

Land management for urban dynamics in Finland

Delineation and allocation of rights within the regulatory framework, development practice and planning culture

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Keywords: land management, land development, Finland

Abstract

This report discusses the land regime and planning tools for management of urban land development processes in Finland. First, the spatial planning system is introduced in general. Then the distribution of rights given by the regulatory framework related to land management issues is discussed in more detail. An attention is paid to rights and obligations of the municipality in the urban land development process, the balance between certainty and flexibility in development control, and obligations concerning infrastructure provision. After discussing the 'hard infrastructure', the law, rules and formal responsibilities in the Finnish system, the article will provide insights into 'soft' institutional infrastructure of practices in urban land development processes, informal rules and current issues in relation to land management in the country. Article ends by discussing planning culture in Finland in the light of planning theoretical thought.

Introduction

Finland is a northern country with 5.3 million inhabitants, has an area of 338.000 square meters and an average density of 15.7 people per sq. Since 1917 Finland has been an independent parliamentary republic. About a quarter of the population lives in the Helsinki metropolitan area. Finland is divided into 18 counties (maakunta). Part of Finland - the Åland Islands (Ahvenanmaa) - is an autonomous region. There are 336 municipalities (kunnat) since the beginning of 2011. The sizes of the municipalities in Finland vary a lot in terms of the number of inhabitants.

Currently the Land Use and Building Act (LUBA 132/1999) of 1999 which came into force on 1 January, 2000 (with later amendments) provides regulations for planning and building development.

The spatial planning system in Finland is hierarchical with different levels of land use planning. However, planning is not obligatory at all levels. A plan drawn on more general lines guides the drawing of a more detailed plan but a more general plan is not valid in an area with a more detailed plan. The plan is presented on a map (with an exception to planning at the national level). At the national level, land use objectives of national significance are decided. The national land use guidelines indicate which issues should be taken into account all over the country in all levels of land use planning. The revised national land use guidelines adopted by the Government on 13 November 2008 provide nowadays a roadmap for sustainable land use. The main area of focus in new guidance are: 1) a more coherent urban structure and reduction of the volume of traffic, 2) land use and energy issues, 3) adaptation to climate change, 4) housing production, transport and land use in the Helsinki region. The regional level of planning includes the regional scheme, the regional plan, which steers other land use planning, and the regional development programme. On the local municipality level, land use is organised and steered by two main land-use plans: the local master plan (yleiskaava) and the local detailed plan (asemakaava).

The municipality's role in the land development process

The Finnish municipalities, as basic units of local administration, are responsible for land use planning and building issues in their area and promotion of a healthy living environment. As a rule, Finnish municipalities have a so-called planning monopoly, which is understood in the way that they have the right to decide about the content and areas covered by land-use plans elaborated at a local level. Therefore Finnish municipalities initiate and carry out the process of plan elaboration quite independently. Without the land-use plan the development is almost impossible in urban areas, thus the role of the municipality is really significant when concern the urban development process. Negotiations and hierarchy of planning are main instruments of the state authority in Finland which interfere with the municipal planning monopoly. The municipality can refuse to plan an area and in this case private landowners have no real instruments to develop their land in urban areas. On the other hand, in the detailed plan area the municipality even has a right to issue an owner a reminder to build or municipality can also expropriate the land.

The balance between certainty and flexibility in development control

The development control in Finland is an administrative procedure based on a permit system. When the application for a building permit fulfils the obligations imposed by law, the permit must be granted (judicial discretion). The role is that buildings may not be built in violation of the local detailed plan. A building permit may also not be granted if it hinders implementation of the local master plan.

The economic right in land development process

Planning charges on the increment in land value due to the approval of the local detailed plan was not mentioned in the planning legislation before 2003. But it was a normal practice that municipalities collected these kinds of payments on the basis of civil law agreements. According to the articles of LUBA added in 2003, a landowner who gains a remarkable profit of a detailed plan may be obligated to pay compensation for the infrastructure to the municipality.

Practice of urban land development

As might be seen from the description above, the municipality in Finland has a special position in the development process. This is expressed in its ability to use law to enforce its ideas. However in practice, there are big differences between municipalities in Finland concerning land policy, planning and the use of instruments, which promote the implementation of land-use plans. The generalization made at the country level must be made with caution. Some of the municipalities persuade an active land policy. Many others are quite passive concerning plan implementation and land acquisition.

In municipalities with mainly privately owned land (e.g. the city of Espoo), the municipal council often follows a more development-led line according to the interest of the landowners and construction companies. In Finland the private companies concerned with urban land development are mainly big construction companies. It has been a common practice for a long time that construction companies enter into negotiation with the planning authority for the realisation of their development project.

On the other hand for example Helsinki, the capital, traditionally persuades an active land policy owning over 50% of its administrative area (also e.g. the city of Oulu). Active land policy means that the municipality buys the land, puts an infrastructure on it and then disposes the building sites to private parties or develops further land by using its own resources. Usually after the formulation of the direction of spatial development of the city, the municipality is starting at once, the land acquisition. By acquiring areas for urban development before the area is planned the municipality can carry out its housing and other policy plans and also capture an increase in land value due to planning. It is worth emphasising that the active land policy is strongly influenced by the municipal land ownership, which has a long tradition in Finland. Finnish towns established before 1906 (35 towns in total, which currently account for approximately one-third of all towns in Finland) received donated land from the former sovereigns. Sale of donated land was prohibited till 1943, when the restrictions on selling urban land was first partially removed in respect to land located outside the town's planning areas. The municipality could sell land in all areas just in 1962.

However, in general in Finland the role of the public sector authorities in housing production and regulations has been decreasing. The use of an active land policy has worked well when development has occurred on raw land. Nowadays the trend of the inner city re-development brought more involvement of private landowners into

the development process. This resulted also in increased significance of public-private contracting. Currently the typical phenomenon of land development in many bigger Finnish cities are land use and development agreements, which are the result of active cooperation with developers or land owners in land-use planning and development.

Therefore on the one hand we have a situation of so-called active land policy, where the public sector takes the lead in land development process. On the other hand there are situations where passive land policy prevails and private actors take an initiative only in the implementation of a land-use plan. In between there are possibilities of cooperation in the preparation of a land-use plan and so-called negotiated urban development. According to Viitanen *et al.* (2003, p.59) the share of the development on the municipal assigned land is approximately 50% to 60% of all developments. By estimation 10% to 20% of plans involve land use agreements and the popularity of agreements in the municipalities is increasing.