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Definitions, Measurement and Policy in Finland

Elina Sutela

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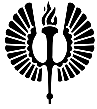

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ABSTRACT

There is much ado about urban housing affordability globally, yet little clarity about what it actually means or agreement on how to promote it. Accordingly, this study sets out to explore the ambiguities and complexities surrounding it. Taking Finland as an empirical case, the study asks: how to conceptualise urban housing affordability as a policy problem? The study focuses on three areas in this question: (1) operationalisation (definitions and measurement), (2) policy to promote affordability, and (3) local variations in both. The study frames affordability as a vexed question, as it is marked by persistent disputes, complexity and difficulty in dealing with it.

The study situates urban housing affordability at the intersection of housing studies, poverty research, welfare state studies, and urban studies. It draws on housing studies to highlight the distinctness of housing as a basic need, consumption item, and policy issue. Questions of defining and measuring affordability intersect with poverty research, which also informs framing affordability primarily in relation to adequate household consumption and considerations of societally acceptable living standards. The welfare state studies, in turn, intertwine with promoting affordability and housing policy. Finally, urban studies draw attention to the spatial dimensions of housing and how the question is particularly prevalent in urban areas. Specifically, the study argues that local variations emerge as a unique aspect of housing affordability that many fields of study have overlooked. Given its focus on poverty, the welfare state, and local-level dynamics, the study primarily conceptualises housing affordability as a matter of basic need and adequate consumption, rather than from the perspective of asset accumulation.

The study consists of three peer-reviewed research articles. Article I examines how housing affordability is defined in Finnish housing policy and illustrates contradictions arising from ambiguous definitions. Article II compares local differences in affordability among low-wage private rental sector (PRS) tenants across 11 cities. It applies the Model Family Method (MFM) to address gaps in local-level data. Article III analyses how three large cities (Helsinki, Tampere and Turku) vary in their strategies to promote affordability and their capacity to actively steer the local housing market.

Employing a mixed-methods approach, the study uses content analysis (Articles I and III) and the MFM (Article II). The qualitative data include policy documents

(legislation, guidelines and strategies related to housing policy); expert interviews (N=22) with key actors in the preparation, development and implementation of housing policy; and a reference budget report. The statistical data cover housing construction data, rents, housing, wages and social benefits. The analysis focuses on the years 2018–2019. The empirical analysis covers 11 cities, but focuses particularly on Helsinki, Tampere and Turku. National-level policies are also explored.

The main findings are as follows. First, the study revealed ambiguities in how affordability is operationalised, that is, defined and measured in Finland. Three key approaches to defining affordability were explored: normative definitions, consumer choice and tenure-based definitions. While Finnish housing policy acknowledges the normative approach—linking household incomes, housing costs and quality—it lacks clear indicators. In practice, affordability is often defined through the consumer choice approach as indicated by the emphasis on housing market efficiency or equated with supply-side measures, such as social rental housing, which is frequently described as 'affordable'. Subsequently, monitoring focuses on housing construction and the housing market rather than housing costs versus income. The analysis also revealed inconsistencies in definitions across governance levels.

Second, the MFM was shown to be a promising method to compare local-level affordability in the absence of suitable survey data. The empirical comparison from 2019 confirmed that low-wage PRS tenants face heightened unaffordability risks in the Helsinki Metropolitan Area, particularly among single-person and single-parent households, but that moderate rent overburdens were frequent in many other cities as well. While housing-induced poverty was not observed, the results showed that the remaining income after housing costs was often too low to manage unexpected financial pressures.

Third, the policy analysis showed that Finland emphasises supporting an increase in housing supply through private developers and housing market efficiency as the main options to promote affordability, indicating a market-oriented approach. While supply-side policies continue to play an important role, low-income households' affordability is mainly supported by demand-side subsidies. Nationally, housing governance is fragmented across different ministries, and the study argues that affordability is an in-between policy goal without clear integration.

Fourth, the local-level policy analysis highlights variation in municipalities' roles to promote affordability. Despite similar and relatively extensive powers over land use, large cities like Helsinki, Tampere, and Turku differed in how actively the cities steered the local housing market. For example, Helsinki promoted a higher share of regulated housing than the Finnish average, while Turku assumed a less active role. Municipal administrative capacity and competencies were identified among the decisive factors shaping the differences, but also regional competition and collaboration among neighbouring municipalities may have an impact.

In conclusion, although urban housing affordability remains a vexed policy issue, clearer conceptualisation may reduce ambiguity and shed light on political divisions that are often implicit. This study shows that different conceptualisations of affordability are currently applied inconsistently, highlighting the need for greater definitional precision in research and policy.

The study proposes adopting an explicit, normative framework for affordability that focuses on housing outcomes and links the issue to poverty and income adequacy. This framework bridges housing policy, poverty alleviation, and welfare state policies better than others. However, the conceptualisation should also consider the distinctiveness of housing, particularly its location-specificity, and the variation of the housing question across municipalities and neighbourhoods. The study therefore calls for more frequent local comparisons within countries. Here, the application of the MFM serves as a valuable methodological contribution. The study criticises the dominant consumer choice and market-oriented approaches for overlooking housing as a political question and its particularities as a basic need. Finally, it cautions against overemphasising affordability as a policy goal. Positioning affordability within broader concepts, such as housing needs or justice, could more effectively capture the multiple dimensions of housing inequalities of the 2020s and help ensure housing for all.

KEYWORDS: housing affordability, housing question, urban areas, housing policy, social housing, welfare state, poverty, urban studies, Finland

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TIIVISTELMÄ

Asumisen kohtuuhintaisuus kaupungeissa herättää laajaa kansainvälistä keskustelua, mutta käsitteen täsmällisestä määritelmästä on vain vähän yksimielisyyttä – saati siitä, millaisin keinoin kohtuuhintaisuutta tulisi edistää. Siksi tämä väitöskirja tarkastelee asumisen kohtuuhintaisuutta käsitteellisenä ja poliittisena ongelmana. Suomi otetaan tutkimuksessa empiiriseksi tapaustutkimuskohteeksi. Väitöskirjan päätutkimuskysymys on: miten kaupunkimaisen asumisen kohtuuhintaisuutta voidaan käsitteellistää politiikkakysymyksenä? Päätutkimuskysymystä tarkastellaan kolmesta eri näkökulmasta: (1) kohtuuhintaisuuden operationalisointi (määritelmät ja mittaaminen), (2) politiikkatoimet asumisen kohtuuhintaisuuden edistämiseksi ja (3) näihin osa-alueisiin liittyvät paikallisen tason erot. Tutkimus kehystää kohtuuhintaisuuden hankalaksi tai piinalliseksi kysymykseksi, jolle on leimallista jatkuva kiistanalaisuus, moniulotteisuus ja vaikeudet päästä yhteisymmärrykseen politiikkatoimenpiteiden osalta.

Väitöskirjatutkimus yhdistelee asumis-, köyhyys-, kaupunki- ja hyvinvointivaltiotutkimuksen näkökulmia. Asumistutkimuksen näkökulma kehystää asumisen erityislaatuisena perustarpeena, hyödykkeenä ja politiikkakysymyksenä. Asumisen kohtuuhintaisuuden määrittely ja mittaaminen puolestaan kytkeytyvät köyhyystutkimukseen, sillä molemmissa tarkastellaan kotitalouksien yhteiskunnallisesti hyväksyttävän elintason kysymyksiä ja riittävää toimeentuloa. Hyvinvointivaltiotutkimuksen näkökulma risteytyy asumisen kohtuuhintaisuuden edistämisen ja asuntopolitiikan tutkimuksen kanssa. Kaupunkitutkimuksen näkökulma korostaa kysymyksen ajankohtaisuutta etenkin kaupungeissa, mutta tukee myös kohtuuhintaisuuden kehystämistä paikkaan sidottuna kysymyksenä, joka vaihtelee eri sijainneissa. Tutkimuksen keskeinen lähtökohta onkin, että paikalliset erot ovat asumisen kohtuuhintaisuudessa olennainen ulottuvuus, mikä on saanut tutkimuksissa vasta niukasti huomiota. Koska väitöskirjassa painotetaan erityisesti köyhyys- ja hyvinvointivaltiotutkimuksen näkökulmia sekä paikallistason eroja, asumisen kohtuuhintaisuutta käsitteellistään tutkimuksessa ensisijaisesti perustarpeiden ja riittävän toimeentulon näkökulmista, ei niinkään asuntovarallisuuden näkökulmasta.

Väitöskirja koostuu kolmesta vertaisarvioidusta tutkimusartikkelista. Artikkelissa I tarkastellaan sitä, miten asumisen kohtuuhintaisuutta määritellään Suomen asuntopolitiikassa, ja havainnollistetaan epäselvistä määritelmistä juontuvia ristiriitoja. Artikkelissa II vertaillaan kohtuuhintaisuuden paikallisia eroja matala-

palkkaisten, yksityisellä vuokrasektorilla asuvien kotitalouksien keskuudessa 11 kaupungissa. Artikkelissa hyödynnetään malliperhemenetelmää. Artikkelissa III analysoidaan, miten Helsinki, Tampere ja Turku eroavat toisistaan kohtuuhintaisuuden edistämisessä sekä siinä, miten aktiivisesti kaupunki ohjaa paikallisia asuntomarkkinoita.

Tutkimuksessa käytetään monimenetelmällistä lähestymistapaa, jossa yhdistetään laadullisia ja määrällisiä menetelmiä. Artikkeleissa I ja III hyödynnetään sisällönanalyysiä, kun taas Artikkeli II perustuu malliperhemenetelmään. Laadullinen aineisto koostuu asuntopolitiikkaa ohjaavasta dokumenttiaineistosta (lainsäädäntö, ohjeistukset ja strategiat), asiantuntijahaastatteluista (N=22) sekä viitebudjettitutkimusraportista. Määrällinen aineisto sisältää tietoja asuntorakentamisesta ja vuokrista, toimialakohtaisista palkoista sekä sosiaalietuuksien tasosta. Empiirinen aineistokeruu sijoittui vuosiin 2018–2019. Väitöskirjassa tarkastellaan kokonaisuudessaan 11 kaupunkia, mutta fokusoidutaan erityisesti Helsingin, Tampereen ja Turun kaupunkeihin. Tutkimuksessa tarkastellaan lisäksi kansallisen tason asuntopolitiikkaa.

Tutkimuksen keskeiset havainnot voidaan tiivistää neljään pääkohtaan. Ensinnäkin tutkimus tuo esiin merkittäviä epäselvyyksiä asumisen kohtuuhintaisuuden operationalisoinnissa Suomessa. Vaikka suomalaisessa asuntopolitiikassa normatiivista näkökulmaa – eli asumismenojen ja tulojen välistä sopivaa suhdetta – pidetään tärkeänä tavoitteena, tältä näkökulmalta puuttuvat seurantamittarit ja indikaattorit. Käytännössä kohtuuhintaisuus määrittyy usein kuluttajavalintojen näkökulmasta, mikä näkyy ennen kaikkea asuntomarkkinoiden tehokkuuden korostamisena. Lisäksi kohtuuhintaisuus rinnastetaan toistuvasti asuntojen hallintamuotoihin, kuten sosiaaliseen vuokra-asumiseen, jota kutsutaan usein kohtuuhintaiseksi. Tämän seurauksena kohtuuhintaisuuden seuranta painottuu asuntotuotantoon ja markkinoihin pikemmin kuin asumismenojen tarkasteluun suhteessa kotitalouksien tuloihin. Lisäksi määritelmät vaihtelevat eri hallintotasojen välillä.

Toiseksi malliperhemenetelmä osoittautui lupaavaksi menetelmäksi vertailla kohtuuhintaisuuden paikallisia eroja tilanteissa, joissa sopivaa kyselyaineistoa ei ole saatavilla. Empiirinen analyysi vuodelta 2019 osoitti, että yksityisellä vuokrasektorilla asuvat matalapalkkaiset kotitaloudet olivat riskissä kohdata asumismenorasittuneisuutta etenkin pääkaupunkiseudulla, mutta myös monissa muissa kaupungeissa. Suurimmassa riskissä olivat yhden hengen kotitaloudet ja yksinhuoltajat. Vaikka analyysissä ei ilmennyt varsinaista asumisperusteista köyhyyttä, monissa malliperheissä asumismenojen jälkeen käyttöön jäävät tulot olivat niin niukat, etteivät ne riittäisi odottamattomien tai äkillisesti kasvavien menojen kattamiseen.

Kolmanneksi analyysi osoitti, että Suomen asuntopolitiikassa asumisen kohtuuhintaisuutta edistetään ensisijaisesti tukemalla asuntomarkkinoiden toimintaan ja yksityisen asuntotuotannon lisäämistä. Tämä heijastaa kuluttajavalintoihin nojaavaa ja markkinavetoista lähestymistapaa kohtuuhintaisuuden edistämiseen. Vaikka valtion tukema asuntotuotanto on tärkeässä asemassa asuntopolitiikan kokonaisuudessa, pyritään pienituloisten kohtuuhintaisuutta parantamaan ensisijaisesti kysyntäpuolen tuilla eli kotitalouksille maksettavilla etuuksilla. Kansallisella tasolla kohtuuhintaisuuden edistäminen on hajautunut useisiin ministeriöihin, minkä seurauksena politiikkatavoite jää ilman selkeää kokonaisuudenhallintaa.

Neljänneksi paikallistason vertailu toi esille eroja kuntien lähestymistavoissa edistää kohtuuhintaisuutta. Vaikka suurten kaupunkien toimivaltuudet maankäytön ja asumisen ohjaamiseen ovat pitkälti samankaltaiset ja varsin laajat, Helsinki, Tampere ja Turku erosivat toisistaan siinä, kuinka aktiivisesti ne ohjaavat asuntomarkkinoita. Esimerkiksi Helsinki edisti selvästi keskimääräistä suurempaa julkisen asuntotuotannon osuutta ja pystyi halutessaan ottamaan aktiivisen roolin asuntomarkkinoiden ohjauksessa, kun taas Turussa kaupunkiorganisaation rooli tulkittiin passiivisemmaksi. Kaupunkien välisiä eroja selittivät erityisesti hallintorakenteet, kuten asuntopoliittisen yksikön olemassaolo tai sen puute, mutta myös kuntien välinen kilpailu ja alueellinen yhteistyö tunnistettiin tärkeiksi tekijöiksi.

Yhteenvetona voidaan todeta, että asumisen kohtuuhintaisuutta voidaan käsitteellistää monin eri tavoin. Tässä tutkimuksessa tunnistettiin kolme keskeistä näkökulmaa: normatiivinen, kuluttajavalintoihin perustuva ja asuntojen hallintamuotoihin rinnastuva näkökulma. Väitöskirjassa esitetään, että asumisen kohtuuhintaisuus on käyttökelpoinen teoreettinen ja analyyttinen käsite, mutta sen käyttö edellyttää täsmällisyyttä sekä tutkimuksessa että politiikanteossa. Väitöskirjassa esitetään, että kohtuuhintaisuus tulisi käsitteellistää ensisijaisesti normatiivisesta näkökulmasta, ja kytkeä kysymys likeisesti köyhyyden vähentämiseen ja hyvinvointivaltion intresseihin. Tutkimus korostaa myös tarvetta lisätä paikallistason erojen vertailua asumisen kohtuuhintaisuudessa, niin asumismenojen seurannassa kuin politiikkatoimienkin näkökulmasta, sillä asuminen on vahvasta paikkaan sidottu kysymys. Malliperhemenetelmä nähdään tässä suhteessa tutkimuksen keskeisenä metodologisena kontribuutiona. Tutkimuksessa myös kritisoidaan vallitsevaa, kuluttajavalintoihin nojaavaa ja markkinavetoista lähestymistapaa asumisen kohtuuhintaisuuden edistämiseen, sillä näkökulma sivuuttaa asumisen erityispiirteet perustarpeena ja poliittisena kysymyksenä. Lopuksi tutkimus huomauttaa, ettei kohtuuhintaisuus saisi muodostua hallitsevaksi tavoitteeksi muiden hyvän asumisen ulottuvuuksien kustannuksella, vaan se tulisi kytkeä osaksi laajempaa, moniulotteisempaa keskustelua asumistarpeista ja asumisen oikeudenmukaisuudesta.

ASIASANAT: asumisen kohtuuhintaisuus, kohtuuhintainen asuminen, asuntokysymys, kaupunkialueet, asuntopolitiikka, sosiaalinen asuntotuotanto, hyvinvointivaltio, köyhyys, kaupunkitutkimus, Suomi

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I will not sugarcoat it: writing this thesis has often felt like an excruciating ordeal. There were moments when I feared I was simply a victim of the sunk cost fallacy, wanted to quit altogether, and wondered whether this project would ever end. Somewhere between juggling grants, fixed-term contracts, teaching, funding applications, side quests, uncertainty of future funding, perpetual article revisions, and the constant echo of 'publish or perish'—while being reminded of comparisons between universities and researchers—docent Aku Visala's description of academia as 'a working environment designed by a sadist' has felt uncomfortably accurate.

And yet, I chose to continue. And I expect to continue to do research even after this. To me, at its best, academia resembles a sandbox: a place for curiosity, learning, imagination, shared excitement, and putting our brains together to understand the world a bit more. Academia has also offered joy in reading, writing, and critical thinking, and, hopefully, allowed me to make a tiny difference in our society through new knowledge. Besides, throughout my PhD project, I have met and worked with smart, fun and inspiring colleagues, which helped a lot.

So, while academia may sometimes resemble a workplace from hell, it also offers pockets of resistance and care, and brilliant people who are keen to share their brainpower with others. Here, I turn to the final words of Italo Calvino's 'Invisible Cities'. In it, the protagonist Marco Polo suggests that while we are living in the inferno, there are means to endure it. The easier way is to accept the inferno and adapt to it until it becomes unnoticeable. Alternatively, one can choose the riskier and more demanding road: 'seek and learn to recognise who and what, in the midst of the inferno, are not inferno, then make them endure, give them space'. I find myself choosing the latter road. Hence, I want to thank those who make this inferno a little less inferno. (And I apologise if I fail to mention someone; my appreciation is not limited to this list.)

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I Sutela, Elina, Ruoppila, Sampo, Rasinkangas, Jarkko and Juvenius, Jutta (2020): Kohtuuhintaisen asumisen hajanainen kokonaisuus. *Yhdyskuntasuunnittelu*, 58(1), 10–32. *In English: The Ambiguous Status of Housing Affordability in Finnish Housing Policy.*

II Sutela, Elina (2026): Comparing Local-Level Housing Affordability – The Case of Finnish Low-Wage Private Rental Sector Tenants. *Journal of Poverty and Social Justice*, Online Publication 16 Apr 2026.

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1 Introduction

> ‘Does anyone want to be in love so we can split rent?’
> – Enemy of the pod @gxlreadingthis, 12 July 2020 on Twitter

The cost of housing has turned into a meme. For example, the Twitter quote above instrumentalises romantic love into a pragmatic pact to survive the cost of housing. The conversation continues by concluding that the incomes of two working adults are no longer enough—one must turn to polyamory to get by: ‘Right?! Monogamy? In THIS economy?!’ Elsewhere on Twitter, @Chaser summarised: ‘If the world was a Monopoly game, we’d be at the part where everybody rage quits because all property is gone, rent is unaffordable, and one rich guy is ruining everyone’s fun.’

Humorous as they are, these memes are political in grasping the sense of urgency related to the topic of this study: urban housing (un)affordability. The years after the 2008 Global Financial Crisis (GFC) have witnessed increasing global concerns over worsening affordability, particularly in urban areas (Galster & Lee, 2021b; Haffner & Hulse, 2021; Lee, Kemp & Reina, 2022; Wetzstein, 2017). The COVID-19 pandemic (2020–2023) and the ongoing war in Ukraine (2022–) have exacerbated these concerns with rising energy costs, inflation and interest rates. In October 2023, the United Nations (UN) Special Rapporteur Balakrishnan Rajagopal described the current situation as ‘the global affordable housing crisis’ (OCHCR, 2023), with 1.6 billion people worldwide lacking adequate housing and an estimated 100 million homeless. In 2023, approximately 9% of households living in the European Union (EU) were overburdened by housing costs, meaning that they spent over 40% of their income on housing (Eurostat, 2024). This represents over 17 million households in the EU alone. More recently, in 2025, the housing crisis narrative gained notable attention in the EU with the nomination of a first-ever European Commissioner for Energy and Housing and the Committee on the Housing Crisis in the European Union, tasked with identifying the causes of the housing crisis and proposing solutions at the European level.

While disagreement exists on whether affordability has generally deteriorated among European households (Hick, Pomati & Stephens, 2024), it has clearly become

a massive inequality question concerning some groups more than others. In particular, low-income tenants living in urban areas and other vulnerable groups, such as single parents, homeless or refugees, are globally at the biggest risk of facing unaffordability. In the EU, low-income households spent an average of 38.2% of their income on housing, compared to 19.7% for all households, and it is estimated that approximately a third of them were overburdened by housing costs in 2023 (Eurostat, 2024a).

Affordability risks are particularly concentrated on private rental sector (PRS) tenants (Hick, Pomati & Stephens, 2024), although low-income homeowners' affordability has also deteriorated since the mid-1990s (Dewilde & Decker, 2016). In most of the OECD countries, PRS tenants spend more on housing than owner-occupiers (OECD, 2024b). At the same time, the PRS has expanded in many countries, particularly among younger generations, prompting concerns about the re-emergence of private renting as a social issue (Christophers, 2021; Dewilde, 2018; Hoolachan, McKee, Moore & Soaita, 2017). Combined with decreased access to homeownership and increased privatisation of public housing, these changes have rekindled the debate on asset-based inequalities between and within generations as well as the role of housing in driving class divisions (Adkins, Cooper & Konings, 2020; Ruonavaara, 2024). Differences in accessing homeownership—and thereby, housing wealth—underscore how housing is 'not only an outcome, but also an engine of socio-economic inequality' (Hochstenbach, Kadi, Maalsen & Nethercote, 2025).

Public concerns over affordability arise from two overlapping issues (Quigley & Raphael, 2004). First, housing is the single largest and least flexible expenditure item in household budgets. From this arises the second issue: considerable increases in house prices and rents negatively impact non-housing consumption and household well-being if incomes do not increase at the same pace. Both are persistent policy concerns in Europe and worldwide. In fact, the past decade (2010–2022) witnessed a 19% increase in rents in the EU and a 47% increase in house prices, with house prices consistently outpacing income growth (Housing Europe, 2023). Affordability is further affected in many European countries as governments have implemented cuts on social security, affecting low-income households' disposable incomes and income distribution (Dewilde & Haffner, 2022), and deregulated financial markets, contributing to the financialisation of housing (Dewilde, 2018; Fernandez & Aalbers, 2016).

The fundamental justification for affordability concerns is the role of housing as a basic need, the key component of the 'food, clothing, and shelter triumvirate' (Bratt, Stone & Hartman, 2006, p. 2) and a human right (United Nations, 1948). Decreased affordability directly changes access to housing and is undoubtedly at the

core of a housing crisis[1] at any given time. At the household level, unaffordable housing is entangled with poverty; as 'the rent eats first' (Desmond, 2016, p. 302), housing costs affect a household's ability to pay for other basic needs. Adjusting consumption to pay for housing may manifest as increases in overcrowded living; rent or mortgage arrears; inadequate housing conditions; or reduced expenditures on other necessities, such as food, energy, or medication. At worst, unaffordability leads to evictions and homelessness. (Desmond, 2016; Gabriel & Painter, 2020; Stone, 2006a.) Consequently, housing affordability problems have substantial societal ripple effects, from increased housing inequality and poverty risks to the macroeconomy and even support for redistributive social policy (Ansell & Cansunar, 2021; Gabriel & Painter, 2020; Haffner & Hulse, 2021; Housing Europe, 2023; Meen & Whitehead, 2020; Rajagopal, 2023).

Furthermore, affordability is deeply ingrained in urban inequality. Housing is a distinct basic need due to its spatial dimension; both the dwelling and its location impact how housing needs are met. Life chances such as incomes and wealth affect where and how different types of households can reside in cities (Slater, 2013, 2021), making the cost of housing a social and spatial question. For instance, in Europe, socioeconomic segregation has increased as a result of rising income inequality and housing costs (Musterd, Marcińczak, Ham & Tammaru, 2017; Tammaru, Marcin, Aunap & Ham, 2019; Winke, 2021). The location enables (or constrains) access to other resources, such as schools, work and social networks, resulting in inequality among neighbourhoods across the globe (Cheshire & Sheppard, 2004; Clapham, 2019). Households relocating to more affordable areas may also face increased commuting times, resulting in commuting disadvantages, such as being far away from jobs and amenities (Luckey, 2018). In other words, housing—particularly its cost—has tangible effects on urban form, warranting the characterisation of 'a map of social relations within the city' (Bassett & Short, 1980, p. 2).

