift towards more market-oriented housing systems means governments commonly prioritise policies improving market efficiency and housing supply (Clapham 2019; Meen and Whitehead 2020). Nonetheless, municipalities differ in how actively they steer the housing market (e.g. Fainstein 2010; Alves 2022). For instance, Vienna has maintained substantial governmental control (Peverini 2021), whereas London and New York have more privatised housing systems (Whitehead and Goering 2021). The difference in trajectories is attributed to several interdependent causes such as structural contexts, political cultures or ideologies, planning traditions, and path dependencies (DiGaetano and Strom 2003; Alves 2022, see also Bengtsson and Ruonavaara 2010). Local and national histories and contexts also explain differences in institutions and political processes (Granath Hansson 2019; Peverini 2021; Whitehead and Goering 2021).

Moreover, land use and housing involve considerable political tensions between economic and societal goals (Fainstein 2010; Haila 2016). Economic growth is one of the biggest concerns of municipalities (Gurran and Bramley 2017), and land use and housing are vital tools to achieve this end. Fainstein (2010) argued that globalisation and deindustrialisation contributed to cities prioritising economic growth and competitiveness (see also DiGaetano and Strom 2003), while promoting societal objectives may be subordinate to economic ones. Prioritising economic growth includes maximising revenue from land, prioritising the sale of municipal land (Haila 2016; Ryan-Collins, Lloyd, and MacFarlane 2017), and promoting megaprojects while not sufficiently ensuring the development of non-profit housing (Fainstein 2010). Although housing policies are critiqued for dubious motives (on the 'myth of the benevolent state', see Madden and Marcuse 2016), economic concerns may stem from inadequate financial resources, especially where municipalities have fiscal autonomy (DiGaetano and Strom 2003; Gurran and Bramley 2017).

Municipalities can use a combination of instruments or tools (Granath Hansson 2019; United Nations Economic Commission for Europe UNECE 2021) to implement policies and steer the housing market. I focused on three areas that illustrate a municipality's potential to actively steer the local housing market: land use, non-profit housing providers, and municipal administrations or organisations.

First, land ownership and planning, such as lot allocation, pricing, and land use regulations, are essential for implementing housing policies (Fainstein 2010; Gurran and Bramley 2017; Granath Hansson 2019). Vast public landowning and priority to lease land indicates that the municipality has substantial leverage to steer land use (Haila 2016). Municipalities can support the increase in housing supply by re-evaluating land use and planning regulations and processes, improving development industry competition and availability of buildable land, and investing in housing and infrastructure (Glaeser and Gyourko 2003; Bramley 2007; Caldera and Johansson 2013; Galster and Lee 2021). Land use policy tools to support non-profit housing development include land use planning, lot

allocations (e.g. inclusive zoning), and subsidies for land or development (Granath Hansson 2019). Second, having dedicated non-profit housing providers, such as municipal housing companies, and actively developing the sector help municipalities provide alternatives to market-rate housing (Madden and Marcuse 2016; Granath Hansson 2019; UNECE 2021).

Third, the role of the municipal administration and organisation in charge of implementing policies is an important but understudied area in promoting affordability (cf. Granath Hansson 2019). Providing housing and ensuring housing rights primarily via markets or public-private partnerships is a complex process. It includes fostering partnerships with private or third-sector stakeholders, developing policies and regulations, regional collaboration, and multi-level coordination (Sengupta 2006; Parashar 2014; UNECE 2021). Here, government officials are key actors, as they often mediate between stakeholders and conflicting interests (Gurran and Bramley 2017). They also wield significant power, for example, in the form of information and drafting policy proposals (Fainstein 2010). Effective policy implementation not only presupposes sufficient capacity and competencies to act and clear strategic frameworks, but also resources such as land access, committed non-profit housing providers, funding, and a legal framework (Gurran and Bramley 2017; UNECE 2021).

Finally, the national (and supranational, such as the European Union) context sets the framework and boundaries for cities' actions and autonomy (e.g. legislation, planning, and taxation) (Hoekstra 2020; Whitehead and Goering 2021). Housing interacts within broader social and economic institutional contexts (Stephens 2011, 2019), such as national social and housing policy systems, and monetary and fiscal policies. Housing issues are notoriously difficult to solve within a single government department or through isolated policy measures (Stephens 2011; Meen and Whitehead 2020). In addition to land use, these issues are related to environmental, labour, social, and health policies. Hence, addressing them requires multi-level coordination between government bodies and non-government stakeholders, as misalignments may complicate policy implementation (UNECE 2021). Moreover, regional-level collaboration and planning are often used alongside local policies (Gurran and Bramley 2017).

The context: housing policy in Finland and the case study municipalities

Following international trends, Finnish housing policy shifted from a wide usage of supply-side policies in the 1960–1970s towards demand-side policies in the 1980s–1990s alongside ideals of marketisation (Juntto 1990) and a decrease in the state's role in steering the housing market (Ruonavaara 2013). Marketisation continued with abolishing rent regulations in the private rental sector in the 1990s (Kettunen and Ruonavaara 2015). Although the Finnish Constitution acknowledges housing as a human right, this right is promoted by supporting individuals in arranging their own housing (Hyötyläinen 2019, see also Juntto 1990; Ruonavaara 2013). The Finnish housing system emphasises and supports owner-occupancy as the primary mode of tenure. In this system, social rental housing is reserved for households unable to arrange their own housing (Juntto 1990; Ruonavaara 2013). Many other welfare state services, such as education, health care, and social security, are provided through the

comprehensive welfare state and social security system. This includes housing allowances available for low-income households.

I compared three cities: the capital, Helsinki, and two other large cities, Tampere and Turku. Table 1 presents key statistics on their demographic, socioeconomic, and housing characteristics. I compared these cities because they are the core cities of Finland's three largest urban areas and housing affordability poses a topical policy concern in each. In contrast to most Finnish municipalities, house prices and rent have markedly increased in these three cities (Kempas & Tegelberg 2021; OSF 2020). Table 1 illustrates that rents and house prices are the highest in Helsinki, but increases in private-sector rents were the greatest in Turku (7.4% from 2015 to 2019). On average, Finnish households spent 17.8% of their disposable income on housing costs, and 4% were estimated to be overburdened by housing costs[4] in 2019 (Eurostat 2022). However, information on local-level housing costs is scarce (Sutela et al. 2020).

