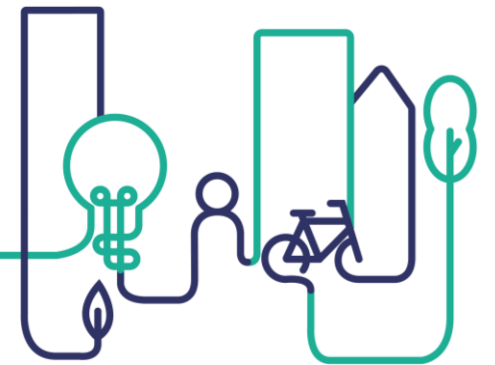


EUI FOCUSED POLICY LAB

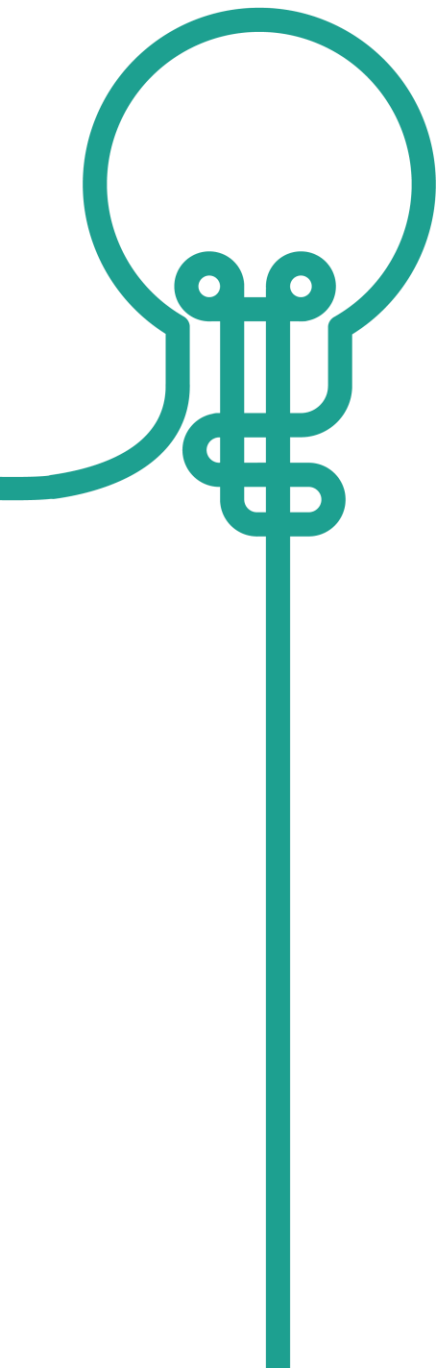
Cities for housing – making affordable and social housing work

Affordable housing from environmental perspective, with the City of Vaasa

Eva Bligt-Lindén, Project Manager – Vaasa Green Leaf 2026



Co-funded by
the European Union



CITY STRATEGY 2022-2025

→ PROMOTE LONG-TERM, SUSTAINABLE URBAN DEVELOPMENT

1

100 000 inhabitants (around 71 000 right now)

2

to be the happiest and safest city in Finland

3

to increase the number of available jobs

4

carbon neutrality 202X

Vaasa leads Finland's energy technology exports

180

Over 180 energy companies, many of which are global market leaders in their field



6 bn

Turnover €6.0 billion, 80% of which comes from exports



30%

The largest share of Finland's energy technology exports



>60%

The highest number of green patents in the Nordic countries



13,000

Vaasa's energy technology hub employs 13,000 experts; a quarter of Finland's total energy sector workforce

V A A S A .