I argue that there is much public and academic debate around urban housing affordability, yet little clarity about what it actually means or agreement on how to promote it. Consequently, housing affordability remains an unresolved social question and a persistent concern, particularly in cities. I argue that difficulties in addressing this issue comprehensively stem in part from its conceptual ambiguity and vexedness, which call for systematic theoretical, methodological, and empirical analysis. Hence, the present study sets out to explore the vexedness of the urban housing (un)affordability question. The overarching research question is: how to conceptualise urban housing affordability as a policy problem? The study parses the

[1] In this study, a 'housing crisis' refers to a situation, in which significant numbers of low- and middle-income households struggle to secure housing that meets their needs and preferences, leading to broader societal ripple effects.

concept from three key perspectives: (1) operationalisation, that is, defining and measuring affordability, (2) policy to promote affordability, and (3) the problem of location integral to both. This study frames housing (un)affordability as 'vexed' (cf. Wilcox, 1999) because the term captures housing affordability's nature as something 'difficult to deal with and causing a lot of disagreement and argument' (Cambridge Dictionary, 2026). The descriptor 'urban' highlights affordability as a social question particularly relevant to urban areas, while also denoting the distinctiveness of cities as social structures and sites of social inequality in contemporary capitalist societies.

To begin with, I argue that the vexedness of housing affordability is evident in ambiguities surrounding its operationalisation. The operationalisation process is understood here as twofold: it begins with reaching an agreement on the definition, followed by transforming the concept into measurable indicators. Currently, considerable confusion persists in defining 'housing affordability' due to disparate usage and definitions among academics, practitioners, and policymakers (Ezennia & Hoskara, 2019; Jewkes & Delgadillo, 2010; Sendi, 2014). Such conceptual ambiguity, particularly between 'housing affordability' and 'affordable housing,' has endured despite long-standing critique (Hulchanski, 1995; Sendi, 2014; Stone, 2006b). This persistent confusion justifies ongoing scrutiny of the debate. The contribution of this study is to introduce a systematic theoretical framework that parses these varied definitions within housing policy and analyses them in the context of a single country.

Moreover, measurement is a crucial aspect, as robust indicators are necessary for effective policy formulation and monitoring (Bogdon & Can, 1997; United Nations Economic Commission for Europe, 2021). Different measurement approaches can yield varying results and thus produce divergent policy implications (Luckey, 2018). The current study identifies location as a conspicuous but underresearched problem in measuring affordability. House prices and rents are highly location-specific, and, as previously mentioned, location has detrimental consequences for urban inequalities. Although the need for local-level affordability analyses is widely recognised (Bogdon & Can, 1997; Luckey, 2018; Napoli, 2017; Padley & Marshall, 2019), in practice, the majority of comparative research concerns national-level differences (e.g. Dewilde, 2018; Hick et al., 2024). In this work, I argue that the main obstacles are related to data availability (see also UNECE, 2021); therefore, this study sets out to explore means to overcome this.

Furthermore, promoting affordability can be characterised as a vexed policy issue, reflecting both its inherent complexity and the existence of multiple explanations, with little agreement on comprehensive solutions. Ultimately, the question is political. It requires asking whether housing is primarily framed as a basic need or a commodity, what is the balance between the state and the market, and which residential groups benefit the most from policy measures (Bengtsson &

Grander, 2023; Doling, 1997; Madden & Marcuse, 2016). This study explores how different approaches to defining and understanding affordability may carry different assumptions on how to best tackle affordability problems, and what the political underpinnings of different approaches to promoting affordability are.

Also, as with measurement, location poses a particular problem in housing policy. This study builds on the notion that local governments have a distinct role in promoting affordability, given their relative autonomy and their control of land use and housing (Fainstein, 2010; Harvey, 1989). As Hoekstra (2020) raised, nation-states are, to some extent, 'hollowing out', while cities and regions are gaining more prominence in housing policies, warranting a greater attention paid to analysing local housing systems. Moreover, as Bogdon and Can (1997) pointed out almost 30 years ago, the location specificity of housing results in diverse housing conditions and varying needs between regions (see also Kazepov, Barberis, Cucca & Mocca, 2022). While several studies compare cities across different countries (Granath Hansson, 2019; Kadi & Lilius, 2022; Whitehead & Goering, 2021), this study focuses on a yet underexplored topic: local variations within the same national context and also in secondary cities outside the metropolitan areas.

The study situates housing affordability at the intersection of housing studies, poverty research, welfare state analysis, and urban studies. It draws on housing studies to highlight the distinctness of housing as a basic need, consumption item, and policy issue. However, the study understands affordability as a question that extends beyond housing studies, as well as explicit housing policies and the housing market. The study builds on the notion of housing's embeddedness (Kemeny, 1992; Stephens, 2011)—the idea that housing systems operate within wider social and economic structures. Here, I draw parallels particularly with poverty research and welfare state studies, as they are closely intertwined with housing (Kemeny, 1992; Stone, 2006b), yet described as 'disjointed' (Hick & Stephens, 2023) from housing studies. Questions of operationalising affordability and resources necessary for adequate consumption resemble the analysis of poverty (cf. Mäkinen, 2023). Then again, welfare state studies have informed the development of housing policy typologies and have interlinkages with how to promote housing affordability. For example, housing regime development is built upon welfare regime theoretisation (Kemeny, 2001), and the welfare state is a crucial context affecting housing outcomes (Dewilde & Haffner, 2023; Grander & Stephens, 2024b), alongside the labour market (Galster & Lee, 2021a) and fiscal and monetary policies (Meen & Whitehead, 2020).

Finally, urban studies draw attention to the fact that affordability problems are most prevalent in urban areas, while also connecting the issue to the spatial dimensions, local variations, and land use policy (cf. Haila, 2016). Specifically, the study argues that local variations emerge as a unique factor in housing that is largely

overlooked in poverty research and welfare state studies, among others. Given its focus on poverty, the welfare state, and local-level dynamics, the study primarily conceptualises housing affordability as a matter of basic need and adequate consumption, rather than from the perspective of asset accumulation (see Chapters 2 and 3 for context and further discussion).

The empirical case studies focus on Finland, thereby narrowing the focus to the European and OECD contexts. Finland is an interesting case for the following reasons (see more in Chapter 5). First, it is a typical case that illustrates local housing market variations, where the national averages can be misleading. Second, it is a sparsely populated country that, due to rapid urbanisation, faces an increasing policy concern over affordability primarily in the largest municipalities, whereas shrinking municipalities may face entirely different housing questions. Third, Finland is an excellent context in which to study local-level housing policies, given its municipalities' autonomy to pursue different directions in land use and housing. Finally, as a curious combination of a Nordic welfare state and selective housing policy, the country provides fertile ground for exploring the interconnections of housing and the welfare state. As Finland lacks a dedicated ministry to coordinate housing, it also raises the question of how housing affordability is coordinated—if at all.

The study consists of three peer-reviewed research articles. Article I explores how housing affordability is defined in Finnish housing policy and illustrates the contradictions and misunderstandings arising from ambiguous definitions. Article II examines the measurement of local differences in housing affordability among low-wage PRS tenants in 11 Finnish cities in 2019. It combines the Model Family Method (MFM) with affordability indicators to overcome data gaps in local-level data and to bridge poverty and housing studies. Article III analyses how three large Finnish cities, Helsinki, Tampere and Turku, differ in promoting affordability and how actively the municipalities manage their housing markets to achieve their housing policy goals.

Employing a mixed-methods approach, the study uses content analysis (Articles I and III) and the MFM (Article II). The qualitative data comprise document data on legislation; guidelines or strategies guiding housing policy; and interviews with experts (N=22), that is, key actors in the preparation, development and implementation of housing policy in Finland. A report on Finnish reference budgets was also used to construct model families (Lehtinen & Aalto, 2018). The statistical data include information on rents, housing construction, wages and social benefits. The current study analyses the years after the 2008 GFC and before the COVID-19 pandemic (2020–2023), specifically the years 2018–2019. However, housing affordability has become a particularly turbulent question during the 2020s. As these developments occurred after the data collection, their direct effects are not addressed

in this study, but their implications for urban housing affordability in Finland are discussed in Chapter 8.

The remainder of the study is structured as follows. The following three chapters discuss the theoretical background of this study. Chapter 2 situates housing affordability within the broader global and historical context of the urban housing question. Chapter 3 explores the operationalisation of housing affordability, that is, how to define and measure it, and introduces the theoretical framework on different definitions of affordability. Chapter 4 examines how to promote affordability and why it is such a vexed policy problem. Chapter 5 describes the context of the study, Finland, and the housing market of the selected case study cities. The research design, data and methods are described in Chapter 6. The study results are summarised in Chapter 7, followed by the Discussion and Conclusions in Chapter 8.

2 Contextualising the Urban Housing Question

‘[Housing] shortage is nothing peculiar to the present.’ – Friedrich Engels, 1872

Housing problems are nothing new in cities—they are probably as old as cities themselves—and fuel recurring public and political debates. This chapter situates the current housing affordability debate within the long-standing urban housing question. It provides a brief historical overview of how the housing question and its context have evolved in modern times and the specific challenges that have been the subject of particular debate since the global financial crisis of 2008.

Contemporary debates and government interventions regarding housing in Europe and North America can be traced back to the 19th century. Back then, industrialisation had triggered a rapid influx of workers to cities in search of employment. In the absence of comprehensive public-sector involvement in housing regulation, this demographic shift resulted in deteriorating living conditions and increasing rents. The urban working class lived in overcrowded, expensive, unsanitary and hazardous housing, plagued by epidemics, such as cholera, typhoid fever and smallpox. As the forerunner of industrialisation, England faced these questions as early as the first half of the 1800s (Engels, 1892; Juntto, 1990), soon followed by France, Germany (Engels, 1872) and the USA (Madden & Marcuse, 2016), among others. In Finland, working-class housing conditions caught public attention in the 1850s, but public concern over the issue did not peak until the 1880s. Well into the early 1900s, Finnish urbanisation remained limited, making the housing question more a rural than an urban one (Juntto, 1990; Waris, 1973).

The severity of working-class housing conditions sparked a widespread public debate about housing shortages and how to address them. Examples of proposals included supporting workers' access to homeownership and philanthropic initiatives. However, disagreements on how to solve the housing question existed already then. One of the key figures participating in the debate at the time was Friedrich Engels, who wrote a series of articles on ‘the housing question’, discussing the political economy of working-class housing in Germany and England (Engels, 1872). Engels was very critical of these propositions and argued that the ‘so-called housing

shortage' (ibid., p. 14) was neither new nor accidental, but a social question deeply rooted in the capitalist mode of production, one of its 'smaller, secondary evils'. He therefore argued that resolving the housing question would require system-level changes in capitalism and assessed that proposals to support workers' access to homeownership would primarily act as temporary fixes.

The extensive public concerns gradually translated into different forms of government intervention across countries, albeit less the system-reforming ones Engels had advocated for. Still, governments introduced laws and regulations to improve housing conditions, initially concentrating on housing quality, rent regulation, hygiene, and sanitation, but also developed early forms of philanthropic and cooperative housing (Juntto, 1990; Pooley, 1992). Housing conditions began to improve with government involvement, but it took decades for most households to gain access to what are now considered essential features. For example, in Finland, only about half of dwellings had sewer access by 1960, and it was not until the 1970s that nearly all households had electricity (Juntto, 1990).

Importantly, the debate from the 19th century marked the beginning of the recognition of working-class housing conditions as a political problem (Juntto, 1990). Unhygienic urban living conditions did not emerge suddenly alongside industrialisation and urbanisation. For instance, in Finland, mortality rates were higher in cities than in rural areas well before industrialisation (ibid.). The pivotal change was raising perceptions that the housing question was a crisis that required government intervention. However, interpretations of the motives behind these interventions vary. On the one hand, the government responses can be understood as an effort to address perceived social injustice. On the other hand, critical commentators such as Harloe (1995) and Madden and Marcuse (2016) have highlighted the complexity of these motivations, noting that they were shaped not only by differences in each country's context and by pressure from social movements—such as the working-class—but also by the state's interest in preserving political stability.[2]

Interestingly, unlike today's sectoral policy approaches, other contemporaries of Engels also framed housing problems as a broader social question (see Harloe, 1995). Examples in Finland include the social policy professor Eino Kuusi (1931). Accordingly, many active initiators for improving housing conditions were not housing experts per se but organisations and individuals interested in improving the general population's overall well-being, with housing serving as a basis to achieve that. One of Finland's earliest public visionaries for housing in the 1850s was Professor Zacharias Topelius, who was better known as a poet, novelist and

[2] Madden and Marcuse (2016) call this 'The Myth of the Benevolent State'.

journalist rather than a pure advocate of housing. Later, in the 1940s, Väestöliitto (eng. The Family Federation of Finland) became an active organisation promoting greater public sector involvement and regulations on housing. This is a nongovernmental organisation (NGO) focused on promoting public health and the wellbeing of families with children. (Hertzen, 1946; Bergenheim, 2020.)

The housing question and its broader context have undergone numerous changes since the 1800s. The 'Short Twentieth Century' (Hobsbawm, 1995) brought major changes in Europe, including the fall of the aristocracy, two World Wars, the rise and fall of the Soviet Union and the expansion of democracies and voting rights. For housing, particularly important developments include changes in the context of capitalism and macroeconomy, as well as the context of the welfare states and housing policy. In contrast to the early industrialisation of the 1800s, capitalism is now an integral part of contemporary societies, and the post-Fordist and deindustrialised economies rely more on technology and service industries. Welfare states have undergone expansion and post-expansion phases across Europe.

Boltanski and Chiapello (2005) argue that the 'spirit of capitalism', that is, the ideological basis justifying people's commitment to a particular mode of capitalism, has transformed over the years in three phases. Engels wrote 'The Housing Question' in the context of the transition into capitalism (Smith, 2016). This, according to Boltanski and Chiapello (2005), was the first spirit of capitalism, an era characterised by bourgeois entrepreneurialism and morality, with distribution mechanisms mostly relying on charity and personal assistance. Notably, the concept of the 'welfare state' did not exist at the time.

The 1900s brought about the 'second' and the 'new' spirits of capitalism, as capitalist economies underwent some key changes. First, the post-WWII Western countries saw the rise of Keynesian economic policies that promoted regulated market economies and paved the way for the expansion of the welfare states as compatible with supporting demand and full employment (Hemericjk, 2013; Pierson, 2006; Pierson, 1996). Boltanski and Chiapello (2005) characterise the time between the 1940s and 1970s as the second spirit of capitalism, focusing on large industrial companies and linking meritocracy, private capitalism and the welfare state expansion.

In many places, the development of welfare states was made in parallel with major public investments in housing development (Kemeny, 2001). Sweden serves as one of the most extensive examples, in which improvements in housing and urban planning became an integral building block of the welfare state construction of 'the people's home' (Kemeny, 1992). Elsewhere, housing also played a major role in other countries' expansion phases. For example, in the US, Florida and Feldman (1988) described the housing regime of the time as 'the Fordist housing regime', in which housing was an integral part of the economy and the

development of the welfare state. In this context, housing, alongside housing finance, was considered too central a societal issue to be left entirely to market forces (Aalbers, 2017).

The 1973 oil crisis marked a shift in macroeconomic policy context with a gradual introduction of neoclassical (or neoliberal) economic policies, most notably in the US and the UK during the Reagan and Thatcher governments, respectively (Pierson, 1994). Since the 1980s, this new macroeconomic paradigm has promoted loosely regulated market economies with minimal states, introducing austerity measures in the welfare states, along with the privatisation of state companies and properties (Hemericjk, 2013; Julkunen, 2017). Furthermore, the global economy has been characterised by the deregulation of finance and the introduction of financialisation, with an emphasis on financial markets, actors and institutions in domestic and international economies (Epstein, 2005).

While many welfare states are far from dismantled, they have fundamentally shifted to being 'under siege' (Julkunen & Saari, 2013; Pierson, 1996), meaning that their legitimacy and scope are contested, pressures to limit public welfare spending have increased, as has the promotion of individual responsibility. Subsequently, the retrenchment of the welfare states can be grasped with the concept of 'recommodification' (Pierson, 1996), where households gradually return to being more dependent on the market in welfare provision. Boltanski and Chiapello (2005) refer to this era since the 1980s as the 'new spirit of capitalism'—one characterised by permanent change, global finance, the expansion of the internet and service industries and an emphasis on self-help and managing oneself.

After the end of the Cold War, the globalisation of trade, technology and finance has only intensified. This intensification reached a tipping point during the 2008 Global Financial Crisis (GFC), which also marked a key turning point in sparking the latest wave of debate on the housing crisis. Commonly described as the most severe economic crisis since the 1929 Wall Street crash, the GFC was heavily driven by housing finance. A particular trigger was the collapse of an enormous housing bubble that resulted from subprime mortgages and other precarious financial instruments (Forrest & Yip, 2011).

Housing policy has also moved through distinct historical phases, each shaped in part by these broader structural changes in capitalism and welfare states. Bengtson et al. (2013; see also Ruonavaara, 2018b) identified four stages: (1) introduction, (2) construction, (3) management and (4) retrenchment. Essentially, the balance between the state and the market in the housing question changes throughout the stages. The housing question debate and the consequent policy measures in the 1800s serve as an example of the introduction phase, during which government interventions first emerged. The following two phases initially aimed to alleviate the housing shortage by expanding housing development (post-IIWW era) largely by

investments in public housing development and then managing the existing housing stock, starting in the Nordic countries in the late 1970s. The 1990s marked a turn towards the retrenchment phase in the Nordic countries and most of Europe, characterised by a decrease in public housing development and a gradual shifting of the responsibility for ensuring housing from the state to the market. (Kettunen, 2021; Ruonavaara, 2018b.)

As the 2020s unfold, 150 years after Engels' writings, the urban housing question persists—albeit in a different context and with different terminologies—alongside the resurfacing of the 'housing crisis' narrative (see Introduction). Today, the focus is not so much on housing shortage as it is on housing affordability, that is, whether household income is sufficient to cover housing costs. While affordability is unarguably central to any housing crisis, it emerged as an explicit concept only around the 1980s (Whitehead, 1991). Since then, it has gained a dominant role in discussions regarding the urban housing question, as exemplified in phrasings such as 'the global urban housing affordability crisis' (Wetzstein, 2017).

Perhaps reflecting the perceived severity of the housing crisis, housing is regaining prominence also in broader social and political discussions. It is frequently identified as a missing dimension in, for instance, poverty and welfare state research (Hick & Stephens, 2023), analysis on inequality and precarity (Hochstenbach et al., 2025), class formation (Adkins et al., 2020), and political economy (Aalbers & Christophers, 2014a). The first area, linkages between poverty research, welfare state analysis, and housing (affordability), is this study's primary interest, and will be covered in more detail in the following chapters, as will be changes in the role of the state in housing, namely privatisation and retrenchment. However, many of the debates concerning today's broader housing question have to do with housing as an asset and an investment good, analysis of which largely falls outside of the scope of this study. It is an important dimension for context, and hence, the key perspectives related to it will be briefly described here.

According to Aalbers (2016), today's housing regimes have entered a post-Fordist, neoliberal or financialised period characterised by an increased emphasis on housing as a store of wealth and the growing influence of financial logics. In this post-Fordist context, housing is central to the flow of capital (Aalbers & Christophers, 2014a). This is exemplified in how, by the 2020s, residential housing had become one of the most profitable investment targets globally. The global value of properties stood at $379.7 trillion in 2022, outpacing the value of equity and bonds combined and reaching almost four times the size of the global GDP (Tostevin & Rushton, 2023). Out of this value, residential real estate comprised approximately 75% (ibid.). Consequently, institutional and private investors, as well as asset managers, have been increasingly interested in profiting from residential real estate (Christophers, 2023).

This can be explained by the way in which housing functions as a store of value. For example, Harvey (1978, 2008) has described how housing acts as a 'spatial fix'—an outlet for over-accumulation that can absorb capital. Housing provides a lucrative store of value because, as real estate, it serves as a form of collateral and has a secure, fixed value that can be assumed to appreciate over time. Additionally, Fernandez and Aalbers (2016) state that mortgage debt and rental housing provide predictable incomes, as they operate on a large, standardised scale and rely on established systems and institutions to efficiently collect future payments. The role of states is instrumental here, as they play a key part in areas such as the (de)regulation of finance and housing markets (see, for example, Meen & Whitehead, 2020; Çelik, 2024).

In particular, the concepts of rentierism and the financialisation of housing clarify how housing acts as both a market commodity and a financial instrument in contemporary capitalism. First, the housing question is entangled with rentierism and rentier capitalism. Rent and the rentier are old conceptualisations, dating back to Marx, Smith, Ricardo, and Keynes (see Christophers, 2022), but contemporarily popularised, for example, by Standing (2016). This debate derives partly from Piketty (2013), who recognised the greater concentration of wealth as the key mechanism driving inequalities due to higher return rates of capital compared to economic growth in contemporary capitalism. Implicit to his analysis was the role of housing (Adkins et al., 2020) and rent (Christophers, 2022).

Here, I draw primarily on Christophers' (2020) conceptualisation of rentierism, given his extensive analysis of the role of property and real estate finance. He combines different economic rent definitions and understands rent as 'income derived from the ownership, possession or control of scarce assets under conditions of limited or no competition' (Christophers, 2022, xxiv). In other words, the rentier controls something valuable, namely assets, and makes money by receiving payments from others who use those assets. Rentier capitalism then means 'a form of capitalism that is dominated by rent and rentiers' (Christophers, 2025, p. 173). Rentiers are diverse, but those related to land and housing are a mix of corporate and individual ones who benefit from housing being a scarce and necessary good while simultaneously being a secure investment, a form of 'passive income'. The expanding reach of rentierism is reflected, for example, in the rapid growth of the private rental sector (PRS) across many Western countries, which is identified in many countries as the most expensive and insecure of tenures (Christophers, 2021; Stephens et al., 2024).

Second, the financialisation of housing has drawn a lot of academic and public attention. Rentierism and financialisation intertwine, but where the former emphasises owning and extracting rent from a scarce resource, the latter focuses more on finance and aims to grasp how housing can be used as a financial product.

Its origins lie partly in the deregulation of housing finance in the 1980s, which, for instance, integrated mortgages with other financial channels.

As usual, definitions of financialisation vary, but Epstein's (2005, p. 3) widely cited general definition provides a helpful starting point: 'the increasing role of financial motives, financial markets, financial actors and financial institutions in the operation of the domestic and international economies'. Aalbers (2016) argues that financialisation of housing is not a unique type of financialisation, but that housing serves as a key object of it. This phenomenon particularly leverages on housing being a High-Quality Collateral (HQC), which means that the so-called 'global wall of money', namely, the increasingly mobile pools of global capital, can rely on housing and other real estate as safe and secure collateral for credit and investment. Housing can be financialised in different ways. It can manifest as households relying more on mortgages to access homeownership (see also Chapter 4.2). The literature also extends to institutional investment, where financial instruments such as mortgage-backed securities (MBSs) and real estate investment trusts (REITs) are used either to trade housing much like stocks and bonds or to access additional credit, given housing's role as high-quality collateral (Aalbers, 2016; Fernandez & Aalbers, 2016). The repercussions of financialisation of housing are varied, but critical housing scholars and the UN Special Rapporteurs on Adequate Housing have documented a wide array of violations of housing rights, including forced evictions and displacements (see Çelik, 2024, for an overview).

In conclusion, this brief overview suggests that the housing question remains a persistent feature of capitalist societies, for which no comprehensive solution has yet been realised. Although the context and nuances have changed, housing has always been a fundamentally political question: whether it functions primarily as a home and a basic human need, or as a commodity for wealth, profit, and trade. Today, the retrenchment of housing policy and the growing role of housing as a store of wealth suggest a shift toward the latter. Housing can be characterised as commodified, that is, it is treated primarily as a market good rather than a social one, and its role as an investment asset has intensified.

In light of this, it is not surprising that many scholars, including Aalbers and Christophers (2014a, 2014b), Smith (2016) and Robbins (2018), have revisited Engels' 'The Housing Question', which continues to provide valuable insights into the political economy of housing. If we agree with Engels (1872), the housing question will continue to persist as long as the underlying social question remains unresolved. In line with this, some authors have also questioned the usefulness of the term 'crisis'. For instance, Madden and Marcuse (2016), building on Engels (1872), critiqued the concept of a 'housing crisis', highlighting that it is only invoked when the middle classes or investors are impacted. Meanwhile, the working class and the poor in many cities continue to face 'the permanent housing crisis' (Marcuse &

Keating, 2006), which receives less public attention. They argue that the concept of 'crisis' is not always useful for demanding structural changes to the housing system, as it may evoke the perception of an unusual and temporary situation requiring targeted measures. As the history of the housing question demonstrates, housing problems are recurring and persistent, rather than exceptional or temporary. Or, as Madden and Marcuse (2016, p. 10) put it, 'The housing crisis is not a result of the system breaking down, but of the system working as intended'.

3 Defining and Measuring Housing Affordability

Operationalisation, namely defining and measuring the extent of a social problem, is pivotal for effective policy planning. However, the vexedness of housing affordability becomes evident already at this point. For one, affordability definitions vary among academics, policymakers, and the general public, and it is not always clear what exactly is meant when someone mentions 'affordability'. Hence, this study first clarifies the key approaches to defining affordability.