Increased migration to the largest cities and the consequent increase in housing demand are among the primary reasons for rising prices and rents (Antikainen et al. 2017). Finland urbanised rapidly during the 2010s; households migrating within and to Finland have increasingly moved to large cities and their surrounding areas while the population has decreased in other Finnish municipalities (MDI Consultancy 2021). The case study municipalities are located in the only urban areas projected to grow in the following two decades (ibid.). As illustrated in Appendix 1, Helsinki, Tampere, and Turku faced a period of stagnant population growth in the late 1990s and early 2000s, mainly due to suburbanisation driving growth in their neighbouring municipalities. The disparity between surrounding municipalities and central city growth was particularly apparent in Turku (Appendix 1, Figures A1–A3).

Table 1. Demographic, socioeconomic, and housing characteristics in the case study municipalities and Finland (2019).

		Helsinki	Tampere	Turku	Finland
Demographic characteristics	Population	653,835	238,140	192,962	5,525,292
	Population growth compared to 2000%)	17.7	21.8	11.8	6.6
	<15 years old (%)	14.3	13.5	12.7	15.8
	>64 years old (%)	17.2	19.1	20.8	22.3
	Single-person households (%)	49.3	52.2	53.8	44.7
	Foreign background (%)*	16.5	8.0	12.1	7.7
Socioeconomic characteristics	Higher education degree (%)	44.4	37.8	35.5	32.2
	Unemployed (%)	9.1	11.1	11.9	9.7
	Disposable yearly income, median (EUR) **	27,314	22,878	22,400	24,470
Housing characteristics	Avg. prices of old dwellings (€/m^2)	4,323	2,503	2,112	2,077
	Price index in old dwellings (2015=100)***	113.6	108.1	112.8	103.2
	Private sector rent (EUR/m^2)	20.5	14.8	13.8	14.9
	Rent index (2015=100) ****	106.8	107.4	106.9	106.0
	Social housing rent (EUR/m^2)	13.0	12.1	11.4	11.7
	Social rental housing stock (%)	20.4	15.4	16.4	12.6
	Owner-occupants (%)	45.2	46.8	46.6	62.6
	Tenants (%)	49.3	48.8	49.1	33.7
	Social rental housing tenants (%)	19.2	13.2	14.5	11.3
	Right-of-occupancy (%)	3.3	2.7	2.2	1.7
	Other or unknown tenure	5.6	4.4	4.3	3.7
	Housing cost overburden rate (%)	-	-	-	4.0

Sources: Statistics Finland, The Housing Finance and Development Centre of Finland (ARA) and EUROSTAT. Year: 2019, except unemployed rate from 2018. * Persons with both parents or the only known parent born abroad. ** Per consumption unit *** Completed prior to the statistical reference year. **** Q4 in 2019.

Its localised approach to housing renders Finland an excellent context in which to study local variations in land use and housing policies. Municipalities are self-governed with democratic decision-making, have a monopoly in planning, and possess the right to levy taxes. The spatial governance and planning system is a state-market mix, where the state has the prevalent position (Berisha et al. 2020). These aspects make municipalities strong actors in land use development. However, municipalities' responsibility to generate funding to provide basic statutory services to their residents[5] may engender political tensions. Local budgets are largely based on tax revenue collected from wage earners, but real estate policies (i.e. selling and leasing land) are also important to support the budget.

City councils decide political land use and housing goals, and allocate resources to the municipal administration, departments, and companies. When the interviews were conducted, the National Coalition Party (NCP, a liberal-conservative/centre-right party) was the largest party in the city councils in Helsinki and Turku. The Social Democratic Party (SDP) was the largest in Tampere, with a one-seat difference from the NCP. Generally, left-leaning parties favour developing non-profit housing, while the NCP prioritises demand-side measures, such as housing allowances and stricter targeting of social rental housing (Kempas and Tegelberg 2021).

The largest cities are committed to promoting a share of non-profit housing (see the Results section). Societal policy goals justify development to ensure affordable housing options for low- and middle-income households and groups with special needs and promote a tenure mix to counter socioeconomic segregation. The non-profit sector in Finland primarily comprises social rental housing, and targets households with the most need (Ruonavaara 2013). The social rental housing is further delineated as general stock intended for all households in need (250,000 apartments in 2019) and a specialised stock directed only to certain household types, such as pensioners, students, and people with disabilities (105,000 apartments in 2019) (Housing Finance and Development Centre of Finland (ARA) 2021a). Moreover, the non-profit sector includes a (minor) share of tenures between social rental housing and the market-rate housing sector. The most typical of these tenures is right-of-occupancy housing,[6] which comprises 2.2–3.3% of the housing stock in the case study municipalities (see Table 1).

I compared social rental housing targets and implementation. Social rental housing is suited for comparison because it exists in all three municipalities and is the main non-profit tenure in the Finnish housing system. Although substantial, the social rental housing stock (see Table 1) decreased by 3.4% between 2010 and 2019, because a number of rental dwellings were freed from regulations (after the most common 40-year regulation period), and new construction has not made up the difference (Ruonavaara 2017; ARA 2021a). Specifically, the share of general social rental housing decreased (−14.8% between 2010 and 2019), while the specialized stock increased (+16.8% between 2010 and 2019) (ARA 2021a). ARA[7] (2021b) estimated that the availability of social rental housing exceeds supply, and accessing this type of housing is difficult in all three municipalities. Furthermore, ARA (ibid.) estimated that availability is particularly challenging in Helsinki, and slightly better in Tampere than in Helsinki and Turku.

The largest providers of social rental housing are non-profit municipal housing companies. Their development targets are specified in the housing programmes

approved by the city councils. The municipal administration's role is to support municipal housing companies in reaching these targets, which includes ensuring that land allocations and housing development processes meet companies' needs. The national governmental organisation, the Housing Finance and Development Centre of Finland (ARA), grants subsidies and interest subsidy loans (the primary support type, ARA 2015) for social rental housing construction. The support terms include keeping he apartments in rental use, cost-based rent determination (see UNECE 2021), a needs-based allocation for a set time, and a maximum for construction costs and land prices. Non-profit corporations can also fund development through loans from banks or financial institutions without government support.

A strategic, voluntary type of regional collaboration in the case study municipalities is a national-level steering tool called Agreements on Land Use, Housing and Transport (MAL agreements, Ympäristöministeriö 2022). These letters of agreement have a regional scope. They are negotiated between the national government and the largest municipalities every four years (from 2020, the agreements are for 12 years and include newly added urban regions). They include targets for overall housing construction during the agreement term and specify the non-profit housing share. By committing to the agreement targets, municipalities are rewarded with state investment funding, for example, for large infrastructure projects. Municipalities within urban regions can also form additional collaboration networks and councils.