EUROPEAN GREEN LEAF 2026

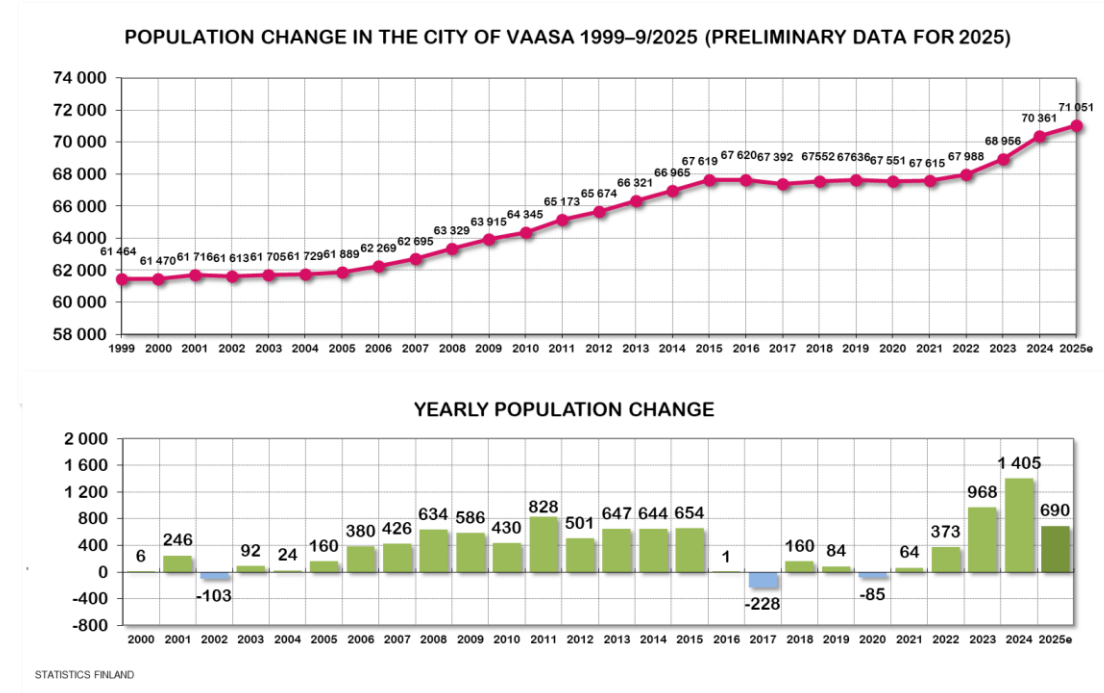
AN ACKNOWLEDGEMENT OF VAASA'S CLIMATE EFFORTS