Second, measuring affordability—and housing costs in particular— is recognised as a challenging task in both housing and poverty research. Housing costs have been described as 'the most difficult of elements to deal with' (Bradshaw & Finch, 2002, p. 65) or even 'incomparable' (Kuivalainen, 2003) due to their heterogeneity and distinctness. These challenges in operationalisation may explain why measurement of affordability resembles a 'methodological chaos' (Ezennia and Hoskara, 2019) or why housing costs are often excluded altogether in poverty studies (cf. Mäkinen, 2023). However, as housing costs are usually the largest and the least flexible budget item, and including them affects poverty levels (Ilmarinen & Kauppinen, 2018; Siminski & Saunders, 2004), measuring them is necessary despite shortcomings.

This chapter explores the complexities of operationalising housing affordability and how some of the challenges can be overcome. As this study emphasises housing affordability as a poverty- and welfare state-related issue, affordability is conceptualised primarily from the perspective of basic needs and adequate consumption. Questions of housing as an asset and of access to homeownership are largely set aside, as I consider these to require a somewhat different approach and terminology in their operationalisation, despite their close relatedness to affordability (cf. Bramley & Kofi, 2005; Sendi, 2014). First, this chapter establishes a theoretical framework for understanding key approaches to defining affordability. Next, the chapter reviews different methods for measuring affordability from a normative perspective, with a focus on challenges in local comparisons.

3.1 Definitions

Housing affordability has dominated academic and public discussions on housing issues in European and Anglo-American countries over recent decades. The concept's historical roots trace back to household budget studies in the 1800s (Hulchanski, 1995), making affordability a central issue in early poverty studies (Engels, 1892; Rowntree, 1902). However, while housing affordability has long been a policy concern, the specific terms 'affordability' or 'affordable housing' have only gained prominence since the 1980s (Gabriel, Jacobs, Arthurson & Burke, 2005; Stone, 2006b).

The emergence of this concept reflects not just the increasing concerns over housing costs, but also the transition towards market-oriented housing policies, in which market efficiency has become the key evaluative metric (Bradley, 2024; Gabriel et al., 2005; Sendi, 2014; Stone, 2006a). For instance, in the UK, the 1980s marked a rhetorical shift from discussing 'housing needs' to highlighting 'housing affordability' (Whitehead, 1991). While 'needs' implies defining broad social objectives and public sector mechanisms to achieve them, 'affordability' aligns more directly with a market-oriented housing system, wherein low-income households are financially supported to secure housing independently. Bradley (2024) further discussed this shift as 'an act of economic valuation in which market price became the standard against which housing priorities are measured' (p. 1).

For Gabriel et al. (2005), housing affordability should be viewed as a contested concept with different meanings across contexts, which are shaped by governments, interest groups and lobbyists to align with their goals. Others, such as Maclennan and Williams (1990), have pondered abandoning the term entirely due to its ambiguity. Studies by Hulchanski (1995), Jewkes et al. (2010), and Ezennia and Hoskara (2019) confirm that the concept's meaning varies among academics, policymakers, media and the public, ranging from household expenditure to public housing availability to market exchange. As Quigley and Raphael (2004) noted, affordability can easily become a catch-all term that can mean virtually anything:

> …the rhetoric of 'affordability' - - jumbles together in a single term a number of disparate issues: the distribution of housing prices, the distribution of housing quality, the distribution of income, the ability of households to borrow, public policies affecting housing markets, conditions affecting the supply of new or refurbished housing, and the choices that people make about how much housing to consume relative to other goods. (Quigley & Raphael, 2004, p. 191)

At present, the conceptual confusion surrounding housing affordability persists. A particularly prevalent incoherence, discussed in more detail below, exists over the

terms ‘housing affordability’ and ‘affordable housing’. Jewkes et al. (2010) further highlighted the confusion between market affordability—assessing the profitability of housing development by measuring median income versus home price—and individual affordability, which considers whether households can afford (mortgage) payments without putting considerable strain on their disposable incomes. Importantly, the popularity of the term risks overshadowing more suitable ones. For instance, concerning households’ ability to acquire mortgages, ‘It could be argued that “access to owner occupation” may be a better term than “affordability”, but the latter is now in wider currency’ (Bramley & Kofi, 2005, p. 686). Similarly, Sendi (2014) argued for replacing ‘affordability’ with better-fitting concepts, proposing, for example, the term ‘access’.

In the present study, I propose a conceptual framework distinguishing three key approaches to affordability: normative, consumer choice and tenure-based definitions. This framework, derived from prior research, does not aim to exhaustively identify all definitions but to outline key perspectives, their varied uses and potential policy implications. While I acknowledge that this theoretical framework simultaneously serves as one of the results of the thesis, explaining it here in the theoretical section is a necessary building block to understand how affordability is approached in this entire study.

The Normative Approach

The normative approach defines ‘affordability’ as an acceptable relationship between a household’s disposable income and housing expenditure, considering the adequate quality of housing (Bramley, 1994; Gabriel et al., 2005; Hancock, 1993; Maclennan & Williams, 1990; Stone, 2006b; Whitehead, 1991). It is about individual affordability (cf. Jewkes et al. 2010), that is, households not experiencing excessive financial hardships in obtaining housing. Nuances exist within this approach. One widely cited definition is provided by Maclennan and Williams:

> Affordability is concerned with securing some given standard of housing (or different standards) at a price or rent which does not impose, in the eyes of some third party (usually government), an unreasonable burden on household incomes. (Maclennan & Williams, 1990, p. 9)

Some scholars have integrated the normative approach more directly with poverty research. Stone, for instance, introduced ‘shelter poverty’ to emphasise the impact of housing costs on essential non-housing consumption, highlighting how excessive housing costs constrain other consumption:

> People paying more than they can afford - - are shelter poor—the squeeze between their limited incomes and excessive housing costs leaves them with not enough money to address their non-housing needs at a minimum adequate level. (Stone, 2004, p. 109)

Similarly, Bramley linked affordability to poverty standards, positing that housing costs should not place households below a poverty threshold:

> Households should be able to occupy housing that meets well-established (social sector) norms of adequacy (given household type and size) at a net rent which leaves them enough income to live on without falling below some poverty standard. (cited in Hancock, 1993, p. 129)

Building on these definitions, Hancock (1993) discussed the relation to the opportunity cost of housing, that is, what households must forego to obtain housing, and whether this is reasonable or excessive. Notably, unaffordable housing may easily result in injustices if households are required to choose between essential basic goods, such as housing, energy, food or medicine.

Similar to poverty research, the normative approach seeks to set third-party (or objective) standards to indicate whether housing costs are affordable or unaffordable. Depending on the measurement, positioning below or above a certain threshold indicates unaffordability (see more in Chapter 3.2). These standards are directly linked with considerations of societally accepted living standards, which explains the use of the label 'normative' (see also Bramley, 1994; Hancock, 1993). Stone (2006c) proposed basing public policies on normative definitions, as they illustrate the extent and distribution of affordability problems. Implicit to the approach is a moral stance: unaffordability and poverty are social problems linked to concepts and theories of relative poverty (Townsend, 1979), human need (Doyal & Gough, 1991) and capabilities (Kimhur, 2020; Nussbaum, 2011; Sen, 1999). Related to this, social security benefits can be viewed as a practical application of these standards (cf. Hancock, 1993).

The normative approach suggests at least two roles for governments and public authorities. First, they are typically seen as the third party to define standards, underscoring the proactive roles of policymakers and the public sector (Maclennan & Williams, 1990). As Clapham (2019) noted, governments play a decisive role in defining issues and problems. Second, the normative approach implies housing is a merit good (Hancock, 1993; Sendi, 2014), the satisfaction of which is provided through public budgets rather than the market and requires governments to act if societally acceptable standards are not met (Musgrave, 1959). However, this approach does not assume any specific policy measures to address affordability but focuses on outcomes instead.

Operationalising normative definitions with clear indicators is essential, as without them, this approach remains vague and ineffective in guiding housing policy. However, this step is a challenging task due to the multitude of intersections and choices involved (see Chapter 3.2). These complexities resemble operationalising poverty to the extent that, for instance, Thalmann (2003) raised the question of whether affordability is a distinct problem from poverty and how authorities should identify households experiencing poverty rather than affordability problems. Typically, the uniqueness of housing as a consumption item justifies separating the question from income poverty. As discussed in Chapters 1 and 2 (see also Chapters 3.2 and 4.1), housing costs vary greatly by location, they are the least flexible and the first claim on household budgets, and they also serve as a means of asset accumulation. Households' capacity to adjust consumption in housing is often limited due to high transaction costs and low replaceability (Hancock, 1993). Stone (2006b, 2006a) argues that the concept of 'shelter poverty' differs from limited incomes as it specifically focuses on the relationship between incomes and housing costs (2006c, p. 459). Based on this approach, a household is considered income poor if it cannot meet its non-housing needs, even when housing costs are reduced to zero.

The Consumer Choice Approach

The consumer choice approach frames housing affordability as a matter of household choices, preferences and valuations in the housing market, particularly grounded in the concept of *homo economicus* (Stone, 2006b). This perspective posits that a household's housing expenses indicate what it is willing to or can pay for housing within its consumption possibilities (Bramley, 1994; Laakso & Loikkanen, 2004; Stone, Burke & Ralston, 2011). Accordingly, the question of affordability becomes a question of housing consumption as a function of income and preferences (Padley & Marshall, 2019).

Such an approach discourages giving external valuations or standards to affordability. Hence, it could be considered a 'non-normative' approach. As summarised by Green and Malpezzi (2003, p. 136), 'If households are observed to pay a given amount, then, from the economist's point of view, they can afford to do so.' Affordability is derived from households' behaviours in the housing market and is determined based on the commodity exchange. High house prices or rents in popular locations reflect their high valuation, prompting households seeking lower housing costs to either relocate or compromise on features, such as space, if they prefer a certain location (Antikainen, Laakso, Lönnqvist, Pyykkönen & Soininvaara, 2017; Eerola, Lyytikäinen & Saarimaa, 2012; Laakso & Loikkanen, 2004; Linneman & Megbolugbe, 1992). In this regard, the consumer choice approach builds on

neoclassical and behavioural economics, highlighting consumer behaviour and households' subjective assessments. This approach stands in contrast to the normative approach, which is rooted in social scientific theories and paradigms of societally acceptable living standards.

The underlying assumption is that housing affordability is best supported by an efficiently functioning housing market. Minimal government intervention is implied, and interventions should seek to address potential 'market failures' to restore balanced market conditions (Inchauste, Karver, Kim, & Jelil, 2018). Policy measures could include removing perceived distortions in the housing market (see more in Chapter 4). Indicators typically monitor housing market trends, house prices, access to mortgages and supply elasticity rather than individual affordability (cf. Jewkes & Delgadillo, 2010) or housing distribution (Meen & Whitehead, 2020).

The central critique is that the exchange of commodities—housing, in this case—and their market prices do not clarify whether the consumption of the commodity meets societally acceptable levels or basic needs (e.g. Andersson, 1993). These are political questions, not derivatives of consumer behaviour in the housing market. Housing costs may also reflect constrained choices in the housing market (Hancock, 1993), and these choices can become untenable trade-offs between basic needs. For instance, Stone (2006b, also Stone et al. 2011) argued that affordability as a consumer choice issue is valid only after a societally acceptable level of income is met.

The Tenure-based Approach

The tenure-based approach focuses on specific parts of the housing stock. Here, affordability is equated with regulated, below-market, limited profit or cost rental housing, often referred to as 'affordable housing', but also as 'social housing', 'nonprofit housing' or 'public housing'. This type of housing is publicly subsidised to keep housing costs below market prices or limit profit-making. Depending on the housing system, it can target low-income households that are most in need or, more broadly, low- and middle-income households. The criteria for tenant selection, subsidy or housing costs vary across countries. (Czischke & van Bortel, 2018; Granath Hansson & Lundgren, 2018; Oxley, 2012.) While this type of housing is often considered social rental housing targeted for those who are most in need, the term 'affordable housing' is increasingly being used to denote tenures between market-priced and social rental housing, aiming for below-market housing costs that target broader residential groups than social rental housing (Czischke & van Bortel, 2018).

However, confusion often arises, as both practitioners and academics may use the concepts 'affordable housing' and 'housing affordability' interchangeably

despite their distinct meanings (Article I; Sendi, 2014; Stone, 2006b). This ambiguity obscures whether the reference is to a specific policy supporting affordability or the goal of keeping housing costs manageable relative to income. In other words, such confusion risks conflating a policy tool (subsidised or nonprofit housing development) with the policy goal (reasonable housing costs relative to income). Another problem with this confusion is that simply labelling housing 'affordable' does not make it so, because affordability is not a feature of the housing stock but an interaction between income and expenditure. As Stone (2006b, p. 14) lamented, for some, all housing is affordable regardless of the cost, while for others, only free housing can be affordable. Hence, a meaningful debate on affordability would ask what is affordable for whom, for how long and at what costs and standards (ibid.). Furthermore, some critics, particularly in the USA, have argued that 'affordable housing' development may replace genuinely more affordable, subsidised or rent-controlled housing with near-market-rate housing with fewer regulations (for a broader discussion, see Madden & Marcuse, 2016).

Operationalising affordability in this approach can be quite challenging, as it necessarily revolves around developing specific types of housing tenure. For instance, indicators might track the number and access to these dwellings and associated rents or prices, but neglect their relation to households' disposable incomes. When incomes are included, they are typically used as criteria for access. At worst, these checks become an additional barrier to accessing housing, especially if household income must surpass an explicit threshold (Grander, 2021; Hulchanski, 1995). Thus, while these indicators are useful in the context of public housing, they provide little information on the broader state of housing affordability.

3.2 Measurement

Challenges in Translating the Normative Approach into Measurable Indicators

This study builds on the normative approach to housing affordability, with a specific interest in the overlap between poverty and affordability research. It focuses on the so-called objective measurement, namely, third-party assessments of standards and norms (see more in Chapter 6.3). In both poverty and housing research, translating the normative definition into concrete standards and indicators is an essential yet challenging process. Challenges include multidimensionality, temporal dynamics, and treatment of household preferences in relation to housing standards. A particular problem is also the spatial dimension—or location—, which will be discussed at the end of this chapter.

One of the main challenges is the multidimensionality: affordability necessitates considering income, non-housing expenses, housing costs, and housing standards simultaneously. The current study focuses on particularities of housing costs in combination with housing standards[3], as they are a particularly arduous aspect to operationalise and to control for comparative purposes. Housing costs vary based on various factors, such as the quality and location of the dwelling, household composition, tenure, and subsidies. Furthermore, the debate on what constitutes housing costs has persisted since the first budget studies published in the 19th century (Hulchanski, 1995). They can encompass rent, mortgage principal payments (Hick et al., 2022), utilities like energy (Haffner & Boumeester, 2015) and even transport costs (Luckey, 2018). Also, in contrast to income adequacy and poverty studies, housing research typically uses the household as the unit of analysis, the definition of which is not always straightforward (Kemeny, 1992).

Housing standards are an important building block of a normative housing affordability measurement, because uninhabitable housing conditions cannot be considered genuinely affordable (Maclennan & Williams, 1990; Stone, 2006a; UN-Habitat, 2009). The current study takes the UN's definition of Right to Adequate Housing as a helpful illustration of different dimensions of housing standards. These include various requirements for the dwelling itself and its location, such as an adequate amount of space considering the household's size; physical safety and protection from cold, heat and other health hazards; sanitation; accessibility in case of specific needs, such as wheelchairs; and access employment, schooling, health care and other essential facilities without posing a threat due to pollution or unsafety (UN-Habitat, 2009).

The intersection of housing standards and affordability gives rise to the problem of identifying whether households consume 'too much' or 'too little' on housing and whether their consumption patterns reflect personal choices or constrained opportunities (Hancock, 1993; Stone, 2006a; Whitehead, 1991). This is a vital question, as housing outcomes resulting from personal choices are not considered affordability problems (Hancock, 1993). The problem of consuming too much arises when households seem to have an affordability problem but maintain dwellings considered to be above the level of societally accepted housing standards. However, as Stone (2006a) points out, operationalising what constitutes 'too much' in housing is difficult in practice. Households might have individual needs that require additional rooms, such as if they are coparents requiring room for their children part-time, anticipating additional children or requiring rooms for study or work. In some cases, overconsumption might also stem from constrained choices, such as in cases

[3] For more detailed discussions on operationalising income and non-housing expenses in poverty studies, readers can refer to, for example Mäkinen (2023).

where selling a house is difficult or where supply is otherwise constrained. In contrast, the problem of consuming too little on housing describes households that do not seemingly have an affordability problem but experience a form of housing deprivation, such as lack of sanitation, overcrowding or insecure tenure (ibid.).

Stone (2006a) and Whitehead (1991) proposed identifying first the potential consumption of households:

> Only those households who, given their income and the cost of their housing, could not potentially consume the required level of housing without breaking the affordability criteria, are regarded as having a problem. (Whitehead, 1991, p. 875)

Only after ensuring that a household could afford adequate housing could experiencing housing deprivation or overconsumption be considered a choice (Stone, 2006a, p. 40).

Temporal dynamics add a layer of complexity. Hancock (1993) distinguished between 'short-run' and 'long-run' affordability. 'Short-run affordability' refers to the immediate out-of-pocket expenses households spend, such as monthly rent expenses, on housing at a certain moment. In contrast, 'long-run affordability' pertains to a household's ability to finance housing over time, including access to a mortgage (see, e.g. Chen et al., 2010). Affordability research with a primary interest in ongoing income adequacy or poverty risks generally applies the short-term approach (cf. Hick et al., 2024). An additional perspective is the one raised by Colburn et al. (2024), who explored the duration and frequency of unaffordability spells over time, analogous to poverty research. They argued that a longitudinal perspective can help identify for whom unaffordability is a persistent issue and its implications for household well-being. Like poverty, episodic and short-term unaffordability may not be as detrimental as deep and persistent one. An additional temporal dynamic involves analysing the security of tenure, which is a requirement for genuine affordability (cf. UN-Habitat, 2009).

The Ratio and Residual Income Approach to Measure Affordability

The normative approach to housing affordability is most commonly operationalised through the expenditure–income ratio, the residual income approach, or their combination. Several emerging methods, such as composite measures and multicriteria decision-making, are also gaining attention for their ability to consider multiple dimensions (for a comprehensive review, see Ezennia & Hoskara, 2019). These may include transport costs (Luckey, 2018), energy costs (Haffner & Boumeester, 2015) and sustainability (Ezennia & Hoskara, 2021). Furthermore, the

untapped potential of microsimulations in housing has been noted (Graetz, Ummel & Cohen, 2022; Taylor, Harding, Lloyd & Blake, 2004). However, many of the emerging methods—as long as they analyse affordability from the normative approach—are often based on the application of ratios or residual incomes.

Ratios express the price-to-income or rent-to-income ratio; that is, the proportion of household income spent on housing as a percentage. They set a threshold, typically between 20% and 30%, to determine affordability, and a household exceeding this limit is considered to have unaffordable housing costs. Apart from assessing affordability, ratios have also been used as access criteria for mortgages or social housing (Hulchanski, 1995). The latter is advised against (Hulchanski, 1995), while the former focuses on the ability to finance housing consumption rather than short-term, ongoing affordability (Chen, Hao, & Stephens, 2010; Haffner & Heylen, 2011). Ratios are popular due to their ease of interpretation and simple data requirements (Gabriel et al., 2005). For instance, major databases, such as the EU-SILC or the OECD Affordable Housing Database, apply them to compare affordability across countries.

Despite their widespread use, ratios have received criticism for their lack of theoretical robustness (Hancock, 1993; Hulchanski, 1995; Stone, 2006b). In particular, the thresholds are often arbitrary and can and have been shifted without definite justifications, rising, for instance, in North America from 20% to 30% during the 20th century (Hulchanski, 1995). Furthermore, different regions may use varying thresholds, such as the 30:40[4] rule in Australia (Rowley & Ong, 2012) or the EU-SILC's threshold of 40% indicating 'housing cost overburden' (Eurostat, 2024a). The history of the ratio measurement may explain the arbitrariness of thresholds. Hulchanski (1995) noted that they were originally derived from 19th-century budget studies and averages of consumption surveys (i.e. averages on what households tended to spend on housing) rather than a normative reflection on what households should pay for housing and how to justify that.

The logic of ratio measurement as a sliding scale has also been critiqued. For example, it can misidentify affordability problems among high-income households, which may exceed the affordable threshold without a financial strain on non-housing consumption (Heylen & Haffner, 2013; Padley & Marshall, 2019). In contrast, some low-income households may struggle, even while remaining below the ratio. Stone (2006b) argues that the ratio implies that '(1) the lower the income of a household, the lower the amount it requires for non-shelter needs, with no minimum whatsoever, or (2) that the normative ratio must diminish with income, all the way to zero below certain incomes' (p. 163). In contrast, Schwabe's law recognises the changing nature

[4] A household in the bottom 40% of the income distribution that uses over 30% of its income on housing.

of the ratio based on household income: 'The poorer anyone is, the greater amount relative to his income that he must spend on housing' (Stigler, 1954, p. 100; for a broader discussion, see Hulchanski, 1995).

The residual income approach, or 'shelter poverty' (Stone, 2004), assesses affordability based on the income left after housing costs. Here, housing is considered unaffordable if the household lacks the income to cover essential non-housing expenses after paying for housing costs (Hancock, 1993; Heylen & Haffner, 2013; Padley & Marshall, 2019; Stone, 2006b). Such an approach, specifically developed to respond to the critique against ratios, recognises the impact and primacy of housing costs compared to other types of consumption (Stone, 2004, 2006b). This method can apply a poverty line (Bramley, 2012; Kutty, 2005) or budget standards, such as minimum-reference budgets (Heylen & Haffner, 2013; Padley & Marshall, 2019)[5] , to assess affordability.

While comprehensive, the residual income approach is more data-driven and difficult to interpret than the ratio approach (Gabriel et al., 2005). As a result, the data necessary to assess the residual income approach are not always readily available. For instance, constructing the reference budgets to assess expenditures on adequate consumption has been described as 'nothing less than a ghastly chore' (Bradshaw, 1993, p. 1) as they are time-consuming processes involving the determination of prices and quantities for hundreds of items. There are only a few examples of internationally comparable reference budgets (Goedemé et al., 2018).

The preference over the ratio or residual income measure remains inconclusive (Ezennia & Hoskara, 2019). In the general population, the two can yield similar results (Bramley, 2012; Herbert, Hermann & McCue, 2018); nevertheless, there can be discrepancies in identifying and determining which households face affordability problems (Haffner & Boumeester, 2015; Heylen & Haffner, 2013). In particular, ratios may lack precision when comparing different household types (Herbert et al., 2018). Bramley (2012) concluded that the ratio measure was a suitable indicator, while others, like Stone (2006b), strongly advocated for the residual income approach. Some scholars, including Chen et al. (2010), have used both methods or their combinations.

The Problem of Location in the Normative Approach

Location adds a specific layer of complexity and a research gap in normative measurement of housing affordability, noted both in housing and poverty research

[5] Reference budgets aim to calculate a monetary expression for the 'basket of goods' required to reach an adequate living standard in a given societal or temporal context (see, e.g. Penne et al., 2020; Mäkinen, 2023).

(Bogdon & Can, 1997; Eardley, Bradshaw, Ditch & Gough, 1996; Mäkinen, 2023; Van den Bosch, Goedemé, Schuerman & Storms, 2016). While local-level analyses exist, they are more scarce, less systemised, often done by interest groups or practitioners, or may primarily concern access to homeownership than ongoing affordability (e.g. Bogdon & Can, 1997; Jewkes & Delgadillo, 2010; Napoli, 2017). In comparative housing research, the majority of analyses concern the national or aggregate regional averages (for example, see Dewilde, 2021; Hick, Pomati & Stephens, 2024).

However, location is a particular trait of housing and housing costs that should not be ignored. Dwellings cannot be easily relocated, and house prices and rents vary considerably across localities (Doling, 1997; Stone, 2006b). Location comes with a bundle of attributes that affect households' everyday lives, which could be considered as essential as the dwelling itself. Consequently, location intertwines with many urban housing inequalities, such as restricted access to different amenities and social networks, or increased commuting times. The location and other features of housing combined make each dwelling somewhat unique (Bengtsson, 2001), contributing to difficulties in replacing one.

I identify data as one of the main obstacles. Local comparisons of affordability would require extensive information on location, dwellings, income and housing costs at the household level (Graetz et al., 2022; UNECE, 2021). In other words, representative data at the micro-level and sufficient locational information are needed, but this specific combination is often lacking (O'Donoghue, 2014). Data limitations on housing costs—and housing in more general—are a well-known aspect in housing research (Bengs, Hirvonen & Verkasalo, 2014; Haffner, 2015). In housing affordability, the primary reliance on surveys as the data source poses the biggest hindrance, as these surveys typically include only aggregate national or regional locational information. Addressing these gaps would necessitate national statistical agencies to produce more accurate datasets (UNECE, 2021). Such gaps hinder accurate analysis not only in Europe (cf. Padley & Marshall, 2019) but also, for instance, in the US and Australia (Graetz et al., 2022; McNamara, Tanton & Phillips, 2007; Siminski & Saunders, 2004).