Materials and methods

This article explores how and why three Finnish municipalities differ in promoting housing affordability. I compared the policy goals and implementation, namely, the available policy instruments and administrative capacities that comprise 'policy tools' to steer development processes in non-profit and for-profit housing sectors. As one of the municipalities (Turku) differed from the other two with respect to policy goals and administrative capacity, I focused on unpacking these differences. Based on the analysis, I reflected on how active these municipalities are in steering the local housing market towards their political will. The research is set against the backdrop of a market-oriented national housing system with considerable local self-governance and the public sector's obligation to advance the right to housing.

The thematic content analysis was guided by the aforementioned theoretical framework. I compared processes, opportunities, and constraints in the following areas: political steering and policy goals; available tools to steer land use and housing development; and municipal administrations' capacity to collaborate, steer, and support housing development processes in non-profit and for-profit sectors. I applied an institutional-based approach (Czischke and van Bortel 2018; Whitehead and Goering 2021), comparing policies and programmes and their implementation to increase affordability. I considered housing policies' system-embeddedness (Stephens 2011, 2019), that is, I analysed the housing system in interaction with broader social and economic structures. I also considered local context specificities such as histories, demographics, and political party compositions in the analysis, and situated them against the national framework (Hoekstra 2020).

The primary data were gathered from expert interviews ($N = 22$)[8] conducted with local ($N = 10$) and national ($N = 2$) housing policy and land-use officials, municipal housing companies ($N = 7$), and non-profit housing associations ($N = 3$). The data collection aimed to obtain information on local housing affordability issues from key persons with the authority to develop, prepare, and manage housing policies and land use, complemented with national level and third sector views. Most interviewees ($N = 17$) were local level experts (i.e. government officials and municipal housing company representatives). Many were in managing or leading positions, had years of experience in their work, and a long-term perspective of policy and programme implementation. As the pool of such experts is limited in Finnish municipalities, the number of interviewees per city was small ($N = 5–7$). Remaining interviewees were national-level governmental officials or represented third-sector non-profit housing associations. When the themes and topics obtained from the interview data began to be repeated, I ascertained that adequate data saturation had been reached.

Another researcher and I collected the interview data as part of a research project analysing housing affordability in Finland. We recruited the interviewees from municipalities and national government organisations' websites or with the help of our colleagues, government official contacts, and other interviewees. We conducted interviews between December 2018 and March 2019, and recorded and transcribed them before the analysis. Interviews typically lasted 59 minutes (23–100 minutes). Owing to privacy concerns, I did not report interviewees' names, and gender. I reported the municipality, an identification number, and organisation type they belonged to. Interviewees were categorised as local government official (LGO), regional or national government official (GO), and as belonging to a municipal housing company (MHC) and non-profit housing association (NPHA). In this article, I use the abbreviations 'HEL', 'TRE', and 'TKU' to denote Helsinki, Tampere, and Turku, respectively.

Semi-structured thematic interviews addressed questions on the interviewees' perceptions on the local and national housing markets, events that led to the present situation, and cost of housing. Policy-related questions focused on how local and national governments aim to promote affordability and how officials respond to common critiques in the research or public debate. A loose thematic structure was formulated individually for each interviewee considering their slightly different expertise. I translated the interview quotations from Finnish to English and edited them for clarity.

The secondary data comprised documents steering local land use and housing policy employed in 2018 and 2019. If drafts of upcoming documents were available, I included them in the data. The document data included city strategies, housing and land use programmes used in 2019 (2020 for Turku), master plans (from 2019 and earlier), land use strategies, and MAL agreements from 2016 to 2019. City financial statements and descriptive statistics on housing development and landowning were also included. All documents and statistics are public information.

Results

This section is divided into two parts. First, I compare the three municipalities in terms of political steering (policy goals and their changes). Second, I examine implementation,

namely the tools available to steer the housing market to implement policies and the municipal administration's capacity for implementation.

Political steering

Increasing the housing stock

During the 2010s, all case study municipalities primarily sought to promote affordability by increasing housing construction targets and creating conditions for new housing development (Figure 1; Sutela et al. 2020). Figure 1 demonstrates that increases in housing development were apparent in all three municipalities during the 2010s. However, Helsinki only recently reached its goals, while Tampere dramatically exceeded them. Turku achieved its targets, but statistics indicate a decrease after 2019.

All three municipalities only recently considerably increased their construction targets (Figure 1), reflecting their reaction to population growth and increased housing demand. The increases marked an evident change compared to the late 1990s and early 2000s. Former construction targets were based on much lower population growth estimates and had not anticipated urban growth to be concentrated in the core cities. Rather, a continuation of suburbanisation in surrounding municipalities was expected. These expectations are also seen in master plans from the early 2000s. Interviewees assessed that these trend projections were the predominant reason municipalities' land use planning did not focus on increasing the volume of housing construction. Instead, municipalities' construction targets emphasised smaller-scale construction such as creating conditions for detached family housing or terraced housing: '*Planning at that time did not focus on volumes in housing development*' (LGO1, HEL). Particularly in Helsinki and Turku, some interviewees identified the recent history as affecting the

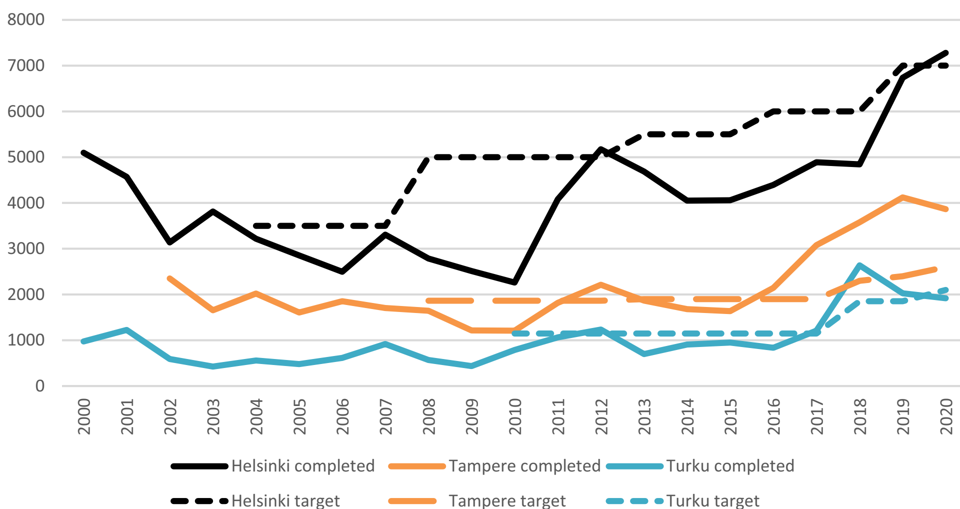

Figure 1. Number of completed apartments (solid lines) and housing construction targets (dashed lines) in Helsinki, Tampere, and Turku in 2000–2020. Sources: City housing programmes and their follow-ups, municipal statistics, municipality financial statements, Liiteri statistical service. Data were accessed: 10.1.2022.

imbalance between housing supply and current demand: '*It probably stems from [the early 2000s] that there were not enough planning and plots available. That is, there was a long period of inactivity. So, when the demand started to increase, we were not entirely able to respond to that*' (LGO10, TKU). Interviewees frequently mentioned that substantially changing housing and land use goals is a slow process, and discernible results – new housing en masse – will take years.

