



Principles of housing and land use

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Principles of housing and land use

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Introduction

The council has approved the goals of the council term and the Espoo story for the council period 2021–2025. The Espoo story is a city-level strategy guiding the city's activities and development. It is implemented through annually decided performance targets, sector-level stories, profit centre level targets and cross-administrative development programmes. Four objectives of the Espoo story are realised in the principles of housing and land use: "Espoo provides services together with the entire Espoo community", "Espoo is economically sustainable and offers competitive taxation", "Espoo is an attractive city close to nature and a safe place to live" and "Espoo will achieve carbon-neutrality by 2030." All of these principles are within the scope of the Espoo story's policy on new goal-oriented creative activities. Cooperation with universities, research, innovation and companies produces solutions with a significant carbon handprint which help to solve the global climate challenge. The city's climate objectives and the objective of overall non-deterioration are taken into account in the planning scheme and when assessing the planning of areas that are in their natural state.

The objective "Espoo provides services together with the entire Espoo community" is manifested, among other things, in the objectives of finding partners and entrepreneurs as services providers for the maritime Espoo and the coastal track who can take the winter storage of boats into account, diversifying the forms of housing for older people and other special groups, and

streamlining the preparation process of land use agreements. The provision of services will be promoted, and residents' participation and opportunities for exerting influence in their surroundings will be strengthened. Interaction will also be increased in launching basic renovation projects and energy efficiency measures in old residential areas.

The objective "Espoo is economically sustainable and offers competitive taxation" is reflected, among other things, in the objectives of securing the purchase of land and, based on this, strengthening the income base by increasing land sales and rental income. Espoo operates openly and fairly also in its relationships with landowners. Espoo's land and housing policy is responsible and long-term. Espoo engages in constructive and fair cooperation with landowners, while respecting private landowning.

The objective of "Espoo is an attractive city close to nature and a safe place to live" is manifested, among other things, as objectives to prevent segregation within different areas by ensuring diverse housing construction, to find areas where single-family house villages and urban single-family house areas can be implemented as new types of cooperation projects, to strengthen ecological connections and biodiversity, and to safeguard local forests and nature by procuring zoned green areas to the ownership of the city. In addition, the aim is to comply with the principles of sustainable development in land transfers, promote the use of wood and low-carbon materials in housing construction and reduce transport emissions by supporting the popularity of public transport, walking, cycling and electric cars by means of land policy.

The existing urban structure will be strengthened by promoting complementary development and densification while also taking into account the importance of green areas in more densely populated areas.

The following objectives are also related to the principles of housing and land use: the timing and mutual prioritisation of significant areas required by the TakE programme as well as the target level of planning volumes will be assessed so that the city's overall economic efficiency in terms of urban structure and service network implementation will be improved, and an analysis of the changes in the tax revenue and migration of Espoo employees outlined in the TakE programme will be carried out, and the necessary measures will be planned on this basis. The attractiveness of Espoo as a city close to nature and maritime residential city will be enhanced, which requires diverse and high-quality residential areas and single-family house construction in line with demand.

In the construction of urban centres, it is important to develop cooperation processes across administrative and organisational boundaries and to focus on quality, emphasising the obligation of the Espoo story: "during the council's term, the implementation targets of a dense urban centre along the tracks include Kera, Leppävaara Central North, the area near the Kivenlahti metro station and the Espoo city centre. These areas will be planned and implemented on the basis of the goals related to the function and vitality of each area and by utilising suitable forms of co-operation and a tailored development commitment."

The most important issues to be resolved in the preparation of housing and land use principles have been issues related to the diversity of housing construction, land acquisition, a steady flow of

rental income as well as sufficient reserves of business plots and the transfer of business plots. The principles of housing and land use have focused on measures that can be used to resolve issues in the long term by means of housing and land policy. This is also an obligation in the Espoo story: "We will ensure that our city has diverse and distinctive areas that also include single-family houses, comfortable apartment blocks and a sufficient number of business plots."