Nevertheless, various indicators can be utilised to assess local housing affordability (Bogdon & Can, 1997). Access to mortgages and housing market analysis is usually simpler compared to normative affordability comparisons. For example, in the US, realtors often use ability-to-pay ratios to determine whether a typical family qualifies for a mortgage. Although the indicator is adapted for local comparisons, it is less helpful than the normative approach, as it overlooks tenants and variations among households, nor accounts for disposable incomes or housing or neighbourhood quality (Jewkes & Delgadillo, 2010). Furthermore, monitoring the adequate housing supply or the functioning of the housing markets does little to

inform about the relationship between housing and incomes, which is the core of housing affordability (Stone, 2006b). From the normative perspective, Luckey (2018) developed a location-sensitive residual income approach to assess transport costs, and the multiple-criteria indicator by Mulliner et al. (2013) serves as an example of the ratio approach that considers local variations.

Alternatively, as collecting new surveys is a time-consuming and resource-intensive process, data gaps could be addressed by using hypothetical households or data. The 'housing wage' indicator is one example, mostly used by policy practitioners and consultants in the US (Aurand, Emmanuel, Rafi, Threet & Yentel, 2021). The indicator estimates a worker's ability to afford rents across counties. It calculates a 'housing wage', which is an estimation of how much a full-time worker must earn to afford an adequate rental unit. Furthermore, spatial and other types of microsimulations could help overcome the data gap. These simulations have the advantage of combining various data sources and do not necessarily require survey data (Burlacu, O'Donoghue & Sologon, 2014). Some of them could be used to do a more nuanced analysis on affordability due to their ability to distinguish between social security and different income sources and expenditure items. As such, the present study proposes the Model Family Method (MFM), a simplified microsimulation, as a method to overcome the data gap while considering the microlevel intersections of location, different income sources, housing costs and housing standards (see more in Chapter 6.3).

4 Promoting Housing Affordability

This chapter outlines how to approach promoting housing affordability. It starts by establishing why affordability can be considered a vexed policy problem, then moves on to discuss housing policy and its intersections with the welfare state, and the different approaches and their political underpinnings to promoting affordability. Finally, it discusses the role of the local state in addressing the issue.

4.1 Housing Affordability as a Vexed Policy Problem

This study frames housing (un)affordability as a vexed policy problem (cf. Wilcox, 1999), capturing its nature as something 'difficult to deal with and causing a lot of disagreement and argument' (Cambridge Dictionary, 2026). To outline why it constitutes such a problem, I draw on the conceptualisation of 'wicked' problems by Rittel and Webber (1973). However, as the term 'wicked' is closely associated with their specific framework, and this study does not adopt it, the term 'vexed' was deliberately chosen to maintain a distinction.

Rittel and Weber (ibid.) argued that 'tame' or 'benign' problems—often found in the natural sciences—are definable, separable, and solvable with clear solutions. In contrast, 'wicked' problems are characterised as ill-defined and unique, symptomatic of other issues, lacking clear endpoints, and often raise moral questions. Importantly, they usually involve multiple explanations, with each explanation proposing different solutions. Rittel and Weber noted that most societal and public policy issues are wicked, and I argue that affordability and the housing question more generally fit this description.

First, the policy problem is difficult to define clearly, as affordability intersects with location, costs, quality, and inequalities in incomes and wealth. The core challenge sounds deceivingly simple: balancing the 'cost–income gap' (Doling, 1997, p. 53), that is, adjusting household purchasing power with dwelling prices. However, in practice, the gap can be a result of an increase in housing costs, a decrease in purchasing power, or their combination. As discussed in Chapter 3.1, distinguishing between poverty and affordability problems is not always straightforward (Thalmann, 2003). Furthermore, as discussed in previous chapters,

housing differs from many other basic needs due to its heterogeneity, durability, and location-specificity. Dwellings are difficult to replace or relocate, and their location affects household wellbeing. Consequently, income versus expenses comparisons are insufficient; one also needs to consider dwelling quality and its location (cf. Doling, 1997). Furthermore, housing's durability means that dwellings are consumed over time rather than immediately. They are capital-intensive, requiring substantial investment in construction and maintenance (Kemeny, 2001). These aspects of housing complicate defining the policy problem and contribute to difficulties in determining when a housing issue ceases to be a problem.

Second, promoting affordability is inherently political, making it prone to disagreements and arguments about the preferred approach. In post-industrialised Western societies, housing is simultaneously a market commodity and a public good (Bengtsson, 2001; Bengtsson & Grander, 2023). As discussed in the Introduction and Chapter 2, housing serves as a major vehicle for the accumulation of wealth and is often the biggest asset for individual households (owner-occupants; Adkins et al., 2020). This dual nature makes housing a political problem with conflicting interests: balancing the public good and social goals against private property, real estate and economic interests (Bengtsson, 2001; Fainstein, 2010; Harvey, 2014; Madden & Marcuse, 2016). Furthermore, as described in Chapters 3.1 and 4.2, affordability definitions and problem-framing vary, and each alternative proposes a different combination of policy tools with differing political-ideological logics to the preferred state-market balance.

Third, housing is a hybrid question, with linkages to the welfare state, capitalism and power (Matznetter, 2020b). Consequently, the urban housing question can hardly be addressed by a single government department or by isolated policy measures (Meen & Whitehead, 2020; OECD, 2020a; Stephens, 2011; UNECE, 2021). Housing policy expands multiple policy areas and requires a complex, multi-level governance structure with a horizontal and a vertical dimension (Mazzucatto & Farha, 2023). Horizontally, affordability intertwines with multiple policy areas, such as housing, land use, welfare state, taxation, fiscal, and monetary policies. This complexity may partly explain why the majority of OECD countries lack dedicated ministries of housing and tend to split housing governance across different ministries and governmental levels (OECD, 2020a). However, such fragmentation increases the risks of miscoordination and may result in gaps between welfare and housing provision (Mazzucato & Farha, 2023; OECD, 2020a). This situation is also in contrast to other welfare state areas, which tend to have clearer institutional responsibilities and standards (Torgersen, 1987).

Vertically, housing governance can be divided into national, regional, and local levels, encompassing agenda-setting bodies (e.g. national and local governments)

and agencies responsible for policy implementation. Furthermore, following the emphasis on market actors, housing provision is typically executed in public–private partnerships. Consequently, housing involves multiple actors and government levels, including public sector agencies, private companies, households, and nonprofits (cf. Pestoff, 2015). This is essentially a multifaceted process, as it includes fostering partnerships with private or third-sector stakeholders in developing policies and regulations and achieving regional collaborations (Parashar, 2014; Sengupta, 2006; UNECE, 2021). Here, government officials are key actors who often mediate between stakeholders and conflicting interests (Gurran & Bramley, 2017).

Fourth, an added layer of complexity is that housing policy often serves goals unrelated to housing. For example, public housing development may act as a countercyclical measure to boost economic growth during downturns (Juntto, 2001). At other times, housing policy is intertwined with family policy, such as providing tax breaks or access to public housing to encourage households to form societally preferred family types (Haila, 2016; Juntto, 1990). Promoting homeownership is another striking example. Many Western governments have promoted homeownership since WWII, supported by taxation tools and/or provisions assisting first-home buyers in accessing mortgages (OECD, 2020a). While often framed as promoting affordability, the policy is rooted in idealised conceptions of homeownership (Kohl, 2020; Ruonavaara, 1996), thereby privileging ownership ideationally and economically while denigrating rental housing (Christophers, 2021).

Finally, identifying unambiguous drivers is nearly impossible due to context dependency. Affordability problems often stem from issues related not just to the housing market but to the labour market and urbanisation (Galster & Lee, 2021a; Harvey, 2014), and income inequality or welfare state retrenchments (Çelik & Gough, 2014; Dewilde & Haffner, 2022; Lee et al., 2022). For instance, Galster and Lee (2021a) identified six possible, overlapping explanations. These included rising housing construction costs, land use regulations and increases in housing demand in certain metropolitan areas due to urbanisation, migration or household growth, which may also contribute to wage competition due to increased labour supply and income inequality. They concluded that unaffordability drivers between and within metropolitan areas are too heterogeneous to generalise, especially given the methodological problems in evaluation. What is certain is that drivers are multidimensional, with housing shortages and distribution contributing to unaffordability (Meen & Whitehead, 2020).

4.2 Housing Policy and the Welfare State

What is housing policy?

Housing policy can be broadly defined as 'any action taken by any government or government agency to influence the processes or outcomes of housing' (Clapham, 2019, p. 11). This definition is helpful, as it avoids limiting housing policy to dwellings alone. As indicated in the previous subchapter, housing policy overlaps with multiple policy areas and governance levels. Consequently, it is not always obvious what policy measures constitute housing policy. For instance, Aalbers (2018) distinguishes between explicit and de facto housing policies. On the one hand, explicit housing policies include measures that aim for a direct impact on housing, such as supply-side measures to develop public housing. On the other hand, a de facto housing policy is not always explicitly called that, even though it still affects housing in terms of social security and taxation, among others. Meen and Whitehead (2020) noted that explicit housing policies alone may have a limited impact on housing outcomes. Instead, housing outcomes are often by-products of policies and innovations indirectly related to housing, such as financial (de)regulation, economic growth and technological improvements in transport or sanitation.

Governments can use a range of housing policy instruments to influence housing outcomes. Clapham (2019) identifies nine general mechanisms. *Regulation* can impose limits or constraints on private actors. In housing policy, land use regulations and building codes are necessary to ensure adequate housing quality, sanitation, transportation and neighbourhood quality, many of which are recognised as elements of the Right to Adequate Housing (UN-Habitat, 2009). Furthermore, regulatory tools include rent controls, still a widely used measure in European countries (Kettunen & Ruonavaara, 2021).

Governments can also use *subsidies, taxation,* or *finance* to adjust the expenses, costs and benefits for private households, private companies, or NGOs. In promoting affordability, demand-side subsidies, such as housing allowances, are crucial tools within social security to improve households' purchasing power. Taxation and housing finance can be used in many ways, either to promote housing as private property or to alleviate inequalities related to housing. Depending on how they are designed, they can be 'both the master and servant' (UNECE, 2021, p. 49). For instance, the majority of OECD countries use taxation tools to reduce homeownership costs (OECD, 2020a). Taxation and financial regulation can also include limiting land speculation and extraction of economic rent, via, for instance, public, communal or nonmarket landownership models, thus capturing the unearned gains via land value tax or regulation of land-related finance (Fainstein, 2010; Haila, 2016; Ryan-Collins, Lloyd & MacFarlane, 2017).

Housing finance can be used to fund housing by covering capital investments and operating costs, or to spread high upfront capital costs over time (UNECE, 2021). As housing is a capital-intensive area, mortgages, construction loans and other financial instruments are often required to support households and housing developers, including nonprofit ones, enabling them to pay for housing and its construction. Then again, deregulated financial markets and the new, complex financial instruments to access property have been identified as key mechanisms in the financialisation of housing (Aalbers, 2016; Çelik, 2024a) and a major reason behind the GFC (Forrest & Yip, 2011; Harvey, 2014).

Direct provision (supply-side measures) includes governments' or state agencies' housing development, such as social rental housing or public housing (Clapham, 2019). In this study, supply-side measures are also used to denote the financial support to develop public housing, as, for instance, in Finland, public housing development is no longer direct provision *per se* (see Chapter 5). Generally, the efficient implementation of this strategy presupposes a sufficient amount of tools at the government's disposal, such as land, preferably in communal or public ownership; dedicated housing providers, such as municipal housing companies; and enabling institutional, financial and legislative frameworks (Granath Hansson, 2019; UNECE, 2021).

Governments also play a crucial role in *defining issues and problems* (Clapham, 2019) by setting political agendas and deciding which issues are addressed and how. Citing Weber (1958), Fainstein (2010) further highlights the impact of planners and bureaucrats in shaping housing and urban policy. While they lack independent implementation power, they can influence policy by gathering, preparing and presenting information. This process is necessarily political, as defining problems and policy goals directs focus towards certain issues over others. For this reason, Kemeny (1992) and Aalbers (2018) underscore critical academic scrutiny in policymakers' problem definitions, suggesting that researchers should aim for independent analyses of what constitutes a housing problem. Related to this, *information and guidance* can be used to reduce information asymmetry among the parties, while *accountability* defines responsibilities and monitoring targets for the different actors involved (Clapham, 2019).

Finally, following Doling (1997), Clapham (2019) identifies *nonintervention* as an active policy choice with tangible implications for housing outcomes. In particular, a decision not to intervene may reflect a perception that an issue is not considered a political problem or an assumption that the market can address it more effectively without government action (Doling, 1997).

How and Why Housing Policy Differs: Housing Regimes and Housing Systems

Countries organise their housing policy in different ways, reflecting political–ideological approaches to housing issues and preferred balances between the state, the market, and the family. Bengtsson (2001) uses the concepts of universal and selective approaches to housing to illustrate the differences in the extent of state intervention. In the selective (or residual) housing policy approach, the state provides a legalistic and minimum safety net, with a focus on households unable to obtain housing in the market. Anglo-American countries, such as the UK and the US, are often cited as examples of selective housing policies (Bengtsson, 2001; Clapham, 2019). In the universal approach, the state provides correctives to the housing market more generally and aims to make housing available to all types of households. The right to housing resembles Marshall's depictions of a social right as 'an obligation of the state towards society as a whole' (Bengtsson, p. 255; see more in Marshall & Bottomore, 1992). Bengtsson mentioned Sweden as an example of a universal approach, but its universality has since been questioned due to changes in the Swedish housing system (Christophers, 2013; Forskarkollektivet Fundament, 2023).

The reasons why certain countries prefer one approach to housing over another, and the differences between these approaches, are usually described through the concepts of the housing regime and the housing system. The majority of the housing regime theorisation is based on Esping-Andersen's (1990) work on the welfare state regimes (see more below). However, Esping-Andersen's typology excluded housing, which encouraged housing researchers to adapt it to capture the sphere of housing.

A housing regime can be defined as 'a set of discourses and social, economic and political practices that influence the provision, allocation, consumption and housing outcomes in a given country' (Clapham, 2019, p. 25). Or, shorter, an 'ordered way of doing things' (cf. Ruonavaara, 2020). As with Esping-Andersen's typologisation, a housing regime is shaped by a power balance between classes, cultural preferences, and ideology (Kemeny, 1994; Stephens, 2020). These regimes are specific to national (or local) contexts and have developed over time, making them subject to path dependencies. This means that the fundamentals of the regime are difficult to change without so-called critical junctures, which can either be crises or considerable efforts (Bengtsson & Ruonavaara, 2010). Examples include economic crises (Stephens, 2020). Then again, a housing system refers to how housing is regulated, produced, and distributed, as well as to the resulting outcomes, including tenure structures, housing quality, and affordability. Grander and Stephens (2024c) note that, while regime and system are often used synonymously, they are two distinct concepts: the former refers to the underlying reasons *why* housing policy operates in a certain way, and the latter describes *how* institutions are designed and

operated. In other words, a regime acts as an independent variable, whereas the system is the dependent variable, an outcome that can be compared (cf. Kemeny, 2001; Esping-Andersen, 1990).

Probably the most influential housing regime typology was developed by Kemeny (1994; 2001). Drawing on Esping-Andersen's welfare regime typology (1990), Kemeny argued that different housing systems emerged from the balance of power between capital and labour, as well as from differing underlying philosophies regarding the relationship between the state and the market. In particular, he identified the degree of corporatism as a key factor in explaining differences. In corporatist settings, trade unions, employers' associations and the government negotiate economic, social and labour market policies together. Corporatism tends to be higher where labour unions and left-wing parties are dominant, whereas lower levels of corporatism are indicated by the dominance of employers' associations and economically liberal parties. In some contexts, however, the two sides achieve a balance.

Kemeny differentiated between a unitary (or integrated[6]) and a dualist rental market system (1994; 2001; see also Stephens, 2020). He identified housing tenure, particularly not-for-profit rental housing, as the main factor of differentiation. In unitary systems, the private and public rental sectors compete with each other within the same institutional framework. Importantly, homeownership is not considered a preferable or superior option because the rental sector operates as a kind of 'social market' offering security and quality comparable to owning a home. In order to achieve parity with homeownership, this system is based on a combination of supply-side support for public housing development and rent regulation in the private rental sector (PRS). The underlying philosophy resembles the universal approach in that public housing is not limited to the neediest households, but is an accessible, secure tenure option for all. However, the proportion of public housing can vary considerably. According to Kemeny, unitary systems typically emerged in highly corporatist settings. In 1994, he categorised Sweden and Germany as examples of unitary rental systems.

In dualist systems, the rental market is divided into two sectors operating under different regulatory frameworks: a profit-seeking private rental market with minimal or no regulations and a tightly regulated public rental sector that acts as a 'public command-economy sector' (Kemeny 2001, p. 66). The latter is often stigmatised, and it acts as a safety net for those who are unable to meet their housing needs in the private market. The underlying philosophy is selective: the state only provides housing for those in the greatest need, and the separation of the

[6] A discrepancy was noted in how Kemeny used these concepts (see more in Stephens, 2020).

non-profit sector is said to support market efficiency. Importantly, homeownership becomes the preferred option due to its security and affordability. According to Kemeny (ibid.; Kemeny, 1994), these types of systems emerged in settings where capital dominated more than corporatism, and he cited the UK as a typical example of such a system. Finland is also recognised as having a dualist rental system. However, since Kemeny's analysis, some researchers, including Stephens (2020), have observed that unitary rental systems, such as those in Sweden and Germany, have transitioned towards more dualist models, primarily due to the privatisation of public housing.

This study applies the housing regime as a general approach to highlight the underlying political-ideological roots of different housing systems and the historically formed power constellations in housing. Generally, the regime approach has maintained its relevance for comparing housing policy across countries (Stephens, 2020; Grander & Stephens, 2024b). However, Kemeny's conceptualisation has also faced criticism, most notably for its interpretation of the interconnection between the welfare state and housing, and for failing to incorporate aspects of global finance, which were largely unforeseeable at the time (ibid.). The former will be discussed in the next subchapter. For further discussion on the housing regime, readers can refer to Kemeny (2001), Clapham (2019), Stephens (2020), Ruonavaara (2020) and Grander and Stephens (2024b), among others.

Interconnections of Housing and the Welfare State

While a housing system constitutes a set of different regime logics and policy measures, it does not function in isolation (Kemeny, 1992). Instead, housing systems are best understood as 'embedded' (Stephens, 2011) in broader social and economic structures, most important of which are the welfare state and different macro-level questions, such as macroeconomic policy and globalisation (Grander & Stephens, 2024b). This subchapter examines the relationship between housing and the welfare state, whereas Chapter 2 outlined broader shifts in macroeconomic policy and the global context.

The welfare state functions as a 'social risks mitigating device' (Hemericjk, 2013, p. 27), in which housing can be recognised as one of its pillars alongside pensions, health, education, and social security (Torgersen, 1987). Alternatively, 'the wider welfare regime' (Grander & Stephens, 2024a) in which housing operates can be understood as comprising the labour market, taxation and social security.

The most influential typologisation of the welfare state systems was made by Esping-Andersen (1990). This typology, derived from theories of power, describes how differences in power structures and class relationships give rise to different

regimes (social democratic, corporatist and liberal), thus producing different welfare systems (decommodified, conservative and residual). A key concept in regime theory is decommodification, which Esping-Andersen defined as the 'degree to which individuals, or families, can uphold a socially acceptable standard of living independently of market participation' (Esping-Andersen, 1990, p. 37). In other words, decommodification helps to identify how dependent households are on market providers in welfare provision. Another key concept is social stratification, referring to how welfare state institutions shape class divisions and social order. This can be observed in differences in living standards, class cleavages, and the distribution of poverty and income (ibid.). The Nordic countries usually exemplify social democratic regimes, that is, decommodified welfare systems with low stratification, in which the state provides generous social rights and services in society, education and health, while actively curbing inequalities among citizens (Kvist, Fritzell, Hvinden & Kangas, 2012).

The relationship between housing and the welfare state is puzzling. Housing has been characterised as the 'wobbly pillar under the welfare state' (Torgersen, 1987), indicating that it is somehow a fundamental but distinct pillar compared to other welfare state areas. It has also been labelled as 'the welfare state's eternal stepchild' (Juntto, 1990), which highlights a state of perpetual overlooking or neglect. This complicated relationship is further underscored by the way housing remains 'disjointed' (Hick & Stephens, 2023) from poverty and welfare state research, and by its systematic exclusion from classic welfare state typologies such as Esping-Andersen's (1990).

This uneasy relationship has often been attributed to the differing roles of the state and market actors in housing and other areas of the welfare state. Market provision has generally had a more prevalent role in housing compared to other key pillars, such as education, social security and health (Torgersen, 1987). Bengtsson (2001) notes that in modern Western societies, housing is primarily distributed via market mechanisms based on voluntary market contracts, and in this context, the role of the state is primarily to 'provide correctives to the market' (2001, p. 257). Consequently, housing and welfare systems can differ, as exemplified by the Nordic countries. Despite similar, decommodified welfare state systems, some Nordic housing systems represent more selective approaches (Norway, Finland) while others have a more universal history (Sweden) (Bengtsson, Annaniassen, Jensen, Ruonavaara & Sveisson, 2013).

Interactions between housing and the welfare state have been interpreted in numerous ways. One line of research examined the link between homeownership rates and welfare spending. Kemeny (2001) proposed that societies with high levels of homeownership tend to have less-developed welfare states, arguing that the substantial upfront costs of purchasing a home generate voter resistance to taxation

and welfare expenditure. According to Malpass (2008), this theory has been criticised for its simplistic assumptions about the extent to which housing can shape the broader welfare state. Also, later empirical analyses question both its core mechanism and its relevance for post-expansion welfare states (ibid.). By contrast, Castles (1998) argued that the relationship could be the opposite: weak welfare states may encourage households to become outright owners by retirement age in order to compensate for low state pensions. This creates a 'really big trade-off' (ibid.) between pensions and homeownership. More recent debates have focused on the growth of mortgage-based housing finance. In this context, households may increasingly act as financial agents, using rising house prices to offset stagnant wage growth (Schwartz & Seabrooke, 2008), or taking on more responsibility for managing poverty risks instead of relying on social security provisions. This is reflected in the concepts of 'privatised Keynesianism' (Crouch, 2009) and 'asset-based welfare' (Lennartz & Ronald, 2017).

A related debate concerns the extent to which housing systems may reinforce or mitigate the distributional outcomes of the welfare state (Stephens & van Steen, 2011). The discussion focuses on the relationships between labour-market flexibility, social security reforms, increasing poverty, and the role of social housing. Stephens (2020; Grander & Stephens, 2024c) has proposed one way in which broader changes to the welfare state could influence housing systems. When social security redistribution effectively alleviates poverty and inequality, public housing can more easily operate as a social market, as fewer households face barriers to accessing housing. By contrast, in contexts where poverty and inequality are high or rising, the number of households with limited capacity to participate in the market grows, creating incentives for stricter targeting of public housing. Using the UK in the 1980s as an example, Stephens (ibid.) illustrates how rising poverty and the privatisation of social rental housing intensified targeting within the sector. Households with sufficient resources moved into homeownership, thereby driving up homeownership rates. Ultimately, Stephens (2020; Grander & Stephens, 2024c) argues that the welfare state defines the 'boundaries of possibility', determining whether the housing system serves only the most vulnerable or acts as a universal instrument to ensure housing for all.

4.3 The Politics of Promoting Housing Affordability

Housing affordability can be promoted through the general housing policy mechanisms and the welfare state institutions described in the previous chapter. However, as indicated in Chapter 4.1, one source of affordability’s vexedness are the political choices and disagreements involved in promoting it. Affordability problems have been explained in different ways and consequently, have different

interpretations of policy alternatives. These debates involve different interpretations on the balance between the state and market in housing, but also understandings on how to approach housing affordability (cf. Chapter 3.1).

To generalise, two broad approaches are actively debated in popular and academic contexts: (1) the so-called *market-oriented approach* (also referred to as market-based or market-enabling, see Galster & Lee, 2021a; Wetzstein, 2021) where housing policy should remain selective and privatised, and (2) *decommodifying approach* where housing's role a merit good and a basic need is emphasised and housing presupposes public sector's active steering of the housing market (Clapham, 2019; Madden & Marcuse, 2016; UNECE, 2021; Wetzstein, 2021). The latter could be divided further into more pragmatic visions of working within the existing capitalistic economies and more system-challenging ones, where solving the housing question should be linked to solving broader social questions.