Several interviewees reckoned that the magnitude of population growth surprised municipalities, eventually motivating them to increase their housing construction targets. Based on municipal strategies, municipalities now consider population growth a means to achieve economic growth. National-level steering and private landowners influenced policy changes. The first round of MAL agreements was signed in 2012 for the Helsinki and Turku regions, and in 2013 for the Tampere region. Specifically, Helsinki's agreements emphasised increasing housing construction levels. Interestingly, in Turku, one interviewee stated that the first initiative to increase housing development to regenerate central areas stemmed from national and private landowners, not the city itself. The sense that private or national landowners were prominent initiators of change did not arise in the interviews in Helsinki and Tampere.

Non-profit housing development targets

The municipalities promote non-profit housing with substantial target shares ranging from 25–55% of the new housing stock (see Table 2). Targets to promote social rental housing are similar (20–30% of the new housing stock). Other types of non-profit housing include right-of-occupancy housing (a few percent, see Table 1) and locally developed alternatives. Helsinki is the exception in developing non-profit housing alternatives. The municipality aimed to develop 30% of the new housing stock as 'intermediate tenures' (City of Helsinki 2016), namely tenures between social rental housing and private housing development. These intermediate tenures include owner-occupied cost-based housing via the Hitas system,[9] right-of-occupancy housing, and a small percentage of other regulated housing (see City of Helsinki 2016, 53). The overall targets for the share of non-profit housing was 55% in Helsinki in 2018–2019, indicating an extensive usage of supply-side measures.

Based on the MAL agreements' and municipalities' follow-ups, none of the municipalities reached their non-profit housing targets in 2016–2019. Unfortunately, the follow-ups are not comparable between municipalities, because different non-profit

Table 2. Non-profit housing development targets as a share of the new housing stock in Helsinki, Tampere, and Turku.

	Helsinki	Tampere	Turku
Target of social rental housing* (%)	25	30	20
Target of other non-profit housing** (%)	30	-***	5
Total (%)	55	30	25

* Includes general and special group social rental housing. ** Other non-profit housing includes all other non-profit, limited profit, and/or government subsidised housing except for social rental housing. This type of housing includes right-of-occupancy housing and the Hitas system's owned occupation in Helsinki. *** Not specified clearly in the housing programme. Sources: municipalities' housing programmes (City of Helsinki 2016; City of Tampere 2018; City of Turku 2020), MAL agreements (Ympäristöministeriö 2016; Tampereen kaupunkiseutu 2016; HSL 2016) and municipalities' websites.

housing types are monitored in each. Helsinki achieved 87% of its target (including social rental housing and right-of-occupancy housing, excluding Hitas) and Tampere reached 71% (includes only social rental housing) (Ympäristöministeriö 2022). Turku achieved 86% of its target (including social rental housing and right-of-occupancy housing) (Liiteri 2022). However, further inquiries are needed on the net development of social rental housing in each city, as the data do not include how many apartments were removed from the stock. For instance, based on the City of Turku's financial statements, the municipal housing company in Turku (TVT) reported that it is far from reaching net development targets.

Turku has undergone the most apparent change in social rental housing goals. During the municipality's period of stagnant growth, there was approximately a 10-year gap in the municipal rental housing company's housing development based on a city council decision. In Helsinki and Tampere, the data indicate no such intentional interruption. The City of Turku's financial statement from 2012 stated that the municipal-owned rental company TVT will not develop new rental housing unless specifically instructed (City of Turku 2012, 143). According to a government official in Turku, this was not a moratorium, but the city council decided not to invest money in TVT to develop more housing. The municipality reversed the policy during the first half of the 2010s – around the first MAL agreements – and development targets were re-introduced. Currently, the goals are similar to those of Helsinki and Tampere, but Turku's housing programme (City of Turku 2020, 5) specifies that TVT's share should not considerably change from 10.5%.

One explanation for the gap in social rental housing development is a lack of demand due to stagnant population growth during the 2000s. For instance, the City of Turku's (City of Turku 2012) financial statement from 2012 determined that rental markets did not indicate a need for municipal rental development. In Turku, the price difference between social and private rental housing was insignificant at the time, implying fewer policy concerns over affordability. The situation differed in Helsinki, where social rental housing has been 50–60% less expensive (see Table 1). Furthermore, social rental housing development was low across Finland during the mid-2000s before the global financial crisis.

Another explanation for the development gap could stem from political party composition. Interviewees considered left-leaning parties more favourable towards social housing development. For instance, a housing company representative in Tampere reckoned that land availability for social housing increased after the SDP became the largest party in city council. Turku has held an NCP majority in city council for decades, indicating less political interest in developing social housing. However, the NCP has remained the largest party since the 1980s in Helsinki, and the City of Helsinki has had a decades-long history of developing social housing and implementing a tenure mix to counter residential segregation. The interviews indicate a clear political commitment from all political parties for a tenure mix: '*The tenure mix is self-evident in Helsinki; nobody questions it*' (LGO15, HEL). Helsinki's situation probably reflects affordability and segregation as more pronounced policy issues in Helsinki than in Turku.

Interviewees in Turku identified another explanation for the gap, namely the city council's concern over the tax base and the city's financial situation, which was

considered far from ideal in the early 2000s. The master plan (City of Turku 2001, 3) at that time stated that the City of Turku's economic prospects had declined. The tax base had decreased while expenses increased, and Turku was not keeping up with the growth of several other large cities (Helsinki, Tampere, and Oulu). The main concern was the urban region's internal migration patterns, as families with two wage earners increasingly settled in the municipalities around Turku. Thus, developing social rental housing became a liability to the municipalities. Targeting and residuality created a perception – a popular notion in neighbouring municipalities – that social rental housing attracts socially disadvantaged people and increases municipal expenses. According to interviewees, the experience in Turku was that the neighbouring municipalities '*skimmed*' (LGO10, TKU) tax money by not developing social rental housing. To avoid '*good taxpayers flowing into the neighbouring municipalities*' (LGO6, TKU), the city council decided that planners should focus on developing detached housing, leaving aside the development of apartment blocks and social rental housing.

