

Allocation of Municipal Land in Finland for Building Purposes.

By *Yrjö Harvia* M. A. General Secretary of the League of Finnish Municipal Boroughs.

As regards ownership of land the Finnish municipalities are particularly favourably situated. In comparison with the municipalities of other countries they can be said to occupy a special position, for it is a fact that the towns of Finland own practically the whole of the land within their boundaries. Their position in this respect is chiefly an inheritance from the town policy followed by the State in past centuries. During the period of mercantile development the governmental authority in the Kingdom of Sweden and Finland sought by every means in its power to promote the founding of towns and to assure the future prospects of these. In the circumstances of natural economy then prevailing the donation of land to towns was one of the most effective means of facilitating both the local economy of municipal boroughs and the conditions of existence among the burghers. From the sixteenth century onward the towns received therefore extensive grants of land from the State, a policy followed by the Government right up to the middle of the nineteenth century. These donations form even today the greater part of the municipally owned land in Finland.

A condition generally attached to such donations was that the land thus given was not to be made over with full property rights to any private individual. Not until later in the nineteenth century were the towns given permission to sell, with full property rights, sites previously marked out in a town-plan that had received Government approval. In the laws now in force this prohibition is embodied in the law of 1873 relating to the municipal administration of towns, modified however by a clause entitling towns also to sell (subject to the approval of the State Council) other donated lands than approved building-sites. The towns have nevertheless refrained from making use of this privilege. The prohibition against alienating donated municipal land has thus protected the real estate of the towns against the tendency to deprive municipalities of their land, which showed itself in so many other countries at the time when individualistic principles of economy were at their height.

After the Government had ceased to follow the policy remarked on above of donating land, the towns sought to purchase, as required, the land needed for extending their boundaries. Support was provided for this policy by the conception prevalent until quite recent years that where areas are incorporated in a town the land should be owned by the town, a point of view latterly abandoned by the Government as being in no wise expressly upheld by law and as exercising, in some measure, a deterrent effect on the extension of town boundaries.

The acquirement of new land is naturally dictated in the first instance by the views of the municipal authorities regarding the necessity for

further development. As far as possible, and as long as prices are not prohibitive, land is purchased in the direction it is expected the town will develop. Thanks to the circumstance that the towns own considerable reserves of land over and above the present demand for building purposes and are therefore seldom directly compelled to purchase land, prices have been kept in general within reasonable limits and the sums paid for additional land have usually not been unprofitably high.

One need not however disguise the fact that many towns have neglected, in spite of favourable offers, to take advantage of opportunities to purchase in time land that has later been needed. A tendency for suburbs to form on privately-owned land has made itself felt in several cases. Often a town has subsequently been obliged to purchase the land on which such suburbs have formed. This has usually been made easier than it otherwise would have been by the fact that these suburbs are, as a rule, built on leasehold land, so that possibilities for later adjustments have not been lacking. A pregnant example of the repairing of former sins in regard to the acquirement of land is provided by the town of Wiipuri (Viborg), where an extremely complicated problem of incorporation, perhaps the biggest case of its kind in North Europe, has had to be solved. Here the town subsequently purchased a suburban area which in extent and population equalled in size the town itself.

The towns are regarded as possessing the right to expropriate land needed for extending the municipal boundaries, but in no single case has it proved necessary for a town to have recourse to this right.

The outcome of the earlier Government policy of donating land and the policy followed during recent decades by the towns themselves is, as remarked, that the towns are the sole owners of all the land within their boundaries, with the exception of the sites sold for building purposes. The total area of building sites sold amounts to no more than 3.5 per cent. of the combined area, in other words the landed property, of the towns. In the larger towns the figure is naturally slightly above this average; thus, in the capital, Helsinki (Helsingfors), it is 6.2 per cent., and in the next largest town, Turku (Åbo), it is 10.2 per cent. The aggregate area of municipally owned land in the combined towns of Finland works out at 2,155.6 sq. m. per inhabitant. In this respect also the figures for the larger towns are slightly less favourable. In the four largest towns the area of municipally owned land per inhabitant works out at:

Helsinki (Helsingfors)	438.4 sq. m. per inhabitant
Turku (Åbo)	639.3 " " " "
Tampere (Tammerfors)	557.3 " " " "
Wiipuri (Viborg)	911.9 " " " "

Against this, certain small towns can boast of figures greatly exceeding the average for the combined towns. Thus, the little town of Tornio (Torneå) in the topmost corner of the Gulf of Bothnia owns 50,092.3 sq. m. of land per inhabitant. Another northern town, Kajaani, owns 22,501 sq. m. per inhabitant, etc. Of the aggregate area of the combined towns an average of 10.7 per cent. is devoted to various building purposes, the corresponding figure for Helsinki being 22.9 per cent., Turku 30.6 per cent., Tampere 31.4 per cent., Wiipuri 18.2 per cent., etc. In Kajaani the built-over portion of the town's area is only 1.3 per cent., and in Tornio 1.9 per cent.