The so-called market-oriented approach attributes unaffordability to a market failure, in which the housing market does not function efficiently and where the housing supply fails to keep up with rising demand, thus leading to increased prices. Affordability is understood as the 'consumer choice' approach. The remedy to affordability problems is an efficiently functioning housing market that is assumed to balance supply and demand in the long run (Glaeser & Gyourko, 2003; Inchauste et al., 2018; Laakso & Loikkanen, 2004; Wetzstein, 2021). The World Bank (1993), a prominent proponent of this viewpoint, published a report that aptly summarised this perspective:

> Housing is unaffordable in metropolitan centres because the construction of new homes has not kept up with demand. Housing shortages and the rise in home prices prevalent in many EU cities indicate that housing markets are not functioning effectively. (Inchauste et al., 2018, p. 14)

The role of the state is described as 'enabling' (The World Bank, 1993); that is, its main role is to support the efficiency of the housing market and private actors. This approach presupposes minimal state intervention in the housing market, implying less direct provision of housing and a selective approach to housing rights. Reevaluating land use regulations perceived as restrictive is often among the key recommendations to enable private sector developers to construct more housing and improve the price responsiveness of housing supply (Glaeser & Gyourko, 2003; Whitehead, 2012). Furthermore, the direct provision of housing is assessed to interfere with the market mechanisms and should therefore be restricted to households in most need or be replaced by demand-side subsidies, such as housing allowances (Inchauste et al., 2018; Laakso & Loikkanen, 2004). Rent controls in the private rental market are equally discouraged (Kettunen, 2021).

Importantly, supporting more private housing development is encouraged. In this case, increasing the housing stock aims to improve the price responsiveness of housing, which means improving the conditions of how efficiently the housing supply responds to changes in demand, thus preventing an increase in demand from turning into an increase in house prices (Oikarinen, Peltola, & Valtonen, 2015). Hence, the better the supply responsiveness, the better the supply adjusts to changes in demand and curbs the increase in house prices. Most often, the strategy is coupled with demands to improve housing market efficiency by eradicating obstacles for private sector actors in developing more housing (Inchauste et al., 2018; The World Bank, 1993).

The major critique of the approach is that it oversimplifies the housing question by making the housing market 'the sole benchmark against which systems should be judged' (Stephens, 2020, p. 1). The notion of supporting more private development risks diluting the complex reality of the affordability question, which is also affected by, for instance, housing demand and distribution (Meen & Whitehead, 2020) and the private profit motive (Christophers, 2023; Madden & Marcuse, 2016). It also tends to ignore that responding to housing shortages can also be done by public housing and/or using direct investment in housing development, as was the case in many European countries after WWII (see Chapter 2). Many have raised the issue of how this approach fails to recognise the uniqueness of housing (and land) as a consumption item (see above), thereby resisting assumptions related to market functioning, that is, the backbone of neoclassical economic modelling (Clapham, 2019; Doling, 1997; Whitehead, 2012).

Related, Madden and Marcuse (2016) raised 'the myth of the meddling state', which portrays the state as an unnecessary intruder in an otherwise autonomous housing market—one that is presumed to function more efficiently with minimal state involvement. In practice, the housing market cannot be isolated from the rest of society, as it is deeply embedded in broader societal and economic structures (Kemeny, 1992; Stephens, 2011; Wetzstein, 2021). The state plays an integral role in the private and public housing sectors (Clapham, 2019; Madden & Marcuse, 2016). It not only regulates, steers and develops infrastructure essential to housing, such as electricity, roads, water and sewage, but also establishes the institutional and legal structures necessary for market exchanges, lending, landlordism and private properties. Additionally, the literature on the financialisation of housing has highlighted the role of the state in developing and implementing new financial instruments (Aalbers, 2017; Çelik, 2024a). In other words, governments cannot escape the housing market, but their orientations can change. Its actions can indicate which residential issues the state takes a weaker or stronger position on, ultimately privileging some groups over others (Madden & Marcuse, 2016).

In decommodifying approaches, affordability problems have been attributed to the rollback of state actors in housing and the overemphasis on market efficiency. Affordability is approached more from the normative approach (Chapter 3.1), implying the role of the state to support housing rights. More pragmatic approaches generally align with the aim of market efficiency but still call for stronger government intervention to balance housing rights with market dynamics. For instance, the OECD does not challenge capitalistic market economies nor propose explicit housing decommodification, but now encourages governments to reassess the balance between supply and demand policy, to ensure the provision of social housing and to promote tenure neutrality to achieve better equality between owners and tenants (OECD, 2024a).

For critical housing scholars, decommodifying means a more universalistic approach to housing and involves more system-challenging demands. Here, affordability problems can be framed as stemming from the commodification of housing and the logic of capital accumulation. Here, promoting market efficiency together with financial deregulation and rollback of the state have paved the way for treating housing as a liquid asset, contributing to housing injustices (Aalbers, 2016; Çelik, 2024a; Christophers, 2023). This interpretation circles back to the analysis of the political economy of housing made by Engels, to whom the housing question is 'a secondary evil' in capitalist societies (Engels, 1872), requiring more structural and system-changing approaches.

Governments can use a variety of policy tools to pursue a more active role in alleviating affordability problems and to decommodify housing. The clearest difference from the market-oriented approach is the role of public housing and regulation. This approach often emphasises supply-side policies. Support for direct provision and public housing stock is to be expanded, perhaps even directed to low- and middle-income households, to include a variety of tenure alternatives (Madden & Marcuse, 2016). Here, the idea is that direct provision, which prioritises housing as a public good, would counter profit-making motives in this sector. Nonprofit housing can also have a tangible, price-dampening effect on rents when the stock is large enough (Klien, Huber, Reschenhofer, Gutheil-Knopp-Kirchwald & Kössl, 2023).

Other tools include communal or public landowning, interventions to limit land speculation or private owners' rent-seeking on land and the regulation of private property ownership while implementing rent controls (Clapham, 2019; Fainstein, 2010; Haila, 2016; Kettunen, 2021; Josh Ryan-Collins et al., 2017). Social security continues to be a crucial area for alleviating poverty and income inequality (cf. Mäkinen, 2023), but demand-side support has a smaller role compared to the supply side. Furthermore, regulation, taxation and financial tools can be used to improve tenure neutrality and power imbalances between tenants and landlords (OECD,

2020a; UNECE, 2021). The scope of these measures depends on how extensively the state's role and decommodification in housing are understood. The more system-challenging the approach, the more it emphasises decommodification, which usually means expanding and universalising public housing and strengthening regulation of the private sector.

During the writing of this study, many housing systems emphasise improving market efficiency and lean towards a market-oriented approach to housing affordability (Clapham, 2019; Wetzstein, 2021). This change reflects a broader shift towards neoclassical macroeconomic and welfare state policies (see Introduction and Chapter 2), and the way in which this 'neo-liberal legacy' (Whitehead, 2012) has shaped housing systems worldwide. In practice, this has meant the gradual retrenchment of housing policy and the privatisation of housing (see, for instance, Clapham, 2019; Kettunen, 2021).

The change is the most visible in the balance between supply and demand side support for housing. The relative size of the public housing stock has declined in the majority of OECD countries (OECD, 2020b) alongside public expenditures on housing development. Direct investments in public housing have declined, reaching less than 0.01% of the GDP of OECD countries in 2018 (OECD, 2020a). In many countries, large parts of public housing stocks have also been privatised. Notable examples include the UK, with the Right-to-Buy scheme starting in the 1980s (Clapham, 2019; Meen & Whitehead, 2020), and Germany (Wijburg, Aalbers, & Heeg, 2018). Meanwhile, demand-side support, namely, housing allowances, has persisted, even adopting an increasing role in housing policy (OECD, 2020a). However, cutbacks on social security in many Western countries have also impacted affordability (Dewilde & Haffner, 2022; Lee et al., 2022).

Furthermore, the individualised approach to risks has also paved the way for the debate on 'asset-based' or 'property-based' welfare systems (Doling & Ronald, 2010). The argument is that state-managed social transfers to counter poverty risks are gradually being replaced by greater individual responsibilities, to which households respond by investing in financial products, such as stocks and bonds, or property, namely, housing. These sources of capital can then act as a privatised supplement to consumption in case of unemployment or retirement.

Despite the general trajectories towards the marketisation and privatisation of housing, housing systems continue to differ, and states intervene in housing markets in numerous ways. The international challenges and pressures towards housing are mediated through distinct national institutions (Stephens, 2011), and the financialisation of housing takes different forms across countries (Aalbers, 2017). In Europe, England serves as an extreme transformation towards a market-oriented policy, which Clapham (2019) calls 'the neoliberal regime'. In this regime, state intervention in the housing market is minimal, and profit-making is enabled via the

mechanisms of privatisation and different financial tools. Thus, in such a system, housing outcomes may be unequal, concurring with the broader inequalities of society. According to Stephens (2019), England is shifting its social rental housing sector from a safety net approach towards an 'ambulance service', with extreme targeting and treatment as temporary assistance. Then again, some countries that have previously implemented unitary rental systems, such as Sweden and Germany, have undergone major changes. In Sweden, the long-standing, universal and state-oriented housing system lives in parallel with the introduction of market-based policies, resulting in a hybrid characterised as 'monstrous' (Christophers, 2013). This hybrid system has paved the way for the emergence of 'in-betweeners' in the housing market: those who are unable to access either secure rental housing or homeownership (Grander, 2021).

In contrast, some national or local housing systems, such as those in Vienna (Kadi & Lilius, 2022; Peverini, 2021) and Singapore (Haila, 2016), have maintained substantial governmental control over housing and land. In some cases, a shift towards re-regulation can be observed (Hochstenbach et al., 2025), most notably through the reintroduction of rent regulation in places such as Germany and Catalonia (Kholodilin & Kohl, 2023). Other examples include Scotland, which has also put forward efforts to strengthen the role of the social rental sector (Stephens, 2019; see also Kettunen & Ruonavaara, 2021).

4.4 The Role of the Local Level in Promoting Affordability

The local level can have different meanings in housing, varying from the neighbourhood to urban regions. In this study, the local level is understood primarily as the municipality because its administrative borders form a specific level in housing governance in the Finnish context (see Chapter 5). Municipality, or the 'local state', is considered to have a distinct place in housing and urban policy. As Cockburn (1977; see also Çelik, 2024b) has discussed, local states are complex entities intertwined with the national state, often having varying degrees of autonomy and sites of distinct local-scale manifestations of contradictions in capitalist reproduction. At the policy level, the problem of location boils down to how the local government responds to the local needs as well as the extent of sovereignty, policy, and politics (cf. Kazepov et al., 2022). Hence, differences can exist even within the same national context. Despite this, analyses and comparisons of housing issues and regimes are primarily focused on the national level, making local-level comparisons a notable research gap (Hoekstra, 2020).

In particular, the local government plays a decisive role in addressing affordability problems because two significant areas supporting it—land use and

housing—are often steered locally (Fainstein, 2010; Gurran & Bramley, 2017). Municipalities or cities can vary greatly in their activeness towards steering the housing market. First, depending on the extent of local powers, local governments can use landownership and acquisition, urban planning, lot allocation, pricing and leasing land use regulations to implement policy goals (Granath Hansson, 2019; Gurran & Bramley, 2017). Generally, vast public landownership, extensive control over land use and a priority to lease land indicate that a municipality has substantial autonomy and leverage to steer land use (Haila, 2016; Virtanen, 2000). Land use policy tools to support nonprofit housing development include land use planning, lot allocations (e.g. inclusive zoning) and subsidies for land or development (Granath Hansson, 2019). Second, having dedicated nonprofit housing providers, such as municipal housing companies, and actively developing the sector helps municipalities provide alternatives to market-rate housing (Granath Hansson, 2019; Madden & Marcuse, 2016; UNECE, 2021). In some cases, a local government can even take a different direction from the central state. For instance, given a favourable government composition, the local level can act as a safeguard of public housing provision even amidst the general trajectory towards market-oriented housing policies (Matznetter, 2020a).

Furthermore, the political tension between economic and societal goals is tangible at the local level. Economic issues are key concerns, particularly in systems where municipalities have fiscal autonomy (DiGaetano & Strom, 2003; Gurran & Bramley, 2017). In this case, housing and land use can serve as vital tools to achieve such autonomy. Fainstein (2010) argues that globalisation and deindustrialisation contribute to cities prioritising economic growth and competitiveness (see also DiGaetano & Strom, 2003), while promoting societal objectives may be subordinate to economic ones. Prioritising economic growth may manifest locally as maximising land revenues, prioritising the selling of municipal land (Haila, 2016; Ryan-Collins et al., 2017) and promoting megaprojects, while inadequately ensuring the development of public housing (Fainstein, 2010).

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 & Goering, 2021). Local level autonomy can be characterised as relative, where the local states are intertwined with the national state and degrees of autonomy vary across policy areas (Çelik, 2024b; Cockburn, 1977; Harvey, 1989). National governments are usually responsible for setting legislation covering housing and land use, thereby setting the limits within which local governments can act. For instance, housing finance (e.g. subsidies for direct housing provision), social security and taxation are usually matters of national-level decision-making.

5 Finland as a Case Study

At first glance, Finland is characterised by relatively low levels of housing affordability problems and poverty. In 2019, Finnish households spent, on average, 17.8% of their disposable income on housing (EU average 20.7%), and the housing cost overburden rate was one of the lowest in the EU (4.0% versus the EU average of 10.1%) (Eurostat, 2024). Even with principal mortgage payments included, the Finnish average spending on housing was 23.5% in 2019 (OSF, 2023), well below the commonly used 30% affordability threshold (See Chapter 3.2). While the at-risk-of-poverty rate (AROP) has increased since the 1990s, it is still one of the lowest in the EU: 15.8% in 2023, against the EU average of 21.3% (Eurostat, 2024b). Internationally, Finland has repeatedly been exalted for reducing homelessness, decreasing it by 80% between 1987 and 2023. As of 2023, there were approximately 3,400 homeless people, with a minority (14%) of rough sleepers. (ARA, 2024.)

Given the information above, one might question the need to analyse housing affordability in such a country. However, I argue that Finland exemplifies a country where a national-level focus on policy and statistics may conceal considerable differences across municipalities. These variations have remained largely unexplored until this study. The local contexts are heterogeneous because Finland is a sparsely populated and rapidly urbanising country. Nearly half of the population lives in the three largest urban regions, the Helsinki Metropolitan Area (HMA), Tampere and Turku urban regions (Appendix 1), with predicted growth continuing in the following two decades (MDI, 2024). In contrast, the population has declined in over 80% of Finnish municipalities, with only 21 out of 311 municipalities having populations of over 50,000 people in 2019 (OSF, 2023b).

In general, urbanisation has contributed to increases in house prices and rents in the largest cities, making affordability a topical policy concern (Tarkastusvaliokunta, 2018; Rasinkangas, Sutela & Juvenius, 2021). Housing costs have been a recurring issue, particularly in Helsinki (Juntto, 1990) and also increasingly so in other major cities such as Tampere and Turku (Kempas & Tegelberg, 2021; Rasinkangas et al., 2021; Tarkastusvaliokunta, 2018). Indeed, Finnish urban areas had a higher housing cost overburden rate (5.7%) compared to rural areas (2.5%) or towns and suburbs (3.2%) in 2019 (Eurostat, 2024a). Furthermore, while poverty is generally rarer in

larger cities than in other areas, accounting for housing costs levels the differences in poverty rates and increases them particularly in the HMA (Ilmarinen & Kauppinen, 2018; Ilmarinen, Kauppinen & Karvonen, 2019). Local-level affordability comparisons are lacking, but one of the only ones available concluded that merely a fifth of households living in Helsinki had affordable housing costs in 2021 (Marttinen, 2023). In contrast, many shrinking municipalities are more concerned with declining house prices and difficulties for households in selling their dwellings if needed (Ruonavaara, Kettunen, Sutela & Tyvelä, 2020). For instance, in 2019, house prices varied between 448–4959 €/sqm, meaning that in the most expensive municipality, Helsinki, house prices were approximately 11 times higher compared to the lowest one, Posio (OSF, 2025). Considering these differences, as well as the ongoing changes in tenure structures and the welfare state (see more below), the Finnish housing market provides an excellent case to study the housing affordability question as a localised issue.

Despite comparatively good housing outcomes, Finland also exemplifies a typical case wherein housing affordability has not actually been clearly conceptualised, operationalised, or fully addressed in housing policy (Sutela, Ruoppila, Rasinkangas & Juvenius, 2020). To date, housing lacks a firm footing in the welfare state, and the consideration of complementarities between housing and welfare is brittle (Haila, 2015; Juntto, 1990; Ruonavaara, 2013). Thus, the country represents a peculiar case of a universal welfare state with a reactive, short-term, selective and market-leaning housing policy (see more below).

This chapter provides a brief overview of the Finnish welfare state and the housing system. Chapter 5.1 includes a description of how the welfare state and the housing system in Finland differ in their approach to universality, how supply and demand side policies aim to support affordability, and how the Finnish housing market is changing. The national and local state actors in housing policy are presented in Chapter 5.2, and the case study cities' housing markets are described in Chapter 5.3. As the empirical analysis of this study concerns the years 2018–2019, this chapter describes the situation as it was then, but I have indicated some of the key changes in this chapter as well (see Chapter 8 for further discussion).

5.1 The Welfare State and the Housing System in Finland

The Universal Welfare State and the Selective Housing System

The welfare state and housing system in Finland differ in their approaches to decommodification and universality. The Finnish welfare state is typically classified as a Nordic model, in which the state plays a major role in reducing households'

dependence on the market by providing universal social services and security. The Finnish constitution guarantees access to education, social and health services and basic subsistence in cases of unemployment, illness, disability, old age, the birth of a child or loss of a provider. Historically, the Nordic welfare states have been successful in reducing inequalities and alleviating poverty, while maintaining strong economies. Like other Nordic states, Finland's welfare system is characterised by corporatism complemented by an aim for full employment, which remains the backbone of the system even today. (Julkunen, 2017; Kvist et al., 2012.) Finland is also identified as a laggard because the welfare state generally developed later compared to other Nordic countries (Fritzell, Bäckmann, & Ritakallio, 2012). Once it started, the development was rapid, particularly during the 1960s and 1970s (Haapala 2023; Bergenheim 2023). While the 1970s oil crisis spurred a welfare state legitimation crisis in Finland (Juntto, 1990), the welfare state expanded until the early 1990s (Julkunen, 2001; 2017).

Finland faced a massive economic downturn in the early 1990s, which also marked a shift in the Finnish welfare state into an era of the post-expansion phase (Julkunen, 2001). This new phase did not erode the welfare state; for instance, social security coverage was still internationally at remarkable levels during 2019–2023 (Perustuvan riittävyyden IV arviointiryhmä, 2023). However, during this phase, public sector goals shifted from mitigating social risks and answering needs to emphasising economic growth and competitiveness and restricting public spending (Julkunen, 2001, 2017; Kantola & Kananen, 2017). Particularly in the aftermath of the GFC, austerity as a political-ideological foundation for economic policy strengthened its hold over Finnish policymaking (Autto, 2023). In contrast to social planning optimism of the 1960s and 1970s (Bergenheim 2023), public spending on care and social security is now framed more as a budgetary cost item requiring strict constraints and increased conditionality.

In contrast to the welfare state, Finland's housing system is selective and market-oriented (Hyötyläinen, 2019; Juntto, 1990; Kettunen, 2021; Ruonavaara, 2013). Unlike other welfare state services, housing is not a subjective right but is primarily arranged through the market, as indicated by the Finnish constitution: 'The public authorities shall promote the right of everyone to housing and the opportunity to arrange their own housing.' (Suomen perustuslaki §19).[7] The selectiveness of the Finnish housing system is exemplified in the non-profit housing sector. It is largely social rental housing and reserved for households unable to arrange their own housing via the private market (Juntto 1990; Ruonavaara 2013).

Over the years, the state's activeness in housing policy has fluctuated depending on the interpretation of the severity of housing problems (Juntto, 1990). As a result,

[7] The exceptions include minors and disabled individuals.

housing policy has gone without long-term coordination, and it has also been instrumentalised to achieve other policy goals, such as balancing economic cycles (Juntto, 1990; 2001). The lack of coordination is reflected in the lack of a dedicated ministry focused on housing affairs; Finnish housing policy instruments are currently divided across several ministries (Sutela et al., 2020). Juntto (2001, p. 52) has characterised Finnish housing policy as '*an absolute minimum in exceptional circumstances, when the state of affairs necessarily requires so*'. This means that housing policy is considered a temporary measure during economic downturns or periods of structural change. The normal state of affairs, however, is not considered to necessitate active state involvement. The period of exceptionally active housing policy during the 1960s and early 1970s serves as an example. This period was characterised by major investments in public housing development, and a major trigger for active policy was a historic structural change: rapid urbanisation combined with Finland's transition from an agricultural country to a more industrialised and service-oriented one. (Juntto, 1990.)

Recent decades have witnessed the reduced role of the state in regulating the housing market (Ruonavaara, 2013; Ruonavaara et al., 2020). In this sense, Finland follows the global trend of retrenchment in housing policy (Kettunen, 2021). This shift is exemplified by the abolishment of rent regulations in the PRS in the 1990s (Kettunen & Ruonavaara, 2015) and the gradual decrease in the share of social rental housing stock (ARA, 2021; Ruonavaara, 2017). Also following the international trajectories, Finnish housing policy shifted from emphasising investments in public housing development (supply-side policies) in the 1960s–1970s towards allowances paid directly to households (demand-side policies) in the 1980s–1990s (Juntto, 1990). By the time of the present study, demand-side policies dominate, with government spending on housing allowances reaching almost 2.6 billion euros in 2020, compared to 162.6 million euros on supply-side measures (Kela, 2021). Despite retrenchments and the consequent strained position, government-subsidised housing continues to play a recognised role in Finnish housing policy (Juvenius, 2024). Furthermore, the balance between supply- and demand-side policies continues to create political divisions. Generally, right-leaning parties tend to support stricter targeting and a smaller social housing share, and to prioritise demand-side support, while left-leaning parties prefer to extend the social housing stock (Kempas & Tegelberg, 2023).

Tenure Structures and Supporting Housing Affordability

The tenure structure and measures to support housing affordability reflect the market-oriented approach to housing in Finland. The main housing tenures are homeownership, government-subsidised housing, and the private rental sector. Finland has historically emphasised homeownership as the primary mode of tenure

(Juntto, 1990), and until the 1980s, most state support for housing development was directed toward owneroccupation (Ruonavaara, 2005). Despite some decline in the homeownership rate, approximately 63% of households owned their homes in 2019 (Appendix 2). It remains the preferred tenure for almost 90% of urban dwellers (Strandell & Nyberg, 2023). Nowadays, the buying and selling of homes takes place within a private market and is supported by taxation. In 2020, tax benefits related to homeownership were estimated at 5.3 billion euros, surpassing all other types of government housing support (Kela, 2021). These included deductions for home loan interest expenses[8], lower property taxes on homes used as permanent residences, and exemption from tax on imputed rent.

The main type of Finnish government subsidised housing is social rental housing, which is reserved for households unable to arrange their housing in the private market. This sector accounted for approximately 11% of households in 2019 (see Appendix 2 and Chapter 5.3 for local differences), which represents a moderate share among OECD countries (OECD, 2020a). This stock is further divided into general rental housing, available to all households in need (250,000 apartments in 2019), and specialised housing for specific groups, such as students, disabled or elderly individuals (105,000 apartments in 2019) (ARA, 2021).

In social rental housing, the key mechanism to support affordability is cost-based housing cost determination. This means that residents can only be charged the amount of money needed for financing and maintaining the apartments and public facilities related to them (Varke, 2026). The government subsidy comes with several regulations. In addition to cost-based rent determination, the subsidy regulations require needs-based allocation and the imposition of caps on construction costs and land prices. Social rental housing regulations generally apply for 40 years until they can be freed to private rental use or sold, although some shares of the stock are regulated for only 10 years (ibid.). It should be noted that support for developing this housing stock is usually not direct. Instead, development is typically supported by interest subsidy loans, where the government covers the loan's interest expenses if a certain interest rate threshold is exceeded. Furthermore, nonprofit corporations can finance development through private bank loans or other financial institutions without government aid.

The needs-based allocation requires an assessment of the social and economic needs of the applicant. These aspects include an assessment of the urgency of housing needs, wealth, and income. People who are homeless or at risk of becoming homeless are considered in the most urgent need of housing. Furthermore, in specialised housing stock, the household also needs to represent the type of

[8] Deductions for home loan interests have been gradually phased out since the early 2010s. They were abolished completely in 2023.

household apartments are directed to, such as a student or a disabled person. During the writing of this study, there were no income limits in social rental housing. However, income limits were reintroduced in 1.1.2025 (Varke, 2026).

The government subsidised sector also includes a minor share of tenures between social and market-rate housing. The main type is right-of-occupancy housing (ASO housing), which comprised approximately 2–3% of the housing stock in the case study municipalities in 2019 (Appendix 2, included in the 'Other' category). In contrast to social rental housing, any person living permanently in Finland above 18 without funds to buy their own home can apply to this housing. In this housing, the resident first pays a right-of-occupancy fee, which is a one-time fee, usually 10 000–15 000 euros, and then continues to pay a monthly housing cost, which follows a cost-based determination. The resident can live permanently in this type of housing, and the regulations apply indefinitely in ASO housing. However, government subsidies to develop new ASO housing were ended on 31.12.2025 (Varke, 2026).