This programme focuses on and outlines the principles of Espoo's land policy, i.e. land acquisition, transfer and land use agreements, on the basis of existing legislation in addition to housing policy guidelines. Housing and land use principles do not include urban planning, supervision of construction, public transport and services provided by the city, although they are linked to housing and land policy. However, it is appropriate to include a number of principles in this document that should be followed in the planning in order to achieve the desired qualitative and quantitative objectives.

The implementation of the principles of housing and land use must be observed throughout the city's administration, and their implementation is monitored annually for housing in the Premises and Housing Subcommittee and for land use in the Business and Competitiveness Subcommittee.

The city administration must speed up the implementation of the policies and objectives highlighted in this document by increasing cross-administrative cooperation and by developing operating processes. This is important in ensuring the quality of the urban structure and in implementing sustainable development practices in accordance with the decisions of the Council.

Espoo's land and housing policy is fair, responsible and long-term

1. The City of Espoo will ensure that the planning and housing production targets set in the MAL agreement with the state are met.
2. The city's active land acquisition supports the achievement of the objectives of the Espoo story. Voluntary sale is the primary means of land acquisition. Redeeming is used as a last resort if a voluntary sales agreement cannot be reached but the area is important for the city due to future housing and business construction or the implementation of plans. The exercise of the right of first refusal will be considered if it can be used to acquire an area necessary for the development of the city at an acceptable price in proportion to the importance of the procurement.
3. In addition to private land ownership, the City of Espoo takes into account the development of the city's land property in order to secure the city's plot reserve and income formation, taking into account sufficient recreational areas and local nature. The land policy takes into account Espoo's rich cultural history and cultural environment.
4. A planning reservation for a plot of land owned by the city can be granted through an application, a public application procedure or a planning contest. In connection with the reservation of an extensive planning entity, the volume of the building right to be transferred to the reservation recipient is recorded, taking into account that plots from the reservation

area are transferred to different types of housing production in a versatile manner. The reservation recipient participates in the planning at their own cost and risk. Planning costs are not reimbursed in the pricing of plots. If necessary, a cooperation agreement or, if the ownership of the area is not uniform, a planning start-up agreement will be drawn up as the basis for the planning reservation.



Attractive housing and business areas with services are planned in Espoo

5. The City of Espoo promotes the implementation of the prepared production plan for student housing in cooperation with the state and operators building student housing. The City of Espoo commits itself to enabling the construction of more student housing, especially in Otaniemi and its vicinity, in order to strengthen the international attraction of the campus area.
6. The City of Espoo ensures that housing for older people with disabilities, in poor condition or with memory disorders, substance abuse and mental health rehabilitees and other special groups are built in a needs-based manner.
7. The City of Espoo will reduce homelessness, paying particular attention to homeless families with children and aiming to eliminate long-term homelessness by 2027 in cooperation with the wellbeing services county. The City of Espoo requires that in state-subsidised rental housing units with the exception of special group housing, at least 60% of the applicant households selected as residents are households in an urgent need for housing. Homelessness and the exclusion of residents are also prevented by providing housing advice.
8. Espoon Asunnot Oy will start building 300 new apartments each year on average. The city ensures that Espoon Asunnot Oy gets the plots it needs.
9. Espoon Asunnot Oy determines the rental fees for non-subsidised and unrestricted housing on the same principles as rental fees for housings subject to restrictions on use and transfer.
10. Espoon Asunnot Oy leases non-subsidised residences that have been released from restrictions on use and transferral to persons recruited to work for the City of Espoo.
11. Espoon Asunnot Oy mainly considers dwellings released from restrictions on use and transfer as rental dwellings. Non-subsidised residential properties that have been released from restrictions on use and transfer as well as individual housing units in housing companies can be sold to increase the company's equity ratio, to prevent segregation and to start basic renovations at an earlier schedule to a small extent so that the net number of housing units does not decrease. In particular, the company will bring forward the renovations of façades and yards. Residents living in the housing units on sale are offered housing from the housing stock of Espoon Asunnot Oy in accordance with the valid laws and instructions governing resident selection.
12. In land transfer and land use agreements, the City of Espoo is responsible for the realisation of affordable housing production in such a way that approximately 20% of housing production is rental housing and right-of-residence dwellings implemented with a long-term (40-year) subsidised loan or other state-subsidised dwellings with different funding models, however at least in accordance with the MAL agreement. State-subsidised rental housing with a long-term interest subsidy loan may account for approximately 15% of housing production or at minimum as approved in the MAL agreement. Approximately 5% of subsidised housing production is aimed at housing for special groups.
13. The City of Espoo places state-sponsored housing production in different parts of the city. As a rule, new interest-subsidised rental housing is not built in areas with a special segregation risk. When building new areas, the segregation of residential

areas is prevented by allocating both non-subsidised and state-sponsored housing production to block areas and ensuring that new and renovation construction will increase the value of the areas.