This type of municipal competition could potentially occur in Tampere because of similar regional dynamics. The central city is significantly larger than the surrounding municipalities, and municipalities have different capacities to act. Some interviewed officials recognised social rental housing development as a potential source of conflict. According to an interviewee with a regional viewpoint: '*From a[national or housing market] viewpoint, it probably does not matter whether the municipalities around Tampere develop social housing or not, but this creates tensions in municipal collaboration. [. . .] Surely Tampere wishes to have asimilar demographic composition as its neighbours*' (GO8, TRE). However, results from Tampere do not indicate significant conflicts within the region. One reason may be a more stable financial situation combined with larger net migration and established regional steering via a joint municipal board called the 'Tampere City Region'. According to interviewees, introducing a regional scope through MAL agreements has also improved Turku's situation. Before the MAL agreements, the Turku region lacked a proper channel for regional housing and land use planning.

Tensions between social housing development and economic concerns may also take different forms in different cities. For example, the City of Tampere recently introduced an obligation to its municipal social housing company (TVA) to pay a small share of dividends (a limited-profit option allowed in the grant terms). A housing company representative believed the obligation stemmed from the city's budgetary concerns and that it may increase rents in the future. The housing companies in Helsinki (HEKA) and Turku (TVT) do not pay dividends.

Municipalities' capacity to implement policy goals

Policy tools to steer land use and housing development

I identified key tools the case study municipalities can use to steer housing markets to promote affordability, and divided them into three categories: land use, housing policy, and administration. The policy tools indicate that Helsinki, Tampere, and Turku can greatly influence land use and housing. This is because they own a large share of their land, have control over its use, and have at least one municipal-owned

Table 3. Key policy tools to steer land use and housing development to promote housing affordability in Helsinki, Tampere, and Turku in 2018–2020. The 'x' indicates that the city uses the tool in their policy implementation and '–' that it does not.

		Helsinki	Tampere	Turku
Land use	Land area (km^2) *	216.5	128 [521.9]**	245.7
	City-owned land area (%) *	64.1	69 [24.1] **	43.0
	Planning monopoly	x	x	x
	Stated goal to primarily lease lots	x	x	-
	Market-based land pricing	x	x	x
Housing policy	City-owned housing company/companies	x	x	x
	City-owned housing foundation	-	x	x
	Separate developer in the city organisation	x	-	-
Administration	Housing policy department	x	x	-
	Regularly updated housing and land-use programmes	x	x	-

* Excluding water areas; municipalities report landowning differently, and the data is from different years: Helsinki: 9/2020, Tampere: 10/2017, Turku: 6/2021; data were not readily available in Turku, but the author calculated the share based on information from the city administration. ** The numbers reported from Tampere state first the area of the central urban area and the total land area in brackets, because 98% of the population in Tampere resides in the central urban area, while the total land area is much bigger.

company or a foundation that develops and manages non-profit and social rental housing (see Table 3). The planning monopoly enables the municipalities to use land-allocation terms and regulations to promote inclusive zoning or define quality criteria for housing according to their target shares stated in housing programmes. Municipalities also lease land to municipal and other non-profit companies that develop social housing. All three use market-based land-pricing, but government-subsidised housing is leased by land rents defined by ARA, which tend to be lower than market-based ones. Policy tools imply that Helsinki and Tampere use their potential for land use to a greater extent than Turku. They own a larger share of their land area than Turku, and aim to primarily allocate land by leasing. Both also have objectives to steer over half of all development to city-owned land. In contrast, Turku has a less ambitious target of steering 20% of residential apartment development to city-owned land.

A striking difference in policy tools is the local administration in charge of policy implementation. Helsinki and Tampere have a department for housing policy management and a director of housing policy. These departments prepare, implement, and develop housing policies. Turku lacks this type of department. At the time of the interviews, housing policy was coordinated by a department called 'Plot Services', which manages the city's land assets and land use (in contrast, Helsinki and Tampere have separate departments for land use management.) The description of this department indicates that housing policy is one of several other tasks, and is reduced to the minimum required by Finnish law (City of Turku 2021). It is also unclear who or which department prepares and develops housing policies. Interviewees in Turku repeatedly critiqued the lack of housing policy coordination and preparation, and considered it a significant difference compared to other large Finnish cities: '*Preparing and developing housing policy has a stronger position or better resources, and has been made with a longer-term perspective in [other large Finnish cities] than [in Turku]. [...] The responsibility of directing it has not been delegated, and housing policy has not been emphasised in this city's policy-making*' (LGO6, TKU). Interviewees in Turku also highlighted that the situation has not

changed in decades, and discussed the scarcity of staff resources in more detail than those in Helsinki or Tampere.

The three municipalities also differ in their preparation of housing programmes. Helsinki has been the most systematic in preparing housing programmes about every four years, even after they were made voluntary for municipalities in the early 1990s. The programme states both the land use and housing policy goals. Tampere also has a programme stating the city's policy goals, and has recently integrated the housing and land use programme in 2018 with plans to update it regularly. In Turku, according to interviewees, preparing housing programmes has been sporadic, and other priorities have constantly superseded it. The most recent programme was approved in Spring 2020, but there was no operative local housing and land use programme at the time of the interviews. Objectives for land use and housing were scattered in different policy documents: some in the city strategy, some in MAL agreements, and others in municipal company directives or regional policy documents. Helsinki and Tampere have several other strategic (regional) documents stating land use and housing policy goals. Still, they have a local programme solely focused on land use and housing 2016. In addition, different policy documents are coordinated. Consequently, the vagueness in Turku has made interpreting policy goals challenging, as one interviewee noted: '*As [housing policy] is not systematically prepared anywhere, implementing it is quite peculiar*' (LGO6, TKU). In contrast, a quote from a government official in Helsinki indicated that the programmes are essential because they minimise confusing interpretations between different departments: '*[This housing programme includes] the indicators, goals, and framework for how to develop Helsinki in a way that an engineer can understand*' (LGO2, HEL).

Municipal administrations supporting housing development processes

Several interviewed local officials argued that the role of municipal administration and government departments is to increase the speed and predictability of housing development processes to increase housing construction. Municipalities set targets (e.g. availability of buildable land; number of plans, land allocations, and building permits) to reach construction targets. Here, municipalities' limits to addressing affordability became evident. Interviewees believed that the upturn in the market cycle and increased activity of housing investors in the Finnish housing market contributed significantly to private sector housing construction during the latter half of the 2010s. Interviewees recognised national and local investments as prerequisites for housing construction targets, as services and infrastructure are needed for buildable land and new housing. For instance, the advantage of the MAL agreements in Helsinki is the national investment in public transport projects.