Approximately 22% of households lived in the private rental sector in 2019 (Appendix 2). The PRS has traditionally been viewed as a temporary tenure option, mainly associated with transitional life stages such as young adulthood, but it is now growing and changing its place in the Finnish housing system (see more below). The Finnish PRS is a marketised sector where rents and many other conditions of the tenancy are negotiated between the tenant and the landlord. As with owner occupation, the Finnish housing system presupposes that PRS affordability is best supported by balancing the supply and demand in the housing market (Sutela et al., 2020; Sutela, 2024). Lower-income PRS tenants' affordability is supported only by social security, as the rents are not controlled (cf. Kettunen, 2021). The legislation is fairly non-restrictive in terms of lease agreements, such as rent, rent increases or lease terms, but there are many customary practices in the Finnish PRS. Most of these practices are written in the '*Fair rental practices*' document (Vuokralaiset ry, 2018), which is a set of guidelines prepared in cooperation between organisations representing tenants, landlords, real estate agencies, and property managers.

Low-income households' affordability is also supported by demand-side subsidies, which include different types of benefits paid directly to eligible households. Social security is available to all individuals residing permanently in Finland. The main benefits to support affordability are housing allowances and the Basic Social Assistance (suom. toimeentulotuki). Accepted maximum housing costs are calculated differently between the benefits, and their application processes vary. Approximately 15% of the Finnish population received some type of housing allowance in 2019 (KELA, 2020), the most important of which is the General Housing Allowance (GHA). During 2018–2019, the GHA was available to all low-

income, working-age households, regardless of tenure, and included students.[9] The allowance is calculated based on household income, location[10] and housing costs. Maximum amounts vary by municipality, with more expensive municipalities having higher amounts. Many benefits, such as child allowances, do not affect the GHA amount. The allowance does not cover all housing costs. In 2019, it covered a maximum of 80% of housing costs, but the average coverage was 53% (KELA, 2020). The allowance also does not cover security deposits, which are typically required in the private rental sector. Some groups, such as pensioners, have their own housing benefits. Additionally, secondary support is provided by Basic Social Assistance, a means-tested, last-resort financial aid designed to provide short-term support. It is a more bureaucratic and stigmatised benefit, as it requires applicants to exhaust all other savings and provide bank statements.

Housing Inequality and Changing Urban Housing Affordability

Finland's emphasis on homeownership has contributed to tenure inequality, with tenants facing higher poverty and unaffordability risks. While overall affordability in the country has not deteriorated (OSF, 2023a), Finland can be considered a typical example of a European country where affordability problems are concentrated particularly in the rental sector (cf. Hick et al., 2024). For example, in 2019, more than every tenth tenant was overburdened by housing costs compared to just 1% of homeowners. Among low-income tenants, the share was approximately one-third (OSF, 2023a). Tenancy and low incomes overlap (Ilmarinen & Kauppinen, 2018; Kauppinen, Hannikainen-Ingman, Sallila, & Viitanen, 2015), with 96% of GHA recipients being tenants in 2019, of whom 62% lived in the PRS (KELA, 2020). The median disposable incomes after housing costs also differed: 12,150 euros per year for tenants and 24,061 euros for owner-occupiers (OSF, 2023a). As social rental housing tenants are selected based on housing need, it is unsurprising that most households living in social rental housing have low incomes (Hirvonen, Kurlin, Partanen & Tikkanen, 2014).

[9] As of this study's writing, the Finnish Government has executed numerous changes in social security, including GHA. For example, the compensation was reduced for all recipients in 2024. Moreover, owner-occupiers are no longer eligible after 1 January 2025, and students became ineligible after 1 August 2025, returning to student housing supplement scheme, which covers lower amount of housing costs than the GHA.

[10] In the General Housing Allowance Act, Finnish municipalities are categorised into four groups. In the 2019 legislation, Helsinki had its own category with the highest accepted housing costs. Espoo, Kauniainen and Vantaa were in the second highest group, and the rest of the case study cities fell into the third group. The categorisation of different municipalities has since changed.

This existing tenure inequality is a crucial question now, when the Finnish housing market is undergoing a notable shift. Based on Eurostat data, renting in Finland increased by 17% between 2012 and 2023, which was among the highest increases in the EU (Fondation Abbé Pierre & FEANTSA, 2024). This expansion is largely due to PRS expansion, which grew rapidly during the 2010s—from 16.2% in 2005 to 22.4% in 2019. Renting is becoming more common, particularly in larger cities, where approximately half (or more) of households may be tenants. (Chapter 5.3 and Appendix 2.) In some cases, the PRS growth was over 100% during the 2010s (ibid.). Moreover, increases in house prices may have increased the threshold to access homeownership, which has decreased particularly among the younger generations. Less than 50% of 30–34 year-olds owned homes in 2018 compared to the share 58% in the late 2000s (OSF, 2019).

Simultaneously, many social rental dwellings have been freed from regulations, and new constructions have not made up for the loss (Ruonavaara, 2017). Social rental housing stock decreased nationally by 3.4% between 2010 and 2019 (ARA, 2021). The most significant change was in the general social housing stock, which dropped by 14.8%. However, the overall decline was partially offset by an increase in specialised rental housing stock (+16.8%) (ARA, 2021). Some researchers view this shift as the 'specialisation' of social housing in Finland (Hyötyläinen, 2020), indicating steps towards marginalisation. Furthermore, one key shift was the transformation of one large non-profit housing company into a private company. A housing company called Lumo Kodit (ex. Kojamo) was originally established in 1969 under the name Valtakunnallinen Vuokratalo-Osuuskunta (VVO) by labour unions and cooperatives to provide non-profit rental housing for workers. However, it first transformed into a limited liability company in the late 1990s, and ultimately listed on the Helsinki Stock Exchange in 2018. These changes also meant the company sold off its non-profit housing stock.

Most likely, the shift in the PRS stems from a substantial construction boom in the late 2010s, during which promoting private housing development was also a key political objective for the largest cities in response to urbanisation (Sutela, 2024; Sutela et al., 2020). However, the majority of the newly built apartments were rented out, primarily by large-scale institutional landlords and housing investors (Häkkinen, 2021; ARA 2021). According to the Finnish Landlords Association, in 2024, the majority (63%) of the PRS landlords were small-scale landlords: private persons who own 1–3 rental apartments (Suomen vuokranantajat, 2025). Large-scale institutional landlords are, however, gaining a firmer foothold in the Finnish PRS. The two largest ones include Lumo Kodit and SATO, which own approximately 40 000 (Kojamo, 2025) and 27 000 rental apartments (SATO, 2026), respectively. In comparison, the largest landlord in Finland, the City of Helsinki, owns approximately 55 000 apartments (Heka, 2024).

Urban housing affordability is further impacted by social security. Generally, Finnish social security coverage has been among the highest in the world. During the SDP-led Antti Rinne and Sanna Marin governments between 2019 and 2023, coverage increased relatively well in relation to general price and earnings (Perustuvan riittävyyden IV arviointiryhmä, 2023). However, apart from housing allowances, social security is not location-sensitive, which means that the coverage levels are the same across the country. In cities with higher housing costs, it seems that social security is less effective in curbing low incomes. For instance, a report by Saikkonen et al. (2018) concluded that housing costs in the largest urban areas of central cities, namely, Helsinki, Tampere and Turku, were already in the 2010s so high that low-income households could not survive solely by housing allowances but would also require Basic Social Assistance to cover housing. Particularly in Helsinki, GHA recipients were low-income workers, while in Tampere and Turku, they were mostly students.

5.2 National and Local State Actors in Housing Affordability

National-level housing policy and legislation are determined by the Finnish Parliament, which holds the highest political power in the country. During this study's years of analysis (2018–2019), the Finnish government was a centre-left coalition consisting of the Social Democratic Party (SDP), the Centre Party, the Green League, the Left Alliance and the Swedish People's Party. The cabinet was initially led by Prime Minister Antti Rinne (SDP), but after Rinne's resignation in December 2019, Sanna Marin (SDP) headed the Cabinet until the next elections in spring 2023.

National governance is divided into 12 ministries, each responsible for specific areas of policy and its governance. As mentioned previously, Finland lacks a ministry that is solely focused on housing, which means that policies to promote housing affordability fall under various ministries and government organisations. For example, demand-side policies are managed by the Ministry of Social Affairs and Health (STM), along with other social security matters. The Social Insurance Institution of Finland (KELA) is a government organisation responsible for providing social security. Meanwhile, supply-side policies are handled by the Ministry of the Environment (YM) and implemented by the governmental organisation Housing Finance and Development Centre of Finland (ARA). ARA's primary responsibility was to steer, regulate and provide guidelines for subsidised housing development, as well as to grant subsidies and interest subsidy loans for their construction. However, in 2024, the Finnish government decided to abolish the ARA as an independent centre and merge it into YM.

Finnish municipalities play a major role in land use and housing due to their self-governance, democratic decision-making, planning monopoly and the right to levy taxes. The spatial governance and planning system is a state–market mix, with the state playing the dominant role (Berisha, Cotella, Janin Rivolin, & Solly, 2020). Larger cities wield particularly significant influence due to their vast landownership. Municipal councils hold the highest local power by deciding on political goals and allocating resources to the municipal administration, departments and companies. For municipalities, financial sustainability is a key political issue because they must generate the majority of their own funding while managing their numerous responsibilities. Until 2023, they provided social, health and rescue services, which were then transferred to regional authorities. However, municipalities remain responsible for a broad range of areas, including urban planning, housing, early childhood care, elementary education, traffic and infrastructure, such as water. Local budgets largely rely on wage earners' tax revenues, but real estate policies (e.g. selling and leasing land) are also important to support the budget.

Furthermore, municipalities are the largest providers of social rental housing, although the shares and providers vary. For instance, the city of Helsinki's housing company, Heka, is the largest landlord in Finland with approximately 92,000 residents, that is, every seventh person living in Helsinki (Heka, 2024). The largest cities usually have their own municipal housing companies, but other third-sector nonprofit housing companies and associations may also provide housing at the local level. For example, housing associations providing student housing are major providers of social rental housing in the largest cities. Notably, municipalities can develop their own alternatives for public housing. One such example was the City of Helsinki's HITAS system for subsidised homeownership, which remained active until the Helsinki City Council decided to abolish the system in 2023. In 2024, the Finnish Affordable Housing Companies' Federation (KOVA ry), representing the nonprofit housing sector, had 133 member organisations managing over 330,000 apartments (KOVA ry, 2024), reflecting the spectrum of Finland's nonprofit housing sector.

Finally, key instruments for regional collaboration are the national-level Agreements on Land Use, Housing and Transport (MAL agreements). These letters of agreement, negotiated between the national level and the largest urban areas, set targets for housing construction. In 2019, they also included targets for nonprofit housing development. Since the early 2020s, agreements have been set on a 12-year cycle, though they remained at four years during this study. By committing to these agreements, municipalities are eligible for state funding for various purposes, such as large infrastructure projects. Urban regions may also form additional collaboration networks and councils.

5.3 The Housing Markets of the Case Study Cities

The study focuses on the Finnish urban context, analysing 11 cities of varying sizes. These cities provide insights into urban housing affordability through differences in demographics, location and housing costs. They were also chosen based on data availability, as Official Statistics Finland's (OSF) open-access data for PRS rents were available only for these cities. Article II compares all 11 cities, while Articles I and III focus on the largest urban areas' major centres: Helsinki, Tampere and Turku.

The cities were categorised based on population and growth into three: (1) The Helsinki Metropolitan Area (HMA), (2) growing second-tier cities, and (3) smaller cities with slower or declining growth. The HMA includes the capital Helsinki, Espoo and Vantaa, which housed one-fifth of Finland's population in 2019 and is projected to grow in the next decades (MDI, 2024). The second-tier cities—Tampere, Oulu, Turku, Jyväskylä and Kuopio—are major urban centres with large universities, thus attracting population migration alongside the HMA. The smaller cities—Lahti, Pori and Hämeenlinna—have slower or negative growth trends and/or smaller populations. Basic demographic information is presented in Appendix 1.

These cities, particularly the largest ones, offer a backdrop that reflects major changes in Finland's housing system. First, they show variations in the local housing markets. In 2019, house prices and rents were highest in the HMA. The contrast between the most expensive city, Helsinki, and the least expensive one, Pori, was considerable, with Helsinki having approximately three times higher house prices and two times higher rents than Pori. The difference between PRS and social rents was the largest in Helsinki, as social rental housing was approximately 60% less expensive than PRS in 2019. The largest variation was in house prices; PRS rents in some smaller cities, such as Hämeenlinna, were similar or even higher than in some of the larger cities. (Appendix 2.) PRS profitability is considered high in many mid-sized and smaller cities. For instance, the Finnish Landlord Association, which ranks municipalities based on rental profits, has repeatedly placed smaller municipalities, such as Hämeenlinna, Seinäjoki (65,000 people in 2019) and Kajaani (36,000 people in 2019), among the top 20 most profitable (Suomen Vuokranantajat, 2020).

Second, these cities demonstrate shifts in Finnish tenure structures, in which renting has increased, and homeownership has decreased. Overall, the proportion of tenants exceeded the Finnish average of 33% in all but two case study cities (Pori and Hämeenlinna). In Helsinki, Tampere and Turku, almost half of the households were tenants in 2019. As is shown in Appendix 2, the PRS expansion was particularly notable in Vantaa (126.2%) and Espoo (99.9%). The share of households living in social rental housing stock ranged between 12.7% in Oulu and 19.2% in

Helsinki (Appendix 2). The most notable decreases in this stock were in Tampere, Turku, Oulu, Jyväskylä and Lahti, where the stock decreased by over 20% (ARA, 2021; Ruonavaara, 2017). In 2019, the ARA assessed that social rental housing availability was particularly challenging in Helsinki (ARA, 2019).

6 Research Design

6.1 Research Aims and Questions

This study explores the ambiguities and complexities of the urban housing affordability question. The overarching research question is: how to conceptualise urban housing affordability as a policy problem? The study addresses three areas: (1) operationalisation (definitions and measurement), (2) policy to promote affordability, and (3) local variations in both. Articles I and II address how affordability is operationalised, with Article II highlighting local differences. Articles I and III examine affordability policies, with Article III focusing on local variation. Given its emphasis on poverty, the welfare state, and local-level dynamics, the research excludes analyses of financial and monetary policies. It conceptualises housing affordability primarily from the perspective of basic needs and adequate consumption, rather than from an asset perspective. I use the term 'urban' to denote the focus on affordability, particularly as an urban question, and the local variations in housing affordability—an important yet under-researched aspect in Finnish and international contexts. The study focuses on Finland and some of its largest cities as an empirical case, drawing primarily from the European and Anglo-American research and policy contexts.

The study consists of three peer-reviewed research articles. Table 1 summarises the sub-research questions, data and methods of each article. The study employs a mixed-methods approach: content analysis (Articles I and III) and the Model Family Method (MFM, Article II). The qualitative data included policy documents (legislation, guidelines and strategies related to housing policy); expert interviews (N=22) with key actors in the preparation, development and implementation of housing policy; and a reference budget report. The statistical data cover housing construction, rents, wages, and social benefits.

The articles are ordered thematically. Article I examines how housing affordability is defined in Finnish housing policy, both at the national level and in three major cities (Helsinki, Tampere and Turku). The article also analyses the contradictions and ambiguities related to the differing definitions used across housing policy actors. Article II applies the Model Family Method (MFM) to measure local variations in urban housing affordability, comparing PRS affordability

for low-wage tenants across 11 Finnish cities. Article III investigates how Helsinki, Tampere and Turku differ in promoting affordability and how actively each municipality steers their local housing markets to achieve policy goals.

Table 1. The research questions, data and methods employed in the articles.

	ARTICLE	RESEARCH QUESTION(S)	DATA	METHODS	YEAR(S) OF ANALYSIS
I	The Ambiguous Status of Housing Affordability in Finnish Housing Policy	How is housing affordability defined in Finnish housing policy? What contradictions and ambiguities are related to the differing definitions within housing policy?	Document data on housing policy legislation and policies Expert interviews (N=17 out of 22)	Content analysis	2018–2019
II	Comparing Local-Level Housing Affordability – The Case of Finnish Low-Wage Private Rental Sector Tenants	How can local housing affordability be measured in the absence of survey data? How does private rental sector (PRS) affordability among low-wage tenants vary locally between 11 Finnish cities?	Statistics on PRS rents and wages (OSF) Social security benefits (KELA) Reference budget report	Model Family Method	2019
III	The Role of Municipalities in Promoting Housing Affordability: An Analysis of Three Finnish Cities	How and why do three large Finnish municipalities differ in promoting housing affordability? How active a role does each city have in steering the housing market to promote affordability?	Expert interviews (N=22) Document data: policy documents steering housing policies locally and regionally	Content analysis	2018–2019

The study focuses on the period 2018–2019, set in the context of the post-GFC (2008). It should be noted that between the data collection and the completion of this study, the issue of housing affordability has been turbulent, both in Finland and globally. The 2020s has brought many changes in the Finnish housing market and the welfare state with the COVID-19 pandemic (2020–2023), the ongoing war in Ukraine (2022–) and a right-wing government (2023–) executing the largest welfare state

austerity measures since the early 1990s. Developments on the topic during the 2020s and their implications for affordability in Finland are discussed further in Chapter 8.

The study's disciplinary foundation lies in the social sciences, specifically social policy research specialising in housing studies. This study also incorporates urban studies, with a particular interest in housing as a spatial question and the role of cities in addressing housing concerns. Housing studies are broadly defined as 'the study of the social, political, economic, cultural, and other institutions and relationships that constitute the provision and utilisation of dwellings' (Kemeny, 1992, p. 8). Like most housing research, the current study is multi- and interdisciplinary. While such multidisciplinarity can cause frustration with the unattainability of a unified housing theory (see the discussion in Ruonavaara, 2018), others find it inspirational: 'I think that one of the joys of researching and teaching housing is that it touches upon so many aspects of our lives' (Aalbers, 2018, p. 196). The present study aligns with the latter view, embracing the benefits of applying diverse disciplinary lenses to housing research (cf. ibid.). In this case, the disciplinary lens is the social theoretical approach to housing (Kemeny, 1992), with a social policy research orientation. Following the tradition of social policy research (Engels, 1892; Rowntree, 1902), the present study addresses a societal concern by identifying and analysing social inequalities, guided by the premise that these should be addressed through government action. As Clapham (2012) notes, this moral dimension is a strength of social policy research.

I employ a mixed-methods approach, in which qualitative and quantitative data and methods are combined to gain a more comprehensive understanding of the research problem. Although the formal conceptualisations of the mixed-methods approach only began in the 1980s, it has become an increasingly popular and robust approach for analysing social phenomena (Creswell & Creswell, 2018). I use this approach because I consider housing affordability to be a complex concept and policy issue that benefits from the approach's ability to synthesise insights and strengths from different types of data and methods (Johnson & Gray, 2010). The research design leans towards a more qualitative emphasis, resembling the exploratory sequential mixed-methods design (Creswell & Creswell, 2018). The study began with a qualitative data analysis (Articles I and III), which revealed a research gap in the operationalisation and measurement of local housing affordability. Article II then addresses this gap by using a quantitative method to compare local variations in affordability.

Critical realism and social constructivism inform the study's epistemological and ontological stance. These perspectives function as the underlying philosophy guiding the overall approach, even though they are not explicitly operationalised in the empirical analysis. Social constructionism, widely used in housing research (Clapham, 2012; Jacobs, Kemeny & Manzi, 1999, 2004; Kettunen, 2021), posits that access to and understanding of the world are mediated through language and

discourse (Elder-Vass, 2012; Jacobs, Kemeny & Manzi, 2004a). This view, which challenges the positivist approach of looking at social facts as solely something observable and awaiting discovery, focuses instead on the conflicts, interpretations, contestations and claims-making processes involved in the formulation of policies and social problems (Jacobs et al., 2004b). As Hacking (2000) asserts, claims about the world can be seen as socially constructed by showing how they can be constructed differently. Thus, the present study specifically aligns with the 'social construction of social problems' (Clapham, 2012; Jacobs et al., 1999), guided by the aim of understanding not only the defining and manifestation of social problems in different contexts, but also the conflicts and power struggles involved in these conceptualisations (cf. Kettunen, 2021). In doing so, the study builds on notions by Kemeny (1992) and Aalbers (2018) that academic research should be critical and reflective of what are defined as relevant policy problems.

Critical realism combines a realist ontology with constructionist epistemology (Maxwell & Mittapalli, 2010). This view asserts that a material world exists independently of our constructions and perceptions, and that our understanding of it is a social practice involving interpretation (Bhaskar, 2008; Sayer, 1992, 2000). Similar to social constructionism, critical realism challenges positivism, arguing that scientific observations capture only one layer of reality, while deeper structures may exist, whether or not they are observable (Bhaskar & Lawson, 1998). In the current study, critical realism frames housing problems as both an active process of knowledge production and a materially grounded issue. This is because housing has real consequences for people and urban forms, independent of observations made by academic research.

Although social constructionism and critical realism may seem at odds, Elder-Vass (2012) argues that they can be combined. This combination has been discussed in housing research (Lawson, 2002; Somerville & Bengtsson, 2002) and mixed-methods literature (Maxwell & Mittapalli, 2010). In particular, Sayer's (2000) distinction between 'strong' and 'weak' social constructionism is useful here: while strong constructionism views the world as entirely socially constructed, most researchers adopt a 'weak' version, recognising that social facts are constructed within a material world. Whereas 'strong' social constructionism has been critiqued for relativism and viewing the material world merely as a passive conductor of meaning (Clapham, 2012), the 'weak' version is compatible with critical realism (Elder-Vass, 2012; Sayer, 2000).

6.2 Data

The data consist of expert interviews, document data and secondary statistics. The expert interviews and document data focus on the key public sector actors involved

in steering, defining, developing and implementing housing policies at the national and local levels in Finland. National-level actors include the Finnish government, the parliament, the Ministry of the Environment (YM), the Housing Finance and Development Centre of Finland (ARA), the Ministry of Social Affairs and Health (STM) and the Social Insurance Institution of Finland (KELA). At the municipal level, the key actors are the municipal governments; city councils; governmental departments that are responsible for preparing, planning and implementing housing policy, land use and urban planning; and municipal housing companies. The advisory boards of the MAL agreements are considered collaborative bodies, consisting of representatives from national and municipal levels. Although politicians are considered key actors, I excluded them as interviewees because they are viewed as officeholders rather than as experts per se. Instead, I consider documents steering land use and housing as articulations of political will.

Expert Interviews

The interview data collection aimed to gather insights into local affordability issues from key individuals responsible for developing, preparing and managing land use and housing, supplemented by national and third-sector perspectives. A total of 22 people were interviewed. Most (N=17) were local-level experts, including government officials (N=10) and municipal housing company representatives (N=7). Many held managerial or leadership positions, had extensive experience and offered long-term perspectives on policy and programme implementation. Given the limited number of such experts in Finnish municipalities, the number of interviewees per city was small (N=5–7). The remaining participants included national government officials (N=2) and representatives from third-sector nonprofit housing associations (N=3).

I conducted the interviews together with another PhD researcher, Jutta Juvenius, as part of the research project 'Kohtuuhintaisen asumisen pulmat ja politiikka kaupungeissa (KOHTA)' led by Dr Jarkko Rasinkangas, the supervisor of the present study. We recruited interviewees through municipal and government websites, as well as referrals from colleagues, government contracts and other interviewees. We conducted and recorded the interviews between December 2018 and March 2019. They were transcribed before the analysis. On average, the interviews lasted 59 minutes (range: 23–100 minutes). I used all interviews in Article III, whereas Article I included only 17 interviews, excluding third-sector representatives and an urban planner.

The semi-structured thematic interviews covered several topics, such as the interviewees' views on local and national housing markets, events leading to the present situation and prevailing housing costs. Policy-related questions addressed how local and national governments promoted affordability and how officials responded to

common critiques in research and public debates. Each interview followed a loose thematic structure tailored to the interviewee's specific expertise. I translated the interview quotations from Finnish to English and edited them for clarity.

For privacy reasons, I did not disclose the interviewees' actual names, exact titles or genders. Instead, I reported their municipality, an identification number and their organisational affiliation on a general level (see Articles I and III). All interviewees signed a written consent form and received a document explaining the study's purpose and data usage. An IRB review was not required under the ethical guidelines of the Finnish National Board on Research Integrity (TENK), as the study did not involve any of the categories requiring ethical review, namely, deviation from informed consent, breach of physical integrity, exposure to strong stimuli or potential mental or physical safety risks.

Document Data

The document collection aimed to explore political goals related to land use and housing, the tools and strategies used to promote affordability and its definitions and indicators at the national and local levels (Helsinki, Tampere and Turku). The materials included programmes, policies, guidelines, legislation and agreements steering land use and housing policy. I compiled documents and legislation from 2018 and 2019, with drafts of forthcoming documents incorporated when available. All documents were publicly accessible.

The national-level documents included government programmes from 2007 to 2019, government housing policy programmes, strategies and other documents (e.g. as yearly reports) steering the Ministry of the Environment and the ARA; the ARA's guidelines on rent determination, tenant selection and housing construction; and KELA's guidelines for social assistance and housing allowances. The municipal-level documents were collected in Helsinki, Tampere and Turku. They included city strategies, housing and land use programmes used in 2019 (2020 for Turku), master plans (from 2019 and earlier)[11], land use strategies and MAL agreements from 2016 to 2019. City financial statements and descriptive statistics on housing development and land ownership were also included. Relevant legislations included the Act on General Housing Allowance (938/2014), the Act on Housing Allowance for Pensioners (571/2007), the Act on Social Income Support (1412/1997), the Act on Renting a Residential Apartment (481/1995) and the Act on Housing Subsidies and Interest Rate Subsidies (604/2001; 574/2016; 1190/1993; 1189/1993).