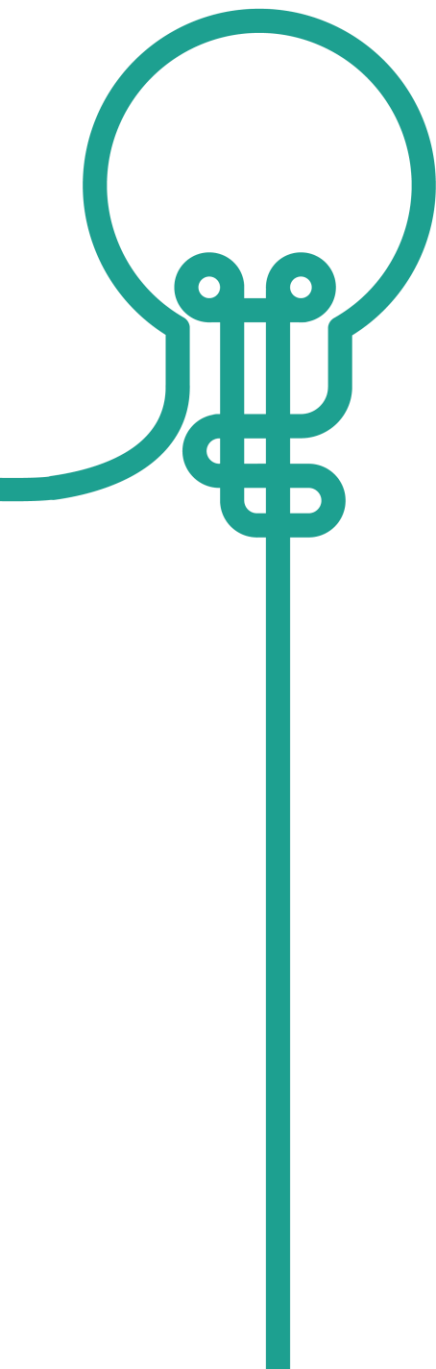


VAASA'S POPULATION GROWTH IS AT RECORD LEVELS

IN 2024, VAASA'S POPULATION GROWTH WAS THE FOURTH LARGEST OF ALL TIME

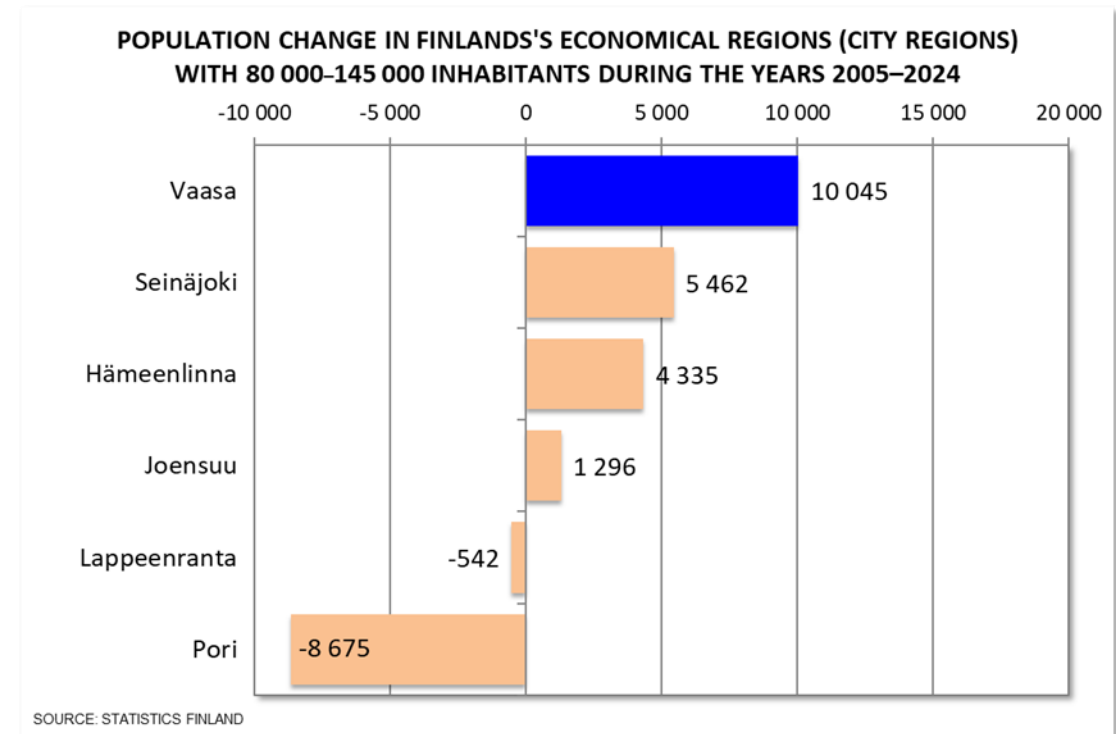
- Vaasa's population has grown by ~3 400 inhabitants since the year 2022 and by ~9,600 inhabitants since the year 2000
- Population growth is relative to local job growth and the employment situation – Vaasa is very successful in regard of both factors
- Housing production in Vaasa has historically been sufficient relative to population growth.
- As private housing production has decreased during recent years Finnish cities are facing an increasing housing shortage concerning especially reasonably priced rental apartments.
- To secure sufficient housing production The Finnish government has, during recent years, significantly increased state-subsidized rental housing production as a so-called counter-cyclical measure.
- Financing for state-subsidized rental housing will be decreased next year, which might be too early because the recovery of private housing production is still slow.





VAASA PERFORMS EXCELLENTLY COMPARED TO OTHER FINNISH URBAN AREAS

- Vaasa is the fastest growing middle-sized city in Finland during both the short and long term
- Only the largest city regions in Finland have experienced more rapid population growth
- Vaasa ranks seventh when comparing all city regions in the country





HOUSING TRENDS IN VAASA

- Rapidly growing city with strong in-migration
- Rental living on the rise – nearly half of all households rent
- Immigration and young people drive much of the demand for rental housing
- Fastest growth among the 20–39 age group
- Need for up to 10,500 new homes by 2040
(Total housing production)
- Risk of housing shortage that could slow down the city's development