Several interviewees conceded that the volume of zoning and land leasing was considerably lower a few years ago. However, interviewees in Helsinki and Tampere stated that the situation had improved substantially in the last five years (prior to 2018–2019) and that the municipal organisations worked systematically towards this improvement. As an official in Helsinki stated: '*We managed to [increase volumes in housing and plot development], we managed to get this machine working so that new housing is built [in larger quantities]*' (LGO15, HEL). Interviewees in Turku were more hesitant and did not present such a coherent narrative of solved problems, although the situation was considered as gradually improving: '*There is an*

intention to draw plans, but the output remains to be seen. These planning processes tend to be slow' (LGO10, TKU).

Administrative capacity in policy development and implementation has advantages in Helsinki and Tampere than in Turku. In addition, interviewees in Helsinki and Tampere described concrete actions by the administration or government departments, including facilitating interaction between government departments, hiring new staff, improving development processes (e.g. regulations), setting new working groups, and analysing bottlenecks within the processes. For instance, Helsinki established a working group within the municipal organisation to speed up development processes from zoning to construction. In contrast, interviewees in Turku described problems and frustrations related to a lack of coordination, management, competencies, and staff resources, and did not include descriptions of concrete steps to the same degree as in Helsinki and Tampere. Assessing the impact of these efforts in Helsinki and Tampere requires further analysis. However, the results indicate adequate government capacity in Helsinki and Tampere, and a lack thereof in Turku.

Interviewees discussed managing land use regulations as part of development processes in all case study municipalities. The City of Helsinki has received public feedback on planning regulations considered restrictive. An interviewee in Helsinki explained that this feedback is why the city started re-evaluating the planning details in zoning. However, many interviewees were concerned that easing regulations would worsen housing quality and lead to larger gains for private developers, and not improve affordability. Nonetheless, some re-assessments were in process, such as re-evaluating parking space requirements.

Stakeholder collaboration

Interviewees considered planning and development processes highly collaborative and requiring coordination between multiple stakeholders and government departments. Municipalities consider developers like clients, because they produce the majority of housing: '*We do nothing with city plots unless someone builds on them. This means the developers, the construction companies, are our customers*' (LGO1, HEL). Several interviewees also mentioned that trust is essential for successful collaboration.

The interview data showed that stakeholder collaboration and coordination require adequate government resources. The collaboration includes clarifying planning processes and policy goals early in planning, collaborative planning, hearing feedback, organising working groups with different stakeholders, and communicating the city's regulatory framework. The Cities of Helsinki and Tampere initiated new working groups to tackle some of these details. In practice, this means that in selected areas, government officials already collaborate with stakeholders during the planning and land reservation phase to ease the construction process and clarify each city's land use goals and regulations. Interviewees in Turku did not describe working groups or concrete actions to the same extent. Some interviewees reckoned that a specific housing policy department and an increase in administrative capacity would help mediate between stakeholders and government departments.

Based on the interview data, fostering collaboration and trust between stakeholders could help balance land use regulations to promote political goals while ensuring smooth development processes. An interviewee of a municipal housing company in

Turku mentioned that regulating *per se* is not considered a problem, but that ' … *regulations are considered separately while coordination within the big picture is lacking*' (MHC7, TKU). For interviewees in Helsinki and Tampere, collaborative working groups negotiate and clarify each city's political will early in the process (and analyse potential issues increasing construction costs) so that developers can anticipate requirements. An interviewee in Tampere explained: '*At that point, it is still possible to identify potential ways to decrease construction costs while maintaining quality, because ensuring quality is a priority [for the working group]*' (LGO16, TRE). However, whether government officials manage to meet policy goals during collaborations depends on local government capacity and clarity of political will. In Helsinki and Tampere, these aspects are stronger than in Turku, which helps balance societal goals and developers' wishes.

Supporting municipal companies in developing social rental housing

In addition to their overall capacity and competencies in housing policy, the case study municipalities differed in their ability to support municipal housing companies in developing housing. While none reached their social rental housing targets between 2016 and 2019 (as discussed above), the lack of capacity of the municipal administration was more apparent in Turku than in Helsinki and Tampere. According to interviewees, one explanation for not achieving targets was the economic upturn, which slowed social housing development, because non-profit corporations struggled to find reasonably priced bids from contractors with many job offerings in the private housing development sector.

The primary task of municipal administrations is to lease enough land to municipal housing companies to support them in reaching development targets. They also have specified targets for how much land should be leased. According to interviewees in Helsinki, the municipality's housing developer has been leased enough land to meet development targets. Still, the availability of land requires constant efforts. In Tampere, according to the interviewees and housing programme, the municipality improved land supply by prioritising a share of lots for social rental housing and steering development on municipal-owned land for market-oriented uses and social housing. Nonetheless, a housing company representative in Tampere considered the availability of land '*challenging*' (MHC12, TRE), although available infill development spots have eased the pressure. In Turku, based on the interviews and municipality's financial statements, more social rental housing was not developed because the municipal administration had not managed to lease enough land to the municipal housing company (TVT).

Social rental housing development requires specific competencies from government officials. This stems from: (1) national grant terms that set a framework for construction costs and land prices, and (2) an ideal tenure mix, which is why municipalities generally avoid allocating social housing to areas with a high share of this tenure already, limiting the available plot options. Lack of expertise within the administration in these areas may also slow development processes. Moreover, interviewees raised notions of NIMBYism in more affluent areas, which delays processes.

Helsinki and Tampere's continued policies and cumulative experience give them an advantage. In contrast, interviewees in Turku considered that the 10-year gap obliterated competencies for social rental housing development within the municipal

administration. Population growth peaked in the municipality, and it needed to start over in several areas including ensuring an adequate number of plans in suitable places, leasing enough land to municipal housing companies, and managing development processes. A lack of competencies – and lack of a separate department or unit responsible for improving the situation – dramatically slowed or impeded development. For one interviewee, this resembles a deadlock: '*The start-up has taken a surprisingly long time, mainly due to inexperience. There is also a lack of planned and suitable land for this type of development. Generating and developing them is painful because there are no competencies. They need to be learned at the same time* ' (MHC7, TKU). To summarise, while the policy goals in Turku have lately become similar to Helsinki and Tampere, interviewees from Turku emphasised a lack of implementation.

Finally, differences were apparent in the local government's capacity to develop and analyse alternatives within the non-profit housing sector. Interviewees in Helsinki and Tampere described pilots, research projects, and analyses of already established processes and attempts to promote new non-profit housing initiatives such as intermediate leasing, co-operative housing, or group-building. While many of these alternatives are still marginal, they reflect the city's willingness and capacity to develop non-profit housing. In contrast, interviewees in Turku stated that the municipal administration is not yet able to develop new alternatives, as its priority is to first increase the number of dwellings built. While Turku does not lack efforts to improve and develop processes, it lacks the administrative capacity and personnel to improve and develop these processes to the same degree as Helsinki and Tampere.