[11] Including the so-called structural models (suom. Rakennemallit) which were used in urban planning in e.g. Turku in the early 2010s.

In addition, Article II used the reference budget report by the Centre for Consumer Society Research (CCSR; Lehtinen & Aalto, 2018) to construct the model families (Chapter 6.3). This budget, designed to illustrate consumption needed to cover basic needs and societal participation, detailed monthly expenses for food, clothing, hygiene, hobbies, housing, utilities and transport. It also represented monthly budgets for 13 different model households considered to represent Finnish society. They were constructed based on group discussions with 37 participants from diverse backgrounds, guided by the aim of reaching a consensus on necessary household items, and complemented by expert consultations. I considered the 2018 budget to be the closest approximation to the analysis year (2019) and therefore used it due to negligible inflation.

Statistical Data

The statistical data used in the analysis included information on housing construction, tenures, wages, social security levels and PRS rents. I also used contextual information on the Finnish housing market and household conditions. I compiled these data from different secondary sources, including Official Statistics Finland (OSF), KELA, Liiteri and municipal housing programmes' and MAL agreements' follow-ups, as well as other related reports, such as the CCSR Reference Budget report (Lehtinen & Aalto, 2018). The majority of the data were open access. The only exception was the local-level wage data, which I ordered separately from OSF due to restricted access. I collected statistical data for 2019, but in some cases, such as for housing construction, the data were collected for a longer period.

The MFM in Article II used secondary data on households' monthly expenditure needs, wages, social security and rents. The CCSR budget was the main source of non-housing expenditure data. I derived gross wage data for 11 Finnish cities from OSF's Structure of Earnings (Official Statistics of Finland, 2022b). Monthly earnings included salaries, regularly paid bonuses, fringe benefits and overtime, excluding holiday and performance bonuses. The main sources were the Confederation of Finnish Industries (private sector) and various labour organisations. As the data were organised based on occupational codes[12], one specific occupation was chosen to represent low-wage workers. The analysis focused on cleaners who comprise an essential occupation group without a remote work option. Also, they constitute a large enough group (69,000 workers in 2019, OSF, 2022a) to have an adequate number of cases for estimating a local wage median. By focusing on a specific low-wage occupation, the analysis also avoids a potential skew

[12] OSF uses the Classification of Occupations (TK10), which is compatible with the International Labour Organisation's (ILO) occupational classification ISCO-08.

by high-earning individuals in some of the case study cities, such as Helsinki. Cleaners' wages are among the lowest in Finland: 2,080 euros/month in 2019 for full-time workers (OSF, 2022a). For comparison, the lowest wage decile was 2,222 euros, while the median was 3,139 euros/month. Furthermore, their wages are low compared to other low-wage occupations essential to urban areas, such as personal care workers (2,480 euros/month) or sales workers (2,538 euros/month). I analysed median wages, which ranged from 2,122 euros/month in Vantaa to 1,967 euros/month in Tampere (see Appendix 4 for a breakdown of city-wise wages). I assumed that the adults worked full-time and had no additional properties (no imputed rent) or entrepreneurial incomes.

I calculated the social security benefits for each model family. I excluded Basic Social Assistance, because the Finnish social security system assumes the need for it should be minimal and short-term (cf. Saikkonen et al., 2018), and therefore wages together with primary social security should be enough to cover basic needs. I calculated monthly benefit amounts based on KELA's 2019 documentation (KELA, 2023). Families with children under 17 years of age receive child benefits, and single parents are eligible for higher benefit amounts. Single parents also receive a child maintenance allowance if the other parent liable for the child does not pay child support.[13] I assumed all children to be below preschool age (6 years) and to attend public daycare, thereby excluding benefits for private daycare or home care. I checked all families' eligibility for the GHA. The exact amount of GHA varies depending on a household's income, housing cost and the municipality.

Rent data, which I derived from Official Statistics Finland (OSF, 2022b), included water and heating and differentiated between categories of apartment sizes: 1 room, 2 rooms and 3 rooms or more. Data were available for 11 Finnish cities, all of which were included in the analysis: Helsinki, Espoo[14], Vantaa, Tampere, Oulu, Turku, Jyväskylä, Kuopio, Lahti, Pori and Hämeenlinna. The breakdown for each case study city's rents in different-sized apartments is presented in Appendix 3. I used median rents from the last quarter of 2019 to align with the wage data. Rent estimates were based on the reported rents of housing allowance recipients and the registers of rental housing companies. However, a clear limitation of this data is the inadequacy of the longitudinal analysis. According to OSF, the data cannot be used for longitudinal analysis (OSF, 2022b); hence, only one year (2019) was analysed in the present work.

13 The parent liable for maintenance usually pays child support, which is often higher than the child maintenance allowance. However, child support is calculated individually, and there is no reliable way to assess the amount of child support for the model families.

14 Espoo's data included Kauniainen, a small municipality (approximately 10,000 inhabitants) located within Espoo. For consistency, all other location-dependent data (e.g. wages and the GHA) use the average of Espoo and Kauniainen in Article II.

In Article III, I collected housing construction statistics for Helsinki, Tampere and Turku from different sources, including land use and housing programmes, municipal financial statements and the Liiteri statistical service, covering the years 2000–2020. Nonprofit housing targets and development were sourced from municipal housing programmes, MAL agreements and their follow-up reports (City of Helsinki, 2016; City of Tampere, 2018; City of Turku, 2020) and MAL agreements (Helsingin seudun liikenne (HSL), 2016; Tampereen kaupunkiseutu, 2016; Ympäristöministeriö, 2016). These data, however, have a clear limitation, because housing construction data, particularly concerning nonprofit housing, are inconsistent across cities due to variations in definitions and data sources.

6.3 Methods

Content Analysis

I used content analysis in Articles I and III. This method is a widely used, accessible and flexible qualitative data analysis method, in which the researcher deconstructs and reconstructs data into a coherent enquiry. This process involves 'systematically identifying, organizing, and offering insight into patterns of meaning (themes) across a data set' (Braun & Clarke, 2012, p. 57). As with all qualitative analyses, the researcher plays an active role in constructing these themes and interpreting the data. Both articles generally followed the steps outlined by Braun and Clarke (2012). I first familiarised myself with the data by reading and making initial notes. Next, I coded the data and identified relevant sections, together with potentially interesting ones. The process of forming meaningful patterns and reviewing them was done alongside the writing process, with the analysis continually informed by rereading the data and reviewing the theoretical framework. Following Braun and Clarke's (2012) terminology, the analysis took more of a deductive approach, which meant that it was guided by predefined concepts and a theoretical framework. This top-down method aligns well with the current study, as the deductive approach often utilises a constructionist or critical theory framework (cf. Braun & Clarke, 2012).

In Article I, I used the theoretical framework as a stricter tool for analysis than in Article III. Article I employed the three categories of housing affordability definitions, namely, the normative approach, the consumer choice and the tenure-based approach (Chapter 3.1), to identify the relevant sections of data for analysis. The consumer choice approach was often discussed indirectly in terms of housing market supply and demand; hence, I also coded these implicit affordability descriptions as significant sections for analysis. The analysis continued by reconstructing the materials based on the three approaches. The results were not presented strictly as themes but were structured based on how each key actor in

Finland defined affordability while highlighting exemplary cases of conflicting or contradictory definitions. In doing so, the analysis not only uncovered different, sometimes implicit, definitions of affordability within Finnish housing policy but also discussed how these definitions relate to the underlying political implications.

In Article III, I applied the theoretical framework more flexibly and conducted the analysis and the development of the theoretical framework more in parallel, in contrast to Article I. The theoretical section aimed to construct a general framework explaining the role of cities, along with the potential political questions involved in promoting affordability and identifying broad-level strategies and tools that can be used by cities to implement their policy goals. The results were divided into two areas with subsections: political steering and implementation. In the analysis, I compared processes, opportunities and constraints in several areas, such as political steering, policy goals, land use and housing policy tools and the municipal administrative capacity to collaborate and support housing development in nonprofit and private market sectors. Using an institutional-based approach (Czischke & van Bortel, 2018; Whitehead & Goering, 2021), I compared policies and programmes aimed at promoting housing affordability. I also considered housing policies' system-embeddedness (Stephens, 2011) by analysing the housing system in interaction with broader social and economic structures. The local context (i.e. histories, demographics and political compositions) was also considered (cf. Hoekstra 2020).

The Model Family Method

To address the research and data gap in measuring local-level affordability (Chapter 3.2), Article II compares PRS affordability across 11 Finnish cities by applying the MFM in combination with the ratio and the residual income approach. The MFM is a simplified hypothetical microsimulation in which the researcher defines fictitious households and makes assumptions about their demographics and incomes (Bradshaw & Finch, 2002; Eardley et al., 1996). The method is rooted in welfare state and income adequacy research, where it is a well-established method for analysing social security and taxation (Bradshaw & Finch, 2002; Burlacu et al., 2014) or constructing reference budgets (Penne, Cornelis & Storms, 2020). The residual income approach stands out in housing research, as it can use reference budgets in calculation (Haffner & Boumeester, 2015; Padley & Marshall, 2019; Stone, 2006b). Other examples include defining reference housing costs for reference budgets (Van den Bosch et al., 2016), as well as making international comparisons of housing benefit levels (Bradshaw & Finch, 2022) and social security levels before and after housing costs (Kuivalainen, 2003). However, the use of MFM and hypothetical modelling is generally scarce in housing research, thus pointing to its untapped potential, as emphasised by Burlacu et al. (2014).

I used the MFM to compare affordability from a normative perspective at the local level. I assessed that it showed potential to counter the lack of survey or other data that would include local-level information on household disposable incomes versus housing costs. In such cases, hypothetical modelling, such as the MFM, is valuable because it allows for the use of synthetic data or a combination of different data sources (Burlacu et al., 2014). In Article II, the MFM addressed the absence of suitable data by simulating household disposable incomes that could then be compared to rents to assess affordability. Additionally, this method helps illustrate the interaction between location, housing, the welfare state and the labour market at the micro level, thus contributing to the analysis of the complementarities between (social) policies (Matznetter, 2020b; Nelson, Nieuwenhuis, & Yerkes, 2022).

The key limitations of the MFM include its inability to generalise or estimate poverty levels. Hence, it does not measure housing supply, determine the proportion of households facing affordability problems or capture behavioural aspects or actual housing outcomes. Its simplicity is also a drawback, as the model families are necessarily illustrative rather than representative of the entire population. Other limitations include the potential arbitrariness of the model families and the model's ability to illustrate only a single time point. (cf. Bradshaw & Finch, 2002; Burlacu et al., 2014; Eardley et al., 1996.)

I used the reference budget developed by the CCSR (Lehtinen & Aalto, 2018) to construct the model families. Five of the 13 families[15] were selected for this study, with slight modifications. Due to data constraints, I focused on working-age adults, excluded pensioner households (4 families) and omitted families that required four rooms, typically couples of children over 10 (3 families). Kindergarten expenses were assessed under the assumption that all children were below preschool age (6 years). For simplicity, I used only the women's budget for single persons, considering two aspects: the dominance of female workers in the occupation studied and the minimal difference between the male and female budgets (4 euros). As in the CCSR budget, couples were assumed to be heterosexual, and all individuals were assumed to be in good health without chronic illnesses or significant allergies. The following families were included (shortened names in brackets):

- A single person without children (Single person);
- A single parent with one child aged 3 years (Single parent with a toddler);

[15] All households in the CCSR budget: four one-person households, three different couples without children, four different families with two parents and children and two single-parent families. It is assumed that all persons above 65 years old are pensioners (four households) and all other adults are employed.

- A single parent with two children, aged 10 and 13 years (Single parent with two children);
- A couple without children (Couple); and
- A couple with two small children, aged 2 and 5 years (Family with children)

All expenses and income were measured monthly and in euros. Gross and net incomes included wages and basic social security benefits (see Data). OSF's (2022) definition of disposable money income was used, in which taxes, social insurance and pension payments were deducted from gross income. I calculated these deductions using the hypothetical household tool. This tool is an extension of the EUROMOD, which is a microsimulation model for the tax-benefit system in the EU (Hufkens et al., 2019). The 2019 Finnish tax-benefit system and the average municipal tax rate (19.88%) were used in line with EUROMOD's default assumptions. The tax rates in the case study cities ranged between 18% and 19.75% in 2019 (Veronmaksajat, 2023).

I derived non-housing expenditures, excluding kindergarten costs, directly from the CCSR budget. Transport costs included only public transport and bicycles, as the case study cities had relatively efficient public transport systems. I assumed kindergarten costs to be public daycare, which I calculated based on the legislation on maximum daycare costs defined in *Laki varhaiskasvatuksen asiakasmaksuista* 1503/2016.[16] However, this is just an estimation, as in reality, the costs tend to vary based on the municipality, family income, hours of attendance and whether the child attends public, private or home care.

Housing costs were based on monthly rent, which included water and heating, according to OSF's data. I assumed that the families were able to afford the median rent, as I lacked information on housing supply across rent price categories. Furthermore, the rent data are estimations that are largely based on the rents reported by housing allowance recipients. Thus, it can be assumed that the median rents in the data are slightly skewed towards the less expensive PRS rents. Housing quality criteria beyond the room count (one, two or three rooms or more[17]) were unavailable. I assumed that the families did not live in overcrowded housing, applying OSF's simplified definition of overcrowding as more than one person per room.

[16] In 2019, the maximum cost for the youngest child was 295 euros per month, with the second-youngest child's cost at a maximum of 50% of the oldest. Charges were waived for costs below 27 euros.

[17] In Finland, an apartment with 'one room' refers to a studio with a kitchen or kitchenette and a bathroom. Meanwhile, an apartment with 'two rooms' features a living room and a bedroom on top of the features found in a one-room apartment, while that with 'three or more rooms' adds additional bedrooms.

Measurement of Housing Affordability

The present study adopts the normative approach as the preferred definition and basis of measurement of housing affordability. I argue that the strength of this approach lies in two aspects: its consideration of the relationship between housing and people (Stone, 2006b) and its connection to poverty and economic security, while acknowledging the unique characteristics of housing compared to other basic needs. The study uses the so-called objective measures of affordability, namely, affordability standards set by third parties. Alternatively, subjective measures could be employed by directly asking households to assess their housing affordability. However, Padley and Marshall (2019), for example, highlighted issues with subjective measures. First, from the consumer choice perspective (see Chapter 3.1), subjective measures are illogical, because households are assumed to have optimised their resources based on their housing needs, incomes and preferences. Second, from a normative perspective, subjective measures can be challenging to interpret due to varying household perceptions of housing and non-housing needs.

In Article II, I measured housing affordability using the rent-to-income ratio ('burden') and the residual income approach ('housing-induced poverty'). As discussed in Chapter 3.2, these methods are closest to poverty research and allow for household-level affordability comparisons. Hence, I assessed these methods as the best ones to combine with the MFM. This approach followed Chen et al. (2010), who also used both methods. They defined 'burden' as the balance between housing costs and disposable income, measured by the expenditure-to-income ratio. At the same time, they defined the concept of 'housing-induced poverty' more narrowly as the situation when housing expenses leave insufficient income for acceptable non-housing consumption and operationalised it as residual income. Unlike Chen et al. (2010), I focused on short-term affordability in rental housing, analysing monthly cash flows for each household and excluding access to mortgages.

I calculated rent burdens by comparing housing costs with disposable income. Rent burdens were classified as affordable (below 30%), moderately overburdened (30%–40%), overburdened (40%–50%) and severely overburdened (above 50%). The 30% threshold is regularly used for affordability operationalisation (Hulchanski, 1995), while the 40% figure is based on Eurostat's and EU-SILC's 'housing cost overburden' threshold (Eurostat, 2024a). The 50% threshold for severe overburden is used by, for instance, the National Low Income Housing Coalition (NLIHC) in the USA (Aurand et al., 2021; Jewkes & Delgadillo, 2010). Furthermore, housing-induced poverty was determined by subtracting housing costs from disposable income and comparing the results to each model family's reference budget. Residual income was reported after subtracting housing costs and the reference budget, with

negative values indicating housing-induced poverty. To demonstrate the impact of demand-side subsidy on household budgets, the results for both affordability measurements were reported before and after including the GHA in the disposable income.

7 The Results

This chapter summarises the findings of the original articles. It is divided into two parts, and addresses the three analytical areas related to urban housing affordability in Finland. The first section focuses on the operationalisation of affordability, that is, defining and measuring the concept. The second section examines policy approaches to promoting affordability. Each subsection includes findings on local variations. For detailed results, readers are encouraged to consult the original articles.

7.1 Operationalisation of Housing Affordability and Its Local Variations

Article I analysed the different definitions of housing affordability within Finnish housing policy, highlighting the contradictions and misunderstandings that arise from ambiguous and varied interpretations. This article is based on the notion that, while housing affordability is a widely recognised and debated policy objective in Finland, a clear operationalisation of the concept is largely absent. This ongoing ambiguity leads to misunderstandings and complicates the debate on housing policy objectives and corresponding solutions. The theory-guided thematic content analysis was based on a theoretical framework that identified three key approaches to defining affordability: normative definitions, consumer choice and tenure-based definitions (see Chapter 3.1).

The analysis reveals that while the normative approach is often referenced in policy objectives and interviews, it lacks concrete monitoring indicators at the national and local levels. The only tangible application of the normative approach is in social security, where housing allowances and social assistance set maximum acceptable housing costs for each municipality. However, different benefits define these costs inconsistently, and several interviewees argued that the coverage is insufficient, particularly in large cities. While social security addresses affordability, it primarily reflects decisions over public expenditure rather than taking a normative stance on affordability outcomes.

The consumer choice approach, often implied rather than stated, is prevalent in Finnish housing policy. On the one hand, it is reflected in efforts to increase housing

stock primarily via private developers to balance supply and demand while seeking to improve market efficiency. On the other hand, this is evident in the lack of normative affordability standards. The rent setting in the PRS, in which rents are an agreement between the tenant and the landlord, is a clear example of this approach. While the apartment's affordability can be disputed, it is assessed in comparison to other market rents, not the household's income.

The tenure-based approach is common in national guidelines and objectives for government-subsidised housing and MAL agreements. Here, the concept of 'affordable housing' is widely used, referring to social rental housing and other types of subsidised or limited-profit housing with regulations on rent or price setting. However, this definition is problematic, as it does not consider households' disposable incomes, and regulation on rent setting alone does not guarantee affordability.

The results also revealed differences between national and local approaches to affordability. At the local level, affordability is more closely tied to concerns about housing costs relative to household income and is less orthodox in equating affordability with specific housing stock. Here, MAL agreements exemplify how differing interpretations among actors lead to confusion. These agreements suggest the consumer choice approach by aiming for an increase in the housing supply. Then again, the agreements equate affordability with tenure by setting specific targets for government-subsidised housing, repeatedly referred to as 'affordable housing'. The monitoring of these targets focuses on ensuring that municipalities reach their development targets. At the same time, the agreements end up implying that affordability is achieved through the development of specific types of housing defined in the agreements, regardless of the actual housing costs to the household. This interpretation is challenged at the local level, where affordability is understood less strictly than being tied to specific government-subsidised housing types and may include various types of housing or normative views. Despite this view, in practice, local-level actors approach affordability via consumer choice and based on tenure. The normative approach, while acknowledged, remains underdeveloped in terms of concrete indicators at the national and local levels.

Article II built on the analysis of Articles I and III by addressing the identified research gap on normative indicators and the lack of local-level comparisons in Finland. It used the MFM to compare affordability among low-wage PRS tenants in 11 Finnish cities. Two methods for the measurement of affordability were used: rent burdens (rent-to-income ratio) and housing-induced poverty (residual income).

The results showed that moderate rent burdens were common among low-wage PRS tenants, particularly among single-earner households (singles and single parents), with the burdens being more prominent in the HMA. While some cities like Pori, Oulu and Lahti had more affordable rents, many other cities presented at least

moderate rent overburdens. Housing allowances prevented housing-induced poverty for all model families, despite the fact that residual incomes varied considerably across cities. However, affordability was interpreted as precarious, as in most cases, adding another major expense item or a reduction in income would make housing unaffordable. For instance, single-parent households rely more on social security than do other model families, making them more susceptible to social security cutbacks.

Methodologically, the MFM was confirmed as a promising method to analyse local-level differences in affordability in the absence of suitable survey data. Hence, it could prove useful for local administrations and NGOs, as it does not require new survey data and can be executed with relatively minimal data requirements. The article also argues that the MFM can complement survey-based affordability analysis, as the method can make interconnections of housing, the welfare state and the labour market visible at the micro level. Its additional benefits include the ability to analyse how households could *potentially* afford housing in certain areas. The method identifies which households can afford specific housing types, aiding assessments of housing access. For housing poverty research, the benefits include dissecting different income and expenditure items. It highlights how affordability is composed of multiple components beyond housing costs, such as social security, wages, taxes, rent, transport, and energy costs. The article nevertheless stresses the need for local data to inform policies sensitive to local conditions.

7.2 Promoting Housing Affordability and Its Local Variations

Article I concluded that the Finnish housing policy mainly promotes affordability by supporting an increase in housing supply through private developers and by improving housing market efficiency. I interpret this as indicating a market-oriented approach to promoting affordability. While supply-side policies continue to play an important role, low-income households' affordability is mainly supported by demand-side subsidies. As a whole, I interpret the Finnish housing policy's approach to affordability as reflecting the wider notion of housing being treated as a separate question from the Finnish welfare state. The consumer choice approach mirrors the country's history of prioritising market efficiency and individual responsibility.

Related to housing governance, Article I points out that nationally, it is fragmented across ministries. Affordability issues are divided between two ministries: STM and YM. The former manages social security and housing allowances, while the latter oversees housing stock and subsidies related to housing development. Although an efficient implementation of the normative approach would require the combined expertise of both ministries, the analysis suggests that

such a collaboration is lacking. As a result, the normative approach remains unaddressed, languishing as an in-betweener of the ministries' mandates.

Article III delved into the local variations in promoting affordability, focusing on policy goals and implementation in Helsinki, Tampere, and Turku. It made conclusions on how active each city is in steering the housing market. The results showed that Helsinki, Tampere and Turku all emphasised increasing the overall housing supply primarily via private developers to meet the increased housing demand resulting from urbanisation and population growth. I interpreted this approach to reflect prioritising a market-oriented approach. Simultaneously, public housing development persisted as a central strategy in each city. Helsinki stood out for its extensive use of supply-side measures, targeting 55% of new housing development as nonprofit or limited-profit housing in 2019. It also had the broadest range of nonprofit housing options, including middle-class housing, such as a cost-based owner occupation (HITAS system). Apart from a small share of right-of-occupancy housing, Tampere and Turku did not have middle-class alternatives to nonprofit housing. Social rental housing targets were similar in all cities (20%–30%), but none reached the development goals around the time of analysis.

Turku's social rental housing goals were identified as volatile, with a 10-year gap in development by the municipal housing company (TVT) due to a city decision. Possible reasons include low demand, the political composition of the city council and competition between neighbouring municipalities. Furthermore, stagnant population growth and a modest price difference between the market rate and social rental housing may have also contributed to the reduced demand. Finnish right-wing parties, such as the National Coalition Party (NCP), are generally less supportive of public housing development, and the NCP has dominated Turku's city council for decades. However, in Helsinki, where the NCP is also influential, public housing development has a more established role, likely due to greater political concerns about affordability and socioeconomic segregation. Competition with neighbouring municipalities may have also influenced Turku's strategy, with the city focusing on housing for middle-class, two-earner families to offset declining economic prospects. In this context, social rental housing, which serves low-income households, may have been seen as less beneficial due to its lower tax potential. A similar situation could have occurred in Tampere due to similar municipal composition within the region, but regional steering, higher net migration and a more stable economy may have contributed to more consistent housing goals there. Additionally, regional collaboration in Turku has improved with the MAL agreements. Finally, economic concerns may manifest differently in each city.

Regarding implementation, all three municipalities have substantial influence over land use and housing development, along with vast landownership, municipal planning monopoly and at least one municipally owned housing company. While all

applied market-based land pricing, Helsinki and Tampere could potentially assume stronger control over land use compared to Turku, due to a stated priority to lease land and their ownership of larger shares of land.

The most notable difference was in governance structures: Helsinki and Tampere had dedicated departments for preparing, planning and implementing housing policy, while Turku lacked such a clear administrative body. Such differences may have contributed to inconsistencies and misinterpretations in the city's political will and housing programme implementation. The results thus highlighted the local administrations' diverse tasks in supporting both market-rate and public housing development, necessitating adequate governmental competencies and capacities. Social rental housing development, in particular, requires specific competencies within the local administration because of the need to navigate between different subsidy terms, sometimes contrasting policy goals and limited plot availability. Helsinki and Tampere, with their ongoing policies and established administrations, had an advantage in developing and coordinating housing development processes compared to Turku, where the gap in development had erased essential skills, and the revival of social housing development proved difficult without expertise and a responsible department. Helsinki and Tampere were also able to explore alternatives within the nonprofit sector, although these were still marginal in scope.