CHALLENGES IN THE FINNISH CONSTRUCTION SECTOR

A CONSEQUENCE OF THE GLOBAL SITUATION

➤ Rising Costs and Caution

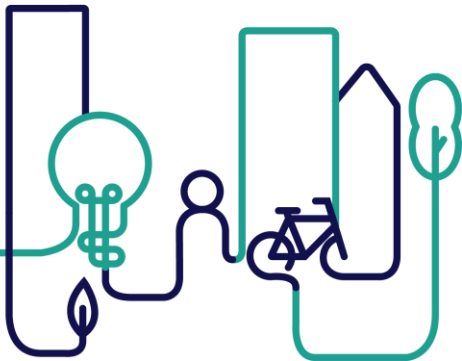
- Construction costs have increased by around 20% since 2019
- Construction companies are more cautious
- Slow sales of new apartments are delaying new developments
- Difficulties in finding financing and investors for housing
- Global uncertainty further reduces investment activity

➤ Reduced State Support

- The government has cut back housing loan support via VARKE (formerly ARA)
- Interest-subsidized loans for affordable housing are decreasing:
 - 2025: € 1.75 billion
 - 2026: € 1.13 billion
 - 2027: € 0.5 billion !
- Positive note: a new bill proposes 100% interest-subsidized loans for student housing

➤ Private Investors Under Pressure

- In Ostrobothnia, many individuals traditionally rent out investment apartments
- Rising interest rates and economic uncertainty have decreased investments in housing



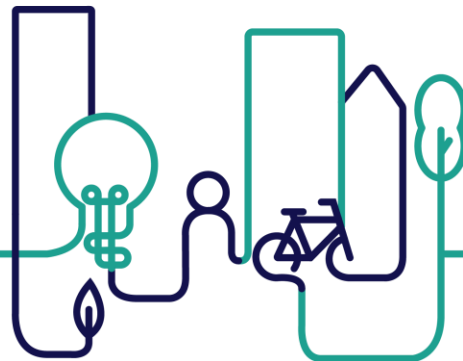
STATE-SUBSIDIZED HOUSING IN VAASA

- **About 5,800 units** (14% of Vaasa's ~42,500 homes).
- **Housing companies owned by the City of Vaasa**
 - Pikipruukki: ~3,300 units (standard rentals + special groups), with ~80 new units planned from 2026 (€12M).
 - KOy Sekahaku: 108 rental units.
 - Vähäkyrö rentals: 173 units.
 - Vaasa Right-of-Occupancy: 241 units.
 - **Total ~3,850 units** (~9% of city housing), including ~400 units not under ARA restrictions.
- **The Student Housing Foundation in Vaasa – VOAS**
 - 1,646 units (including 891 shared apartments), housing 2,592 residents.
 - ~300 new units planned by 2030 (€32M), mainly studios.
- **Other special group housing:** ~650 units (elderly care, mental health, rehab, and developmental disability housing).

VAASA'S STATE-SUBSIDIZED HOUSING STOCK

- **Attract new non-profit housing companies*** to the city.
- **Ravilaakso housing project for senior-citizens** (~€ 20M, state-subsidized) on hold since 2023 due to cuts in special group investment grants.
- **Encourage private, market-rate developers** to invest in the city with the aim of increasing housing production.
- Existing state-subsidized housing stock requires **significant renovation and development**.
- **Housing challenges:**
 - Many family apartments in suburbs are vacant, while smaller units are full, especially in the city center
 - Strategy: convert family apartments into smaller units or shared/student housing in central areas.

**) Such companies have the right (if approved by the government) to get financing for state-subsidized housing production in Finland.*