Discussion

Comparing Turku, Helsinki, and Tampere showed that these municipalities have considerable powers to steer land use and housing development. Their differences indicated variations in how actively each municipality steers the local housing market and its capacity to do so. Specifically, the City of Helsinki has an active role in the local housing market. It has an established and sizeable non-profit housing sector, with targets set around 50% of the new housing stock. Unlike Tampere and Turku, its targets included a noticeable share (30%) of intermediary tenures between social rental housing and market-rate housing. The municipality actively employs its control over land use to promote policy goals and has the governmental capacity to adapt and develop processes. The City of Tampere actively steers the local housing market with its landowning and priority to lease, governmental capacities, and dedication to promoting social rental housing. The City of Turku resembles the other two with its current and novel social rental housing goals and housing policy and land use tools. A crucial difference is its lack of a housing policy department to implement housing policy goals or develop processes, sporadic preparation of housing programmes, and volatility in social rental housing targets. While not necessarily the result sought by the municipality, the differences indicate Turku's weaker capacity and less active role in steering the local housing market compared to the other two cities.

The analysis illustrated that competent, adequately resourced municipal administration and systematic policy planning support municipalities in forging an active role in implementing housing policy. This resonates with previous research. The complexities

of promoting housing rights in public-private partnerships require an active and capable government to mediate between different stakeholder needs and public policy goals (Sengupta 2006; Parashar 2014; Granath Hansson 2019). The established municipal administration and municipal organisation as well as explicit land use and housing programmes balance the different interests and needs in housing development processes as well as continuity and a long-term perspective of housing policies across electoral terms. Established administrations may also hold more expert-knowledge power, which supports successful policy planning (UNECE 2021) and can be used to shape policies addressing societal concerns (Fainstein 2010). A municipality lacking these lacks the basis for effective housing governance (cf. UNECE 2021).

Another difference between the municipalities lies in the history of ambiguity and volatility of housing policies, exemplified in my analysis of the City of Turku's 10-year gap in social housing development. This notion draws attention to the significance of local histories (Peverini 2021; Alves 2022) and political tensions between economic and societal goals (Fainstein 2010). In the Finnish context, too, local councils can take different directions in housing policies, especially in promoting social rental housing. The case of Turku illustrates how economic constraints and regional competition may impede the development of social rental housing in localised settings, reflecting a tentative observation by Gurran and Bramley (2017). Potential follow-up research could compare political cultures and ideologies (cf. DiGaetano and Strom 2003; Alves 2022) to reveal more nuances in local decision-making processes.

The analysis also illustrated how in localised settings, municipalities may require additional incentives for retaining social rental housing development on their agenda, especially if that housing is targeted at households with the most need. Locally, economic incentives are against developing this type of housing: households in most need may be perceived as having less wage-earning and tax-paying potential, and budget concerns may encourage profiting from commercial housing development instead. Developing social rental housing also warrants specific competencies from government departments, requiring intentional prioritisation in political steering and resource allocation. I interpreted these dynamics as partly stemming from the lack of treating housing as a regional matter. Therefore, strengthening regional collaboration (MAL agreements in this case) and addressing fiscal concerns with regional or national financial incentives (see Gurran and Bramley 2017) could address counterproductive municipal competition.

Housing affordability continues to be a pressing urban policy concern. Furthermore, the public sector's role in steering the housing market is a politically contested area. The neoliberal approach proposes more market-oriented policy measures, creating pressure for stricter targeting of non-profit housing or limiting its share (Clapham 2019; Lilius and Lapintie 2020). However, several researchers (Madden and Marcuse 2016; Gurran and Bramley 2017; Clapham 2019) called for a stronger government role in decommodifying housing to address the urban housing question. Given the complexities of housing affordability as a policy issue (Meen and Whitehead 2020; Haffner and Hulse 2021) and local governments' aim to promote the right to housing, it is reasonable that the case study municipalities continue pursuing an active government role and retain

non-profit housing development on their agenda. The political question remains whether these municipalities should take more ambitious steps towards decommodifying housing. One such step would comprise further analysis of how to reach social rental housing development targets, as none of the compared municipalities achieved these targets during the analysis period. Further, using market-based land pricing is a major contradiction in promoting affordability (Haila 2016; Ryan-Collins, Lloyd, and MacFarlane 2017). Thus, exploring alternatives could contribute to affordability strategies.

Notes

1. For more on the right to housing and what housing rights include, see Bengtsson (2001) and UN-Habitat (2009).
2. In this article, I use the words 'city' and 'municipality' interchangeably. Finnish municipalities may use the designation 'town' or 'city' if they consider having met the requirements for an urban community (Local Government Act 410/2015, 4 §).
3. In this article, 'non-profit housing sector' refers to various forms of housing not allocated or priced by market mechanisms, whose main mission is not to produce returns to owners or shareholders and commonly receive state subsidies for development. This type of housing is aimed at low- and middle-income households. Alternatively, they are known as social housing (cf. Ruonavaara 2013), public housing, or affordable housing. Social rental housing refers to the Finnish model of government-subsidised rented dwellings targeted at households with the most need.
4. A household is considered as being overburdened by housing costs when it spends over 40% of its disposable income on housing costs.
5. This will change in 2023 when the health and social services reform transfers the responsibility for health, social, and rescue services to regional counties. This does not apply to Helsinki.
6. Right-of-occupancy is one type of non-profit housing in the Finnish housing system. Construction is supported by government subsidies. The tenure form is between owner-occupation and rental. The occupant pays a fee of 15% of the total price of purchase, and a monthly rent-like fee.
7. The Housing Finance and Development Centre of Finland estimates the availability of social rental housing by calculating an index based on population changes, occupancy rate of and changes in social rental stock, share of vacant apartments, and the difference between social and private market rent (ARA 2021b).
8. This denoted the number of interviewees. Prior to the interview, all interviewees signed a written consent form to participate in the study and were provided with a copy of the document explaining the purpose of the study and usage of data. An IRB review was not required based on the ethical guidelines of the Finnish National Board on Research Integrity (TENK), as this research did not fall into any of the categories requiring ethical review, namely deviating from the principle of informed consent, intervening in the physical integrity of research participants, exposing participants to exceptionally strong stimuli, or posing a risk of causing mental harm or threat to the safety of the participants (see more in www.tenk.fi).
9. In autumn 2020, the city of Helsinki abolished the Hitas system. However, it is planning a substitutive system during the programme term 2020–2025.