To conclude, the findings suggest that Helsinki and Tampere had greater capacity to actively steer their respective housing markets, with Helsinki's use of supply-side measures being exceptional in the Finnish context. In contrast, Turku, while having similar policy goals and implementation tools, lacked administrative capacity and showed inconsistencies in social housing goals, indicating a less active role in steering the housing market. Nevertheless, all three cities face ongoing concerns about affordability, which could be curbed by taking more ambitious steps to reach their nonprofit housing targets and exploring alternatives to market-based land pricing.

8 Discussion and Conclusions

This study posited that there is much ado about urban housing affordability, yet little clarity about what it actually means or agreement on how to promote it. It framed the issue as a vexed policy problem: one characterised by persistent disagreements and difficulties in addressing the problem. I argue that these difficulties stem partly from conceptual ambiguity and that clearer conceptualisations could help us to understand the source of the disagreements and reduce ambiguity. By using Finland as an empirical case, the study asked how to conceptualise urban housing affordability as a policy problem.

This study shows that urban housing affordability can be conceptualised in different ways. It identified three central approaches: normative, consumer choice, and tenure-based. Based on the analysis, it proposes conceptualising affordability primarily as a normative question. This means adopting an explicit, normative framework that focuses on whether the relationship between household incomes and housing expenses enables adequate living standards. This normative stance presupposes that housing should be treated as a merit good and a core interest of the welfare state, with links to poverty alleviation, implying active involvement of the public sector in promoting affordability. Furthermore, the conceptualisation should emphasise the distinct features of housing, especially its location-specificity. Since housing is essentially a spatial issue, monitoring housing outcomes and designing policies should incorporate analyses of local variation.

To elaborate on this argument further, the discussion section highlights two key contributions of the study with relevance beyond Finland. Firstly, the study makes a contribution to the debate on how to define housing affordability. Secondly, it emphasises the importance of local differences in both measurement and policy analysis. The chapter also reflects on the study's limitations and future research agendas, returning to current discussions on the urban housing question in Finland and beyond.

First, the study contributes to the debate on defining housing affordability by providing a theoretical framework to parse its nuances. I argue that, despite its ambiguities, ‘housing affordability’ remains an analytically and theoretically useful concept. However, this concept requires far greater precision in how it is defined,

measured, used and applied in academic research and policy. I concur with academics such as Sendi (2014) and Hulchanski (1995), who argue that imprecision with relevant concepts risks increasing ambiguity and inaccuracy in analysing housing outcomes and inequalities. Here, the Finnish case study demonstrated how the different definitions can coexist within housing policy without any intentional decisions or coordination regarding which approach is employed to promote affordability (Article I). It also illustrated the confusion in measurement and policy that arises from imprecision, and how this contributed to affordability falling between different government bodies' mandates as a policy issue.

Importantly, as also discussed in Article I, different approaches to defining and understanding the concept carry assumptions about how to best address affordability problems. Without a clear agreement on the concept's meaning, these assumptions may remain implicit while still influencing policymaking. The study argues that the underlying logics of different conceptualisations lead to substantial differences in how the role of housing is understood—specifically, whether housing is treated as a merit good or left to market provision, as well as the extent to which the public sector intervenes in housing markets and whose interests such interventions primarily serve. Moreover, ambiguity in conceptualisation may narrow the interpretation of policy alternatives, conflating the promotion of affordability into either the improvement of market efficiency or the development of social rental housing (cf. Rasinkangas et al., 2021).

The study concludes that out of the three key perspectives identified in Article I, the normative approach is the most appropriate. Its explicit adoption in housing policy monitoring and preparation would help to plan a more comprehensive policy and alleviate confusion over affordability definitions. It steers the attention to improving housing outcomes and connects affordability with individual household-level expenditure and cost of living. As such, the normative approach effectively bridges housing and poverty studies. And, as with poverty studies, the normative approach to housing comes with a moral dimension, that is, 'how much the individual households should be expected to pay for their accommodation' (Whitehead, 1991, p. 885). As Article I shows, this perspective may already be a stated goal in housing policy in many contexts, but the main issue lies in its weak operationalisation; without clear indicators and monitoring, the normative approach cannot effectively guide policy.

However, in the context of housing affordability, I argue that the normative approach is useful primarily as a poverty-related conceptualisation, but loses its precision if used beyond the income-related association. The contemporary use of the concept suggests 'affordability' may refer to a wide variety of urban inequalities and various dimensions of housing needs and the housing market (Ezennia & Hoskara, 2021; Haffner & Hulse, 2021; Quigley & Raphael, 2004). As Quigley and

Raphael (2004) point out, this type of rhetoric risks conflating multiple, disparate issues. Furthermore, too broad a use may neglect vital dimensions. As discussed by Whitehead (1991) and Bradley (2024), the popularity of 'affordability' may have political implications where the attention shifts in economic valuations instead of broader social objectives of defining values and needs related to housing. Analogous to poverty research, the concept of 'poverty' does not grasp all societal inequalities, but broader frameworks, such as human rights (United Nations, 1948), human needs (Doyal & Gough, 1991), and capabilities (Sen, 1999), can be used to grasp the multidimensional nature of socially acceptable living conditions. In the context of housing, I argue that concepts such as access (Sendi, 2014), justice (Fainstein, 2010), the right to housing (UN-Habitat, 2009), and housing needs (Whitehead, 1991) may be more helpful in grasping the different dimensions of housing inequalities beyond income-relatedness.

Other definitions identified in this study, namely, the consumer choice and tenured-based approach, have nothing substantial to say about the relationship between housing and people (cf. Stone, 2006b); they do not clarify how to monitor housing issues other than those related to the housing market or the housing stock. The former one is closely knit with the currently dominant market-oriented approach to affordability and housing, which emphasises market efficiency. This approach is unhelpful in grasping whether societally acceptable housing needs are met or to what extent the housing market dynamics involve constrained choices or untenable trade-offs between basic needs. These are moral and political questions, not simply matters of commodity exchange (cf. Andersson, 1993). Hence, this study takes a critical view towards the consumer choice approach as it risks ignoring housing as a political question and the particularities and complexities of housing as a basic need.

Then again, the tenure-based approach risks conflating the policy goal and one policy tool to promote affordability. Particularly in selective housing systems, the tenure-based definition also equates affordability problems with marginal groups of households, implying that affordability concerns should be addressed by social policy (cf. Haila, 2015). While developing publicly subsidised or nonprofit housing is a crucial step in promoting affordability, on its own, it is an unhelpful definition. In particular, the study encourages omitting the use of the term 'affordable housing' altogether to avoid confusion. As Stone (1994) lamented already 30 years ago: 'affordable housing is at best meaningless and at worst misleading' (Stone, 1994, p. 443).

Second, the study contributes to conceptualising urban housing affordability as an issue tied to location. After all, housing is fundamentally a spatial question; housing costs vary widely between municipalities and neighbourhoods, and the location determines access to many other necessities, such as work, education, amenities and social networks (cf. Clapham 2019). Local variations are a unique

factor in housing that housing studies, poverty research and welfare state studies currently struggle to fully incorporate. Where housing studies acknowledge the importance of location, poverty research and welfare state studies have much more work to do, as, for instance, social policy rarely accounts for place and comparative studies usually compare national-level differences (cf. Haffner & Hulse, 2021; Mäkinen, 2023). Given that the drivers of (un)affordability vary widely across localities and that no universal causes can be identified (Galster & Lee, 2021a), local-level information is needed not only to monitor housing outcomes but also to plan local land use and housing policies accordingly (cf. Bogdon & Can, 1997; UNECE, 2021).

In measurement, wide variation in housing costs across localities questions the usefulness of national-level averages, as they may conceal vital nuances and inequalities related to housing. Finland is merely one example of a country where housing conditions and challenges differ significantly across municipalities and regions. This study identified data gaps as one of the main obstacles in making local comparisons. It proposes to further explore hypothetical data and microsimulations to address data gaps, as gathering new datasets is time- and resource-intensive. Article II did so by showing the usefulness of the Model Family Method as an alternative to illustrate the interconnections between location, housing costs, wages and social security at the micro level. However, concurring with the UNECE (2021) and the UN's special rapporteur on housing (OCHCR, 2023), this study also encourages local and national statistical agencies to gather and provide data sets suitable for monitoring local housing outcomes.

Furthermore, the study serves as a rare example of comparing local housing policy within one national context. It highlights how municipalities with vast autonomy in countries like Finland differ in terms of housing policy, resource allocation and balancing the economic and social goals. The pivotal role of local housing policy and governance became apparent, as Article III illustrated the substantial role of skilled and resourced local administration in forging an active role in land use and housing. Also, following Matznetter (2020a), the study suggests that, in countries where municipalities have considerable powers, large cities can diverge from the general, national-level trajectories in housing policy. In countries such as Finland, where social housing development is in a strained position (Juvenius, 2024) and politically contested between the left and right parties (Kempas & Tegelberg, 2021), such autonomy can tip the scale either way. This study indicated that municipalities' interests in economic growth and fiscal stability may supersede broader social goals (cf. Fainstein, 2010; Gurran & Bramley, 2017) and that social rental housing development targeted to households that are most in need may be a particularly difficult local political question. Hence, autonomy could mean defending social housing and actively steering the housing market (Matznetter,

2020a) or taking an opposite direction, resembling the lack of action (cf. Doling, 1997; Article III).

Overall, the study recommends conducting more research on variations within the same national context to grasp local differences in affordability outcomes, housing market drivers, and housing policy. Future research could further develop the analysis of how local housing regimes differ and how affordability is promoted in relation to the national state, potentially through the lens of the local state framework (Çelik, 2024b; Cockburn, 1977). A historical perspective, such as tracing the development of local housing regimes, as seen in studies on national housing policy (Hoekstra, 2020; Juntto, 1990; Ruonavaara, 2013), could also offer valuable insights.

The main limitations of this study relate to statistical data, intersectionality and time. Statistical data limitations related to housing are a well-known issue (Bengs et al., 2014; Haffner, 2015). Apart from being a limitation, shedding light on these data gaps serves as an unintentional finding of the present study. It highlights the lack of household-level data that would enable further analyses of local differences in affordability. More detailed combinations of location, households' socioeconomic conditions, housing costs, neighbourhood characteristics, tenures and housing quality would greatly strengthen efforts to monitor housing outcomes in cities and illuminate the local conditions, drivers and needs in housing (cf. Bogdon & Can, 1997). Furthermore, the present study is limited in its analysis of the different intersections of housing-related inequalities, also largely due to data gaps. For instance, dimensions of immigration, ethnicity and gender are lacking, all of which have been observed to affect affordability and access to housing (Auspurg, Schneck & Hinz, 2019; Reis, 2019; Saikkonen et al., 2018). Similar to poverty research, adding a temporal dimension could also provide valuable information on affordability spells and their impact on well-being (cf. Colburn et al., 2024).

Additionally, urban housing affordability is a fast-moving target to study. Consequently, some of the empirical observations concerning affordability differences and policy tools analysed in this study require updating in future studies. Since the analysis period (2018–2019), major developments have reshaped its context during the 2020s, such as the global COVID-19 pandemic (2020–2023) and Russia's invasion of Ukraine (2022–). These events have contributed to an increase in interest rates and construction costs, creating uncertainty in the housing market. In Finland, private housing development has slowed down in recent years. At the same time, housing market activity has slowed, as heightened uncertainty appears to be encouraging households to postpone decisions about buying and selling. Unusually, though possibly only temporarily, drops in house prices and even PRS rents have been observed. While finalising this study, escalating geopolitical

tensions, such as the USA's attack on Iran in spring 2026, predict further increases in energy costs and interest rates, with no end to the uncertainties around housing in sight.

However, I would argue that these changes have not significantly affected the premise of this study, but instead reinforced the need for it. The housing crisis narrative shows no fading. One reflection of this how housing affordability has been elevated to one of the EU's most pressing social policy concerns (see Introduction).

In this context, the Finnish case provides an opportunity to reflect on the consequences of ambiguously conceptualising a policy problem when combined with major societal changes. Coming into the 2020s, despite the fragmentation and ambiguities related to housing and welfare coordination, Finland was in a relatively good state in terms of housing outcomes and policy tools to promote affordability. A particular source of international attention was Finland's exceptionally low homelessness figures (Fondation Abbé Pierre & FEANTSA, 2024). In my interpretation, extensive social security and the welfare state, combined with established social rental housing stock and relatively well-protected tenancies, supported affordability and housing security even at times of crisis. Reflecting on the work of Stephens (2020; see also Grander & Stephens, 2024c), I would argue that the broader welfare state was relatively successful in reducing inequalities and alleviating poverty, and consequently, the potential inequalities of the selective housing system did not become as pronounced as they might otherwise have been.

This was apparent during the COVID-19 pandemic, when many countries had to set up emergency eviction moratoriums and temporary social security programmes to prevent masses of households from falling into homelessness. In Finland, there was little need to implement large-scale emergency measures related to housing. Still, already then, there were persistent inequalities in housing: affordability problems were concentrated in some population groups, namely, tenants and low-income households, as is typical in Europe (Hick et al., 2024).

However, recent years' developments suggest that Finland may be at a critical juncture, with an increased risk of widening housing inequality and affordability problems, particularly among low-income households (Hyötyläinen & Sutela, forthcoming). With both the welfare state and housing policy becoming increasingly austere, Finland may become an example of how a solid foundation for securing housing rights can be rapidly eroded and existing inequalities deepened.

For one, the broader welfare state is facing retrenchments, possibly narrowing the 'borders of possibility' for housing policy to alleviate inequalities (cf. Stephens, 2020; Grander & Stephens, 2024c). In 2023, the direction of Finland's national policy shifted with the formation of a right-wing government led by Prime Minister

Petteri Orpo. This government has introduced significant austerity measures, including substantial cuts to social welfare and changes to labour policies affecting trade unions' bargaining power over wages. More recently, in autumn 2025, the Finnish parliament agreed on the ‘velkajarru’ (Eng. ‘debt brake’), which aims to reduce public debt to less than 40% of GDP in the long term (Laki julkisen talouden hoitamisesta 1440/2025). The introduction of this procedure is considered historic, as it requires future governments to commit to reducing public debt. However, critical assessments of this measure have highlighted that it may introduce new and more severe austerity pressures on the welfare state. The exact consequences are currently unknown, as estimates of the required cuts to public spending vary widely, ranging from €0.5 billion to €22.4 billion between 2026 and 2031 (Eduskunta, 2025; Holappa, 2025).

In housing, the Orpo government has continued and even deepened the market-oriented approach to promoting housing affordability (cf. Hyötyläinen & Sutela, forthcoming). It has explicated that the government continues emphasising private sector development and market-oriented measures in countering the housing question (Valtioneuvosto, 2023; YM, 2026). Furthermore, unlike its predecessors, the current government has implemented cuts to both demand- and supply-side housing policy measures by slashing housing allowances and reducing support for government-subsidised social rental housing development (Valtioneuvosto, 2023). In particular, social housing development will face new uncertainties following the abolition of the dedicated housing fund that supported the development (Valtion asuntorahasto) at the end of 2025. Furthermore, the government has ended support for one type of government-supported housing development—right-of-occupancy housing—, removed requirements in MAL agreements for municipalities to allocate a share of new housing to social rental housing, and aims to increase targeting in both social security and social housing. One example of stricter targeting was re-introducing income limits to government-supported social rental housing at the beginning of 2025 (Varke, 2026).

Taken together, the affordability of housing for low-income households and tenants is being undermined from multiple directions, with the effects already being felt at the time of writing. Social security cuts alone are projected to increase the number of low-income individuals by 110,000, raise the at-risk-of-poverty rate by 2.2 percentage points and increase the GINI index by 0.7 percentage points (THL, 2025; STM, 2025). Notably, the at-risk-of-poverty rate is projected to grow among families with children and the unemployed (ibid). Social and health workers report rising financial distress and evictions among low-income households (SOSTE, 2024; Toivonen, 2024). Evictions in the largest cities increased by 80% during 2015–2024, particularly after 2022 (Mahous, Seppä & Luotonen, 2025). Homelessness has also increased for the first time in over a decade in two consecutive years since 2024

(Varke, 2025). Additionally, in some cities, such as Helsinki, municipal housing companies have considerably increased rents due to rising housing construction and maintenance costs.

Meanwhile, the PRS has continued to expand with no proposed measures to alleviate the inequality in housing costs between owners and tenants. This is in contrast to, for instance, the OECD and UN recommendations (OCHCR, 2023; OECD, 2024a). Internationally, the PRS and the role of private equity are widely discussed as contributing to urban inequalities (Çelik, 2024a), but this debate is only just now surfacing in Finland (Hyötyläinen, 2025; Hyötyläinen & Sutela, forthcoming). Amid these changes, it is telling that no comprehensive assessments exist of how policy shifts and broader contextual factors affect housing outcomes, indicating that housing remains a neglected policy area in Finland.

To conclude, housing affordability continues to pose a persistent policy problem, and is now acknowledged as such more widely, such as at the EU level (cf. European Commission, 2026). Despite growing awareness of housing crises, policy responses at local, national and EU levels have so far entailed only limited and incremental adjustments. Although some signs of state re-regulation have emerged (see Hochstenbach et al., 2025; Sutela, 2025), a comprehensive policy response is still a long way off. As shown in Chapter 2, the systematic reappearance of the housing question suggests that recognition alone has not led to long-term solutions. This raises more fundamental questions, such as why housing affordability problems persist and whether things should be done differently.

For one, this study's analysis suggests that housing governance is one part of the problem. The sectoral approach and isolated measures are ill-suited to a policy problem with such complexity (Chapter 4) and hybridity (Matznetter, 2020b) as housing. Addressing affordability comprehensively necessitates an integration of multiple policy areas, including housing, the welfare state and economic policy (see also Mazzucato & Farha, 2023; OECD, 2024; UNECE, 2021). However, Finland is only one example of a country where improving housing outcomes is fragmented across ministries (cf. Hick et al., 2022; OECD, 2020a), contributing to affordability becoming an in-between policy goal, falling somewhere between housing, land use, social, labour and monetary and fiscal policies.

However, institutional fragmentation alone cannot fully explain the persistence of affordability problems. This study argues that the dominant market-oriented approach to affordability requires urgent reassessment in Finland and elsewhere. As discussed above, this approach does little to determine whether housing needs are being met and risks overlooking housing as a political issue. Nevertheless, for decades, many countries have attempted to solve housing problems using this approach, as evidenced by the emphasis placed on supporting private sector housing development, increased deregulation in the housing market and emphasising private

investment (see Chapter 4). The results indicate worsening housing inequalities (Sutela, 2025; Wetsztein, 2021) and the deepening financialisation of housing (Celik, 2024). Crucially, this approach treats the housing issue as a temporary imbalance between supply and demand (cf. Hyötyläinen & Sutela, forthcoming). At the time of finalising this study, the newly released European Commission's 'European Affordable Housing Plan' (2026) appears to endorse this dominant approach. This raises concerns that the proposed measures will merely perpetuate the problems that contributed to the housing crisis in the first place.

Instead, perhaps it is time to admit that the crux of the urban housing question lies elsewhere and explore more system-reforming approaches that tackle the underlying social issues, as, for instance, suggested 150 years ago by Engels (Engels, 1872; see also Madden & Marcuse, 2016). Adopting a normative framework, as proposed in this study, would align with this goal. This would represent a conceptual departure from the market-oriented approach, shifting the focus towards improving housing outcomes and treating housing as a merit good rather than monitoring housing markets. In line with this, the study also cautions against treating affordability as an isolated policy objective when addressing the housing question. Instead, it suggests exploring broader concepts such as housing needs, access and justice to conceptualise the multidimensional nature of urban inequalities, while also recognising that affordability is one component of the larger social question. After all, the urban housing question in the 2020s extends well beyond affordability.

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Appendices

Appendix 1. Demographic and socioeconomic characteristics in the case study municipalities and Finland.

	CITY	POPULATION	POPULATION CHANGE 2010–2019 (%)	MEDIAN INCOME	STUDENTS* (%)	RECIPIENTS OF THE GHA** (%)	FOREIGN BACKGROUND (%)	HIGHER EDUCATION DEGREE (%)
	Finland	5,525,292	2.8	26,866	5.8	15.0	7.7	32.2
THE HMA	Helsinki	653,835	11.1	29,988	8.3	19.8	16.5	44.4
	Espoo	289,731	16.8	32,795	6.3	14.8	18.1	47.3
	Vantaa	233,775	16.9	29,355	5.5	17.5	20.6	31.4
SECOND-TIER CITIES	Tampere	238,140	11.7	25,118	10.3	23.6	8.0	37.8
	Oulu	205,489	10.8	25,855	9.3	19.3	4.5	37.4
	Turku	192,962	8.8	24,593	11.2	24.0	12.1	35.5
	Jyväs-kylä	142,400	8.9	24,780	10.6	23.1	5.4	36.7
	Kuopio	119,282	6.2	25,408	8.8	19.5	4.2	33.9
SMALLER CITIES	Lahti	119,823	2.8	24,889	5.7	20.8	7.4	29.0
	Pori	83,934	-1.3	24,924	5.5	16.9	3.6	28.2
	Hämeen-linna	67,633	1.2	26,374	4.9	15.4	5.2	32.1

Year: 2019. Source: Official Statistics Finland. *Measured as the share of recipients of the study grant. **GHA=General Housing Allowance

Appendix 2. Tenure structures and household characteristics in the case study municipalities and Finland.

	CITY	OWNEROCCUPIERS (%)	TENANTS (%)	SOCIAL RENTAL TENANTS (%)	PRS TENANTS (%)	OTHER (%)	CHANGE IN PRS 2010–2019 (%)	SINGLE PERSONS (%)
	Finland	62.6	33.7	11.3	22.4	3.7	53.3	44.7
THE HMA	Helsinki	45.2	49.3	19.2	30.0	5.6	33.9	49.3
	Espoo	54.9	38.9	16.6	22.4	6.2	99.9	38.1
	Vantaa	53.0	40.8	15.3	25.5	6.1	126.2	42.3
SECOND-TIER CITIES	Tampere	46.8	48.8	13.2	35.6	4.4	81.4	52.2
	Oulu	55.0	41.5	12.7	28.8	3.5	75.9	46.6
	Turku	46.6	49.1	14.5	34.6	4.3	59.0	53.8
	Jyväskylä	50.8	44.4	15.1	29.3	4.8	82.5	48.8
	Kuopio	56.5	40.2	15.1	25.1	3.2	64.9	47.3
SMALLER CITIES	Lahti	54.9	40.9	13.3	27.6	4.2	53.3	50.8
	Pori	64.8	33.1	4.4	28.7	2.1	49.9	48.5
	Hämeen-linna	64.3	32.8	8.3	24.4	2.9	58.5	47.7

Year: 2019. Source: Official Statistics Finland

Appendix 3. House prices and rents in the case study municipalities and Finland.

	CITY	PRS 1 ROOM (€/MONTH)	PRS 2 ROOMS (€/MONTH)	PRS 3+ ROOMS (€/MONTH)	PRS RENTS (€/SQM)	SOCIAL RENTAL HOUSING RENTS (€/SQM)	HOUSE PRICES (€/SQM)
	Finland	-	-	-	14.9	11.7	2,549
THE HMA	Helsinki	723	985	1,312	20.5	13.0	4,959
	Espoo-Kauniainen	718	926	1,233	17.3	13.0	3,578
	Vantaa	708	909	1,181	17.2	13.5	2,777
SECOND-TIER CITIES	Tampere	568	730	934	14.8	12.1	2,744
	Oulu	488	620	844	12.9	10.8	1,946
	Turku	518	674	880	13.8	11.4	2,462
	Jyväskylä	523	656	885	14.0	11.8	2,046
	Kuopio	558	694	900	14.3	11.5	1,980
SMALLER CITIES	Lahti	488	631	896	13.3	11.9	1,854
	Pori	418	513	696	11.0	11.2	1,473
	Hämeen-linna	518	693	891	14.9	11.4	1,815

Year: 2019. Source: Official Statistics Finland

Appendix 4. Gross salaries (euros/month) of cleaners in the case study cities.

	CITY	MEDIAN	1. DECILE	9. DECILE
	Finland	2,080	1,803	2,546
THE HMA	Helsinki	2,071	1,784	2,661
	Espoo-Kauniainen	2,118	1,826	2,522
	Vantaa	2,122	1,792	2,669
SECOND-TIER CITIES	Tampere	1,967	1,755	2,452
	Oulu	2,038	1,775	2,521
	Turku	2,022	1,784	2,472
	Jyväskylä	2,023	1,802	2,595
	Kuopio	2,091	1,773	2,600
SMALLER CITIES	Lahti	2,087	1,825	2,463
	Pori	2,101	1,834	2,567
	Hämeenlinna	2,113	1,791	2,441

Year: 2019. Source: Official Statistics Finland

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