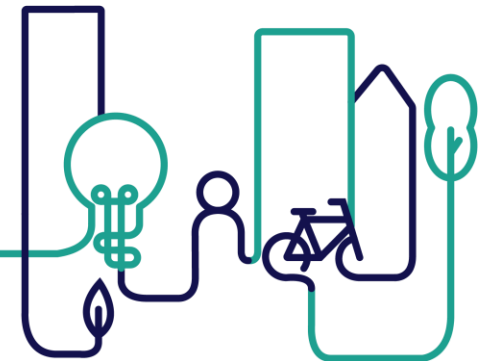
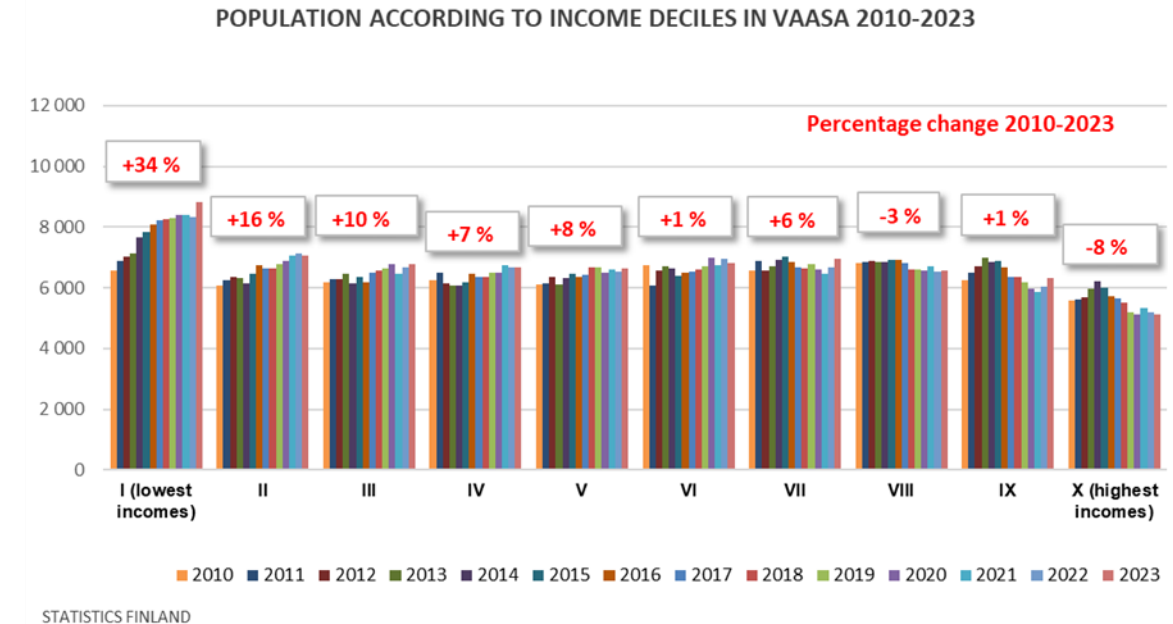


TENANT SELECTION - STATE-SUBSIDIZED HOUSING (FINLAND & VAASA)

- **Goal:** Fair access to affordable housing.
- **Funded & regulated** by Centre for State-Subsidized Housing.
- **Selection priorities:**
 - Urgent housing need (homeless, unsafe/overcrowded, eviction risk)
 - Low income & limited assets
 - Family/social circumstances
- **Income limits (2025):**
 - Single: €3,540/month | Additional adult: +€2,480 | Children: +€650/600
- **Exceptions:** Special groups (elderly, disabled, rehab, students, youth) exempt; housing need always top priority

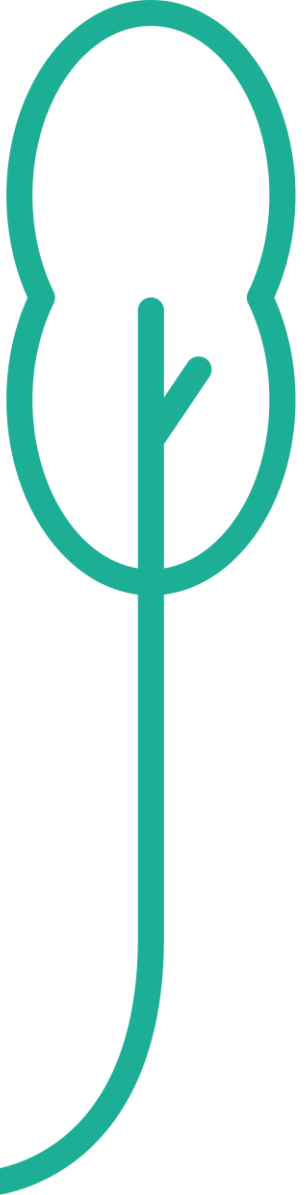
POPULATION ACCORDING TO INCOME DECILES IN VAASA 2010-2023

- Income Development in Vaasa (2010–2023)
- +34% growth in lowest-income households (+2,238 people)
- Middle-income groups also increased (+1,377 people)
- High-income households declined slightly (–625 people)
- 2020–2023: growth seen across all income levels, especially middle & high groups
- Reflects strong job growth and a more balanced local economy