14. The aim of the City of Espoo is that in normal rental housing sites supported by the state with a long-term (40-year) interest subsidy loan, 20% fewer parking spaces could be built than on non-subsidised sites. The number of parking spaces required at student and adolescent housing may be lower than above.
15. If necessary, the City of Espoo will steer the management form and apartment type distribution of residences in land use agreements and land transfers. Guidance ensures versatile housing production that serves the housing needs of Espoo residents.
16. Prioritisation of land use plans follows the principles of housing and land use in order to develop a diverse housing structure.
17. The City of Espoo reviews the existing local detailed plan entries on additional building rights and finds out how the additional building rights promote the intended objective.
18. The City of Espoo invests in aesthetic and technically high-quality construction. In the application procedures for plots owned by the city, quality competitions are used on a case-by-case basis to increase the diversity of housing and improve the quality of apartment block construction. The significance of art will be taken into account in creating the comfort and safety of residential areas, and the implementation of regional art programmes will continue.
19. The City of Espoo promotes new ways of implementing residences, such as building partial ownership apartments, building multigenerational block areas, group construction, building of single-family urban houses, increasing the adaptability of housing production and building shared spaces and blocks.
20. The City of Espoo will contribute to increasing the use of wood and low-carbon construction materials in both new construction and renovation. Where possible, the city utilises the green factor in land use planning.
21. The City of Espoo promotes opportunities to implement different circular economy solutions in construction, such as the reuse of construction and demolition waste and changes in the uses of buildings.
22. The City of Espoo promotes an operating model for neighbourhood cooperation in order to launch energy efficiency measures and increase the experiences of residents' inclusion. Segregation between residential areas is combated by investing in projects that increase the comfort and safety of the environment in areas dominated by rental houses and in low income areas.
23. The City of Espoo promotes a more business-friendly operating environment for entrepreneurship and business activities, and welcomes the development of diverse business activities in different fields in order to create more jobs in Espoo.
24. Ensuring that public and private services and versatile offering of jobs meet the needs requires preparedness for increasing the versatile supply of plots in land use.

Land Use Agreements are used to cover the costs of urban construction and to implement land and housing policy objectives

25. Compensation based on increase in value is used. The minimum amount of significant benefits leading to negotiation is EUR 450,000. Contractual compensation is only charged for benefits exceeding the contract threshold. The contract threshold is specific to the landowner and is based on the status of landowners at the participation and assessment plan stage. All entities belonging to the same group are considered to be one landowner. The land ownership of a private person is calculated taking into account ownership interests in different properties and ownership also through companies.
26. In determining the benefit, the costs of demolition are, as a rule, reimbursed for existing buildings. On a case-by-case basis, additional reductions may be granted for buildings currently in use with residual service life in areas where the need for densification of urban structure is particularly high. If an additional deduction is granted, a deadline is set for the demolition of the building. A maximum of half of the landowner's mandatory planning costs can be compensated as a benefit-reducing factor.
27. Land use agreements also ensure diverse housing production in terms of housing distribution and types of production, taking into account state-subsidised housing production in accordance with principle No 12. Regional special conditions may be included in land use agreements in order to achieve the city's performance targets, for example in relation to sustainable development.
28. Compensation rates and payment schedule
 - » Areas covered by the first local detailed plan 55%
 - » Changes to the local detailed plan
 - Residential building plots still for housing (complementary development) 45%
 - Residential building plots in a special area 50%. Special areas such as the impact areas of rail traffic.
 - Zoned business plots in connection with the change in use 55%.
 - If the business plot site is undergoing intensified use, i.e. the use of the area does not change, 40% except in special areas 45%.
 - » The compensation percentage may be higher if it is necessary to cover the construction and other costs of municipal engineering.
 - » A payment schedule is always agreed upon for the payment of compensation and a deadline is set. These are determined on a case-by-case basis by taking into account the nature of the planning area, construction conditions, land ownership and the market situation of the plots. In the areas covered by the first local detailed plans, the payment date shall be no later than two years after the date on which the contract area or part thereof is ready of construction in terms of the construction of municipal technology, unless otherwise agreed for a special reason.