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Appendix 1. Net migration in the case study municipalities in 1990–2019

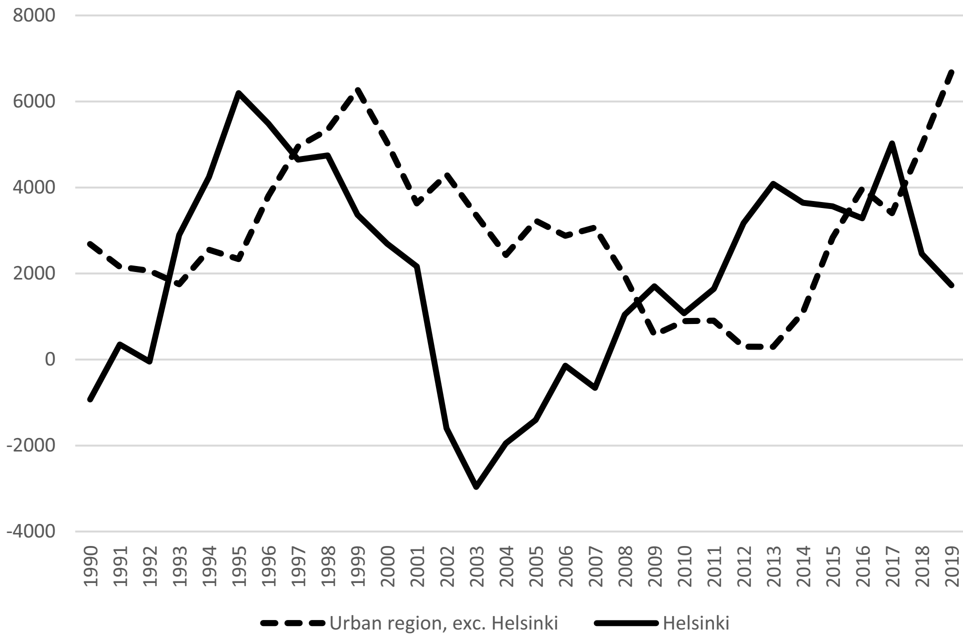

Figure A1. Net migration in the Helsinki urban region ('seutukunta', excluding Helsinki) and in Helsinki in 1990–2019. Source: StatFin. Data were accessed: 04.04.2022 and 2022 classification for the region used.

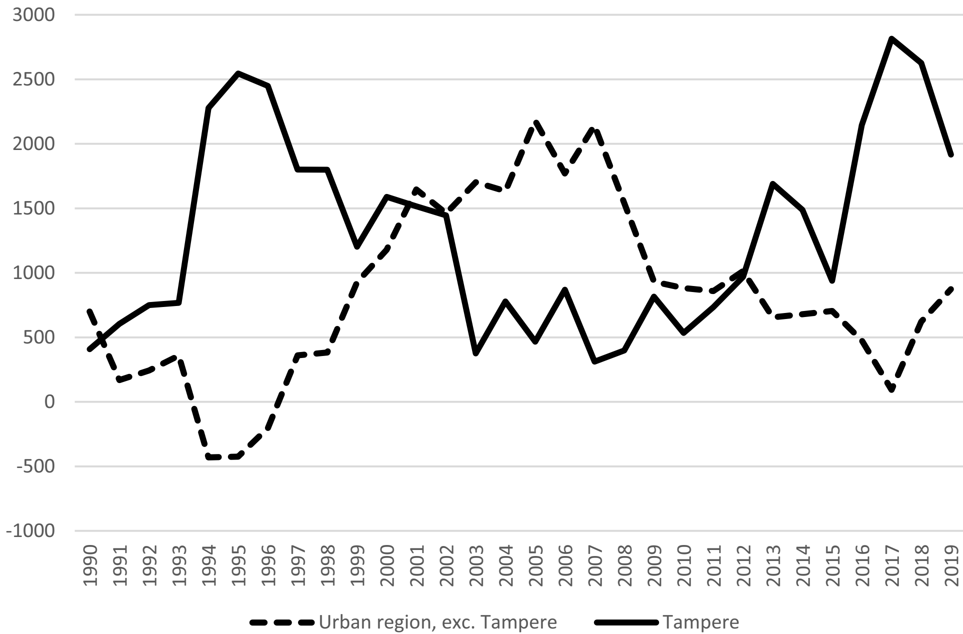

Figure A2. Net migration in the Tampere urban region ('seutukunta', excluding Tampere) and in Tampere in 1990–2019. Source: StatFin. Data were accessed: 4.4.2022 and 2022 classification for the region used.

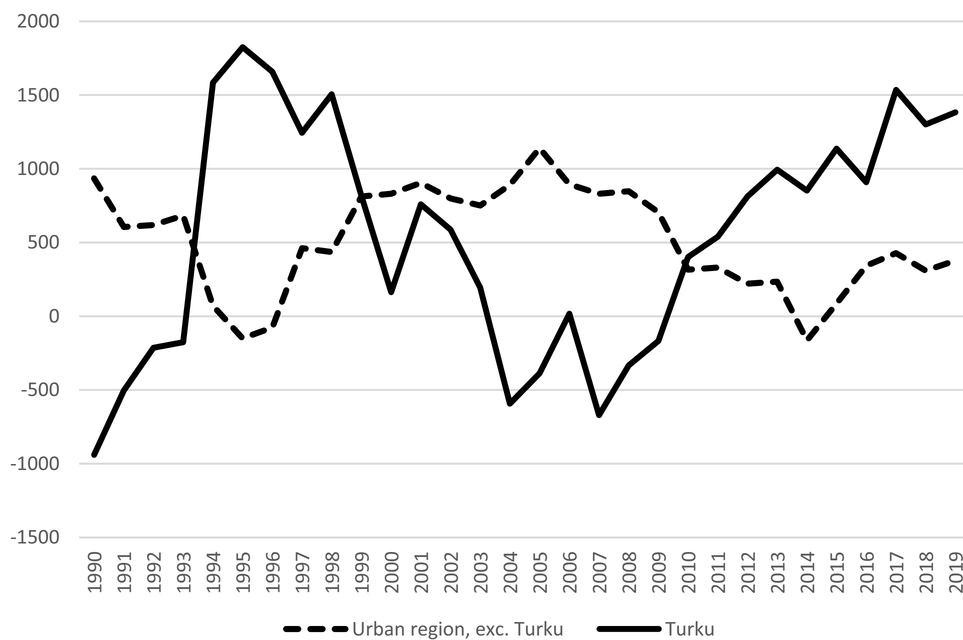

Figure A3. Net migration in the Turku urban region ('seutukunta', excluding Turku) and in Turku in 1990–2019. Source: StatFin. Data were accessed: 4.4.2022 and 2022 classification for the region used.