The areas not needed for building purposes are put by municipalities to various temporary uses. It might be mentioned in passing that municipal afforestation in this "Promised Land" of forestry plays an important part in municipal economy. Municipal forests are administered in conformity with a forestry scheme approved by the governmental authority in this field. The areas not given over to forest are used by the municipalities for various agricultural purposes. Some of the Finnish towns, such being Helsinki, Tampere, Oulu (Uleåborg), Rauma and Lahti, are interested in fairly extensive agricultural undertakings. The results have not been particularly favourable, as only with great difficulty have income and expenditure been made to balance in this respect. A tendency to relinquish municipal farming is consequently apparent. Municipalities not directly engaged in farming their own fields and meadows lease them in small allotments to inhabitants of the borough for periods varying between 5 and 25 years.

Towns are built to conform with a town plan adopted by the Town Council and approved by the Government. As the towns own the land within their boundaries, all building in areas not included in the town plan is impossible without the permission of the municipal authorities. Town plans are extended on municipalland as the demand for such action arises.

As mentioned above, municipalities are entitled to sell building-sites marked out in the town plan. The form of conveyance mostly used in allocating building sites within the town planned area is still the sale. Payment is usually at the rate of one-tenth annually over a period of ten years. No possibilities exist of reserving to the municipality the right to repurchase sites thus sold. To prevent unsound speculation in building sites, a clause is inserted either in the building regulations of the town or in the deed of sale to the effect that the site must be built over within a certain period of years, usually three. Where a clause of such nature is contained in the municipal building regulations and the building has not been carried out the site affected is sold after the expiration of the three-year period by public auction and the proceeds handed over to its former owner. Where the clause is introduced into the deed of sale the penalty usually takes the form that the price of the site is to be raised every three years by 100 per cent. so long as it remains unbuilt, until the price has risen by 300 per cent.

Meanwhile, in allocating sites for cheap dwelling accommodation, conveyance by lease has come into fairly extensive use during the past two decades. This method of allocating sites is usually used on the periphery of a town, where a denser population, demanding adjustments in the town plan, can later accumulate. This policy is further strongly supported by the desire that the municipality should benefit by subsequent rises in land-values. Leases usually extend to fifty years in the case of wooden buildings, the type of building still most common in Finland. In the case of buildings of three stories or brick buildings of greater height, leases are granted for from 80 to 100 years. On the expiration of a lease it is then prolonged for a further 10 to 20 years, after which the municipality is entitled to a return of the site on demand. For the eventuality that the municipality should be unwilling to renew the lease, it agrees to indemnify the leaseholder for the buildings on the site up to from 50 to 75 per cent. of their technical value at the expiration of the lease. Ground-rents are fixed for the whole duration of a lease. However, to

enable the municipality to participate in the rise in the value of land also during the term of the lease, it is usual for the ground-rent to rise each ten years by a certain sum, generally 10 to 25 per cent. of the initial rent. During the last two decades of a lease the ground-rent is left unaltered.

The effect of municipal land-policy on building and in particular on the supply of cheap dwelling accommodation is difficult to determine. Owing to the disturbances brought about in all economic life by the Great War, the supply of new dwelling accommodation has in general been subjected to so many different influences and has been affected by so many factors that it is hard to decide what part municipal land-policy can have played here or there. It would seem therefore to be impossible to formulate a satisfactory answer in this respect. Nevertheless it should be mentioned that during the worst building crisis, the municipalities saw themselves compelled to allocate sites for cheap dwelling accommodation gratis. Only on this condition could the towns obtain non-repayable subsidies from the Government with which to finance building during the crisis. Without such sacrifices on the part of the municipalities it would probably have proved impossible to induce any building activity whatever towards the provision of cheap housing accommodation.

As a general criticism against the application of the leasehold principle in allocating building sites it may be remarked that the builder on leased land finds it impossible to obtain the mortgage loans he may chance to need either to the same extent or on equally favourable terms as the builder with property rights in his site. The towns have consequently, partly for this reason, partly to promote in general the production of small dwellings, found it necessary to establish special funds, out of which second mortgages are granted to builders of cheap dwelling accommodation. Such loans usually amount to from 25 to 30 per cent. of the cost of building and may in no case exceed from 75 to 80 per cent. of building costs. With the aid of this system a number of towns have been able to obtain very good results.

Summary.

As regards ownership of land the Finnish municipalities are particularly favourably situated compared with other countries, for the towns own practically all the land within their boundaries. This is mainly due to the policy of the State pursued in the past whereby the State gave land for founding towns; a policy which continued up to the nineteenth century. These donations of land were usually made on the condition that the full property rights should not be given to private individuals. Late in the nineteenth century this prohibition was modified, but the towns have mainly kept land in their own hands. There has also been a considerable amount of municipal purchase of land, usually in those areas where the town was expected to develop. The prices have normally not been excessively high. Towns have the right to expropriate land, but in no case has it been necessary to exercise it. Figures are given in the paper of the percentage of land in the area that has passed out of the property of certain towns, also of the area of municipally owned land per inhabitant. For this latter the figure for the whole country is 2,155'60 sq. m. per inhabitant.

Municipal land not needed for building is put to various temporary uses, much of it to afforestation under a scheme co-ordinated by the

government, while other parts are devoted to agriculture. There is a tendency to give up municipal farming and lease the land to farmers for from 5 to 25 years.

As towns own practically all land within their boundaries building contrary to town plan is impossible. Plans are extended as the need arises. In selling building land municipalities restrict themselves against unsound speculation by stipulating that building must be within a certain period, usually three years.

The leasehold system has come into fairly extensive use during the past two decades for areas for cheap houses. In granting these leases the municipality usually endeavours to secure some of the increase in value that will arise.

During the worst period of the building crisis some municipalities found themselves compelled to allocate further sites for cheap houses so as to obtain the subsidies from the government.

Builders on leasehold land find it impossible to obtain mortgage loans on as good terms as for freehold. Towns have, therefore, partly for this reason and partly to promote house building, found it necessary to establish funds for second mortgage loans. Usually they are 25 to 30 per cent. of building costs and in no case more than 75 to 80 per cent.

Sommaire.

En ce qui concerne la propriété du sol, les communes finlandaises se trouvent dans une situation particulièrement favorable par rapport à celle d'autres pays, car, pratiquement, les villes possèdent tout le terrain compris dans leurs limites. Ceci est dû surtout à la politique suivie par l'Etat dans le passé : il donnait du terrain pour la fondation de villes ; cette politique fut continuée jusqu'au XIXe siècle. Ces dons de terre étaient faits ordinairement sous condition que les droits complets de propriété ne seraient pas donnés à des particuliers. Tardivement dans le cours du XIXe siècle, cette défense fut modifiée mais les communes ont conservé pour la plupart la propriété du terrain. Une grande quantité de terrain fut aussi acquise par des municipalités généralement dans les zones où devait probablement se produire l'extension de la ville.

En général, les prix n'ont pas été excessivement élevés.

Les villes ont le droit d'exproprier le sol, mais en aucun cas il n'a été nécessaire de l'exercer.

Dans le rapport sont donnés, pour certaines villes, les chiffres du pourcentage de terrain sorti des mains de la municipalité, relativement à l'étendue totale de la commune, ainsi que l'étendue de terrain possédée par la commune par tête d'habitant. Pour ce dernier point, le chiffre pour l'ensemble du pays est 2,155.60 mq. par habitant.

Le terrain communal qui n'est pas nécessaire à la construction est affecté à divers usages temporaires, pour la plus grande part au reboisement, selon un plan coordonné par le gouvernement tandis que d'autres sont consacrées à l'agriculture.

On a tendance à abandonner l'agriculture municipale et à céder à bail le terrain à des fermiers pour un délai de 5 à 25 ans.

Comme les villes possèdent pratiquement tout le terrain enclos dans leurs limites, toute construction en désaccord avec le plan de ville est impossible. Les plans sont étendus au fur et à mesure des besoins. En vendant du terrain à bâtir, les communes se défendent elles-mêmes d'une

spéculation malsaine en stipulant que la construction doit être effectuée pendant un certain délai, trois ans ordinairement.

Le système du bail à long terme a été assez largement employé durant les deux dernières décades pour les zones de maisons à bon marché. En accordant ces baux, la municipalité s'efforce ordinairement d'assurer une part de la plus-value à venir.

Durant la pire période de la crise de la construction, quelques municipalités se trouvèrent forcées de lotir de nouveaux sites pour les maisons à bon marché de façon à obtenir les subsides du gouvernement.

Les constructeurs sur les terrains cédés à bail trouvent impossible d'obtenir des prêts sur hypothèques à des conditions aussi favorables que s'ils en avaient la propriété complète. Les villes ont trouvé nécessaire — en partie pour cette raison et en partie pour encourager la construction de maisons — d'établir des caisses de prêts sur seconde hypothèque. Ordinairement, ces prêts représentent 25 à 30 pct des frais de construction et en aucun cas ils ne dépassent 75 à 80 pct.

Auszug.

In Bezug auf Grundbesitz befinden sich die finnischen Stadtverwaltungen im Vergleich mit anderen Ländern in einer besonders günstigen Lage, denn die Städte besitzen tatsächlich alles innerhalb ihrer Grenzen gelegene Land. Dies ist hauptsächlich auf die in der Vergangenheit befolgte Politik des Staates zurückzuführen, wonach der Staat das zur Gründung von Städten erforderliche Land zur Verfügung stellte, eine Politik, die bis ins 19. Jahrhundert fortgesetzt wurde. Diese Bodenschenkungen wurden gewöhnlich unter der Bedingung gemacht, daß Privatpersonen nicht die vollen Besitzrechte überlassen werden durften. Erst spät im 19. Jahrhundert wurde dieses Verbot eingeschränkt. Doch haben die Städte den Boden in der Hauptsache in ihren Händen behalten. Die Gemeinden kauften auch bedeutende Landstrecken an, hauptsächlich in jenen Gebieten, in denen eine Stadterweiterung vorauszusehen war. Die Preise waren in der Regel nicht besonders hoch. Die Städte haben das Recht, Land zu enteignen, aber es war noch in keinem Fall nötig, davon Gebrauch zu machen. Im Vorbericht sind Ziffern angegeben über den Prozentsatz von Grund und Boden, der aus dem Besitz gewisser Städte geschieden ist, ebenso des auf den Einwohner entfallenden Gemeindegeländes. Die Ziffer für das ganze Land beträgt 2155·60 m² auf den Einwohner.

Gemeindegelände, das nicht für Bauzwecke gebraucht wird, wird vorübergehend für verschiedene andere Zwecke verwendet. Ein großer Teil davon wird gemäß einem von der Regierung aufgestellten Plan aufgeforstet, während andere Teile der Landwirtschaft gewidmet werden. Es besteht eine Strömung, die Bodenbewirtschaftung durch die Gemeinden aufzugeben und das Land an städtische Landwirte auf 5 bis 25 Jahre zu verpachten.

Da den Städten tatsächlich der ganze Boden innerhalb ihrer Grenzen gehört, ist ein Bauen im Widerspruch zum Stadtplan unmöglich. Die Pläne werden nach Bedürfnis auf weitere Gebiete ausgedehnt. Beim Verkauf von Baugelände beugen die Gemeinden der ungesunden Spekulation durch die Klausel vor, daß der Bau innerhalb einer gewissen Zeitspanne, gewöhnlich innerhalb von drei Jahren, fertiggestellt sein müsse.

Das Pachtsystem hat sich während der vergangenen zwei Jahrzehnte bei dem für Kleinhäuser bestimmten Gelände stark eingebürgert. Bei der

Verpachtung ist die Gemeinde gewöhnlich bestrebt, sich einen Teil des zu erwartenden Wertzuwachses zu sichern.

Während der ärgsten Periode der Wohnbaukrise sahen sich einige Gemeinden gezwungen, weitere Gebiete für Siedlungshäuser zuzuweisen, um die Subventionen der Regierung zu erhalten.

Es ist unmöglich, auf Pachtland für Bauzwecke Hypotheken zu ebenso guten Bedingungen zu bekommen wie auf freiem Grundeigentum. Teilweise aus diesem Grund und teilweise zur Förderung des Wohnungsbaues haben es die Städte für nötig erachtet, Gelder für zweite Hypotheken bereitzustellen. In der Regel betragen diese 25 bis 30% der Baukosten, so daß einschließlich der ersten Hypothek 75 bis 80% gedeckt sind.