THE STATE OF HOUSING IN EUROPE – 2025

FINLAND

	# OF DWELLINGS	% OF TOTAL
Social housing	497,000	15.0
Right of occupancy housing	53,000	1.6
Other rental	722,000	21.8
Owner-occupier	2,044,000	61.6
Total	**3,316,000**	

SOURCE: KOVA estimates, based on Statistics Finland and the Finnish Environment Institute data for 2022.
NOTES: Right of occupancy' housing is a tenure between owner-occupied and rental housing, whereby the resident obtains tenancy by paying 15% of the purchase price.
All figures presented in the table above include also vacant dwellings. However, 'summer cottages' and other homes not intended for permanent long-term residence are excluded.

THE ROLE OF PUBLIC, COOPERATIVE, AND SOCIAL HOUSING PROVIDERS

In Finland, social housing is referred to as 'state-supported affordable rental housing'. Supported until recently by the Housing Finance and Development Centre of Finland (ARA), social housing is provided by different types of legal entities. However, by far the most common type of provider (75-80% of the social housing stock) are municipal housing companies[1].

KOVA is the national umbrella association bringing together municipally-owned rental housing companies and foundations, as well as other non-profit housing organisations. Its members' ownership covers about 330,000 housing units, housing half a million people.

DYNAMICS OF HOUSING SUPPLY

Since 2020, the newly added units have been 2,700, 3,800, 5,200, and 4,600, respectively by Housing Europe member KOVA. Construction of new subsidized housing in 2005 is expected to decrease from 2024 levels due to lower interest subsidy loan authorization.

Finland's annual authorization for interest subsidy loans and investment grants for state-subsidized housing fluctuates year to year. Compared to last year, there has been a sharp decrease: €2.25 billion were authorized for loans in 2024 and €1.75 billion in 2025, while investment grants for special-needs housing fell from €63 million to €15 million.

The reduction in subsidies is also likely to affect renovations negatively at a critical time, as a large portion Finnish state-subsidized housing was built during the 1980s and 1990s and is or will soon be in need of refurbishment.

HOUSING NEEDS TODAY

Finland currently lacks official estimates of unmet housing needs, but a 2025 recent study[2] estimates that between 31,000 and 36,000 new apartments are needed annually. However, only about 18,000 units overall were started in 2023 and 2024. There are no nationwide construction targets, but the agreements on land use, housing and transport (so-called MAL agreements) for the seven largest urban areas include local production goals.

RECENT DEVELOPMENTS IN HOUSING

In Finland, several policy shifts are reshaping state-subsidized housing. The government will end the production of right-of-occupancy apartments in 2025 (a type of tenure between owner-occupied and rental housing whereby the resident obtains tenancy by paying 15% of the purchase price) without finding a viable interim alternative.

Income limits for state-subsidized housing were reintroduced, raising concerns about increased segregation, though thresholds remain relatively high.

In March 2025, ARA was dissolved and replaced by Varke, the Centre for State-Subsidized Housing Construction within the Ministry of the Environment. At the same time the fund which partially finances state-subsidized housing— by providing as interest subsidies and investment grants for special-needs groups—will be merged into the state budget in 2026.

1 _ Housing Europe (2025). Unlocking potential: a comparative analysis of approved housing body models in the European Union.
2 _ Vainio, T. (2025). Asuntotuotantotarve 2025–2045. VTT Technical Research Centre of Finland.

The government also plans to introduce guarantee fees on state guarantees and is exploring temporary rental contracts and higher rents for higher-income tenants. Finally, recommendations from the 2025 Working Group on State-Subsidized Housing Production include shortening loan maturities from 40 to 30 years—which could raise rents due to higher financing costs.

The proposed changes pose significant challenges to the stability and capacity of the system of subsidized housing, as well as long-term housing supply. Further uncertainty stems from a decision to re-classify interest subsidy loans as government debt, increasing budgetary pressure. Meanwhile, housing allowances have been tightened—subsidy levels reduced, and local expense caps introduced.

POLICY GUIDELINES FOR PUBLIC, COOPERATIVE, AND SOCIAL HOUSING

→ The long-term consistency of the state-subsidized housing model should be restored. The current government introduced potentially destabilizing changes, which are problematic for the overall housing model.

→ The system for subsidized loans previously implemented by ARA should be continued under Varke.

→ Varke should consider the lifecycle costs of residential buildings in its loan decisions, allowing to build more energy-efficient state-subsidized housing.

THE EU'S ROLE IN BETTER SUPPORTING THE SECTOR

→ EU regulations should not disrupt the development of state-subsidized housing. A statistical change introduced by Eurostat and later adopted by Statistics Finland reclassified interest subsidy loans as part of government debt under the EU's Excessive Deficit Procedure from 2022 onwards. Reversing this reclassification—by excluding interest subsidy loans from government debt calculations—would enable more construction of state-subsidized housing.

→ While at the moment the European Investment Bank does not accept the use of real estate as collateral, this is a common practice in Finland. If EIB accepted this, it would open better funding opportunities for Finnish state-subsidized housing.