Procurement of plots for the needs of housing and business life is open, equitable and competitive

29. Housing plots are sold or leased for professional construction by means of price competitions or other public application procedures. The application procedures emphasise feasible innovative project ideas that develop housing and construction, if necessary through quality competitions.
30. Each year, the city transfers 200 plots of land to the use of independent construction. The revenue of land sales are used to accelerate municipal technical investments.
31. The creation, development and preservation of distinctive residential areas will be promoted. Projects to be implemented include the single-family house village project and the urban single-family house project, which will lead to the planning and implementation of single-family house villages and urban single-family house areas in accordance with the policies of the Espoo story.
32. When transferring plots, versatile production of housing is taken into account in the distribution of housing and forms of production. If the city sells a plot to a professional operator that further subleases the plot, the city requires land rental terms that are reasonable for the residents of the plot.
33. Detached house lots intended for independent construction are handed over by means of an application procedure based on a draw. On a case-by-case basis, a price competition may also be organised in order to determine the price level of new areas or for plots located in areas with high demand.
34. Plots for non-subsidised housing production are priced on the basis of the market value.
35. Some of the plots are only transferred by leasing without a purchase option.
36. Principles for rental plots:
 - » Rental period 60 years.
 - » The annual rent of 4% of the capital value of the plot is tied to the cost-of-living index, however, ensuring that the rent remains at the market value level by means of an annual minimum increase of 1% and a double adjustment of the capital value during the rental period.
 - » At the end of the lease period, the leases to be renewed are checked at market value.
37. Construction obligation: at least 70% of the permitted building area must be constructed within three years of the transfer of the plot.
38. Business plots are transferred on the basis of applications or through a public application procedure or a price or quality competition.
39. The method of transferring business plots is primarily rental. Significant commercial and office plots can be sold on a case-by-case basis. Plots for community development related construction are only leased.
40. Plots are priced on the basis of the market value.
41. Principles for rental plots:
 - » As a rule, the lease period is 30 years. On a case-by-case basis and when extending/renewing leases, the lease period may also be shorter.
 - » Annual rent of 6% of the property's capital value, tied to the cost-of-living index.
 - » At the end of the lease period, the leases to be renewed are checked at market value.

42. Construction obligation: at least 70% of the permitted building area must be constructed within three years of the transfer of the plot. The construction obligation may be lower if, taking into account the nature of the activities, a larger yard area is necessary and serves the purpose of the plot efficiently.
43. Areas to be transferred for sports activity use are priced on the basis of the market value.
44. The areas will only be transferred by leasing.
45. The annual rent is 5% of the property's capital value.
46. Rental period 5–30 years. The length of the lease period depends on the size of the investment required by the project.
47. Plots of public buildings are primarily allocated to the city's own activities.
48. Plots of public buildings are primarily transferred to private parties for the needs of Espoo residents through public application procedures. A planning reservation may also be granted directly to the project developer for the planning and plan development of public services in an area that has not already been planned as a Y plot.
49. Plots of public buildings are rented. The capital value and rental percentage as well as rental period of the plot are determined according to the use to which the plot is transferred: housing 4%, other plots 5%.
50. Plots must be implemented as efficiently as possible. As a rule, the construction obligation is 90% of the permitted building area and, depending on the nature of the project, the site must be built within 2–3 years of the site being transferred. The construction obligation may be lower if, taking into account the nature of the activities, a larger yard area is necessary and serves the purpose of the plot efficiently.

Land property is managed sensibly and cost-consciously

51. Temporary use of land undergoing change of use and idle land will be intensified by enabling residents and communities to make use of the areas for temporary and short-term projects and events that increase communality in suitable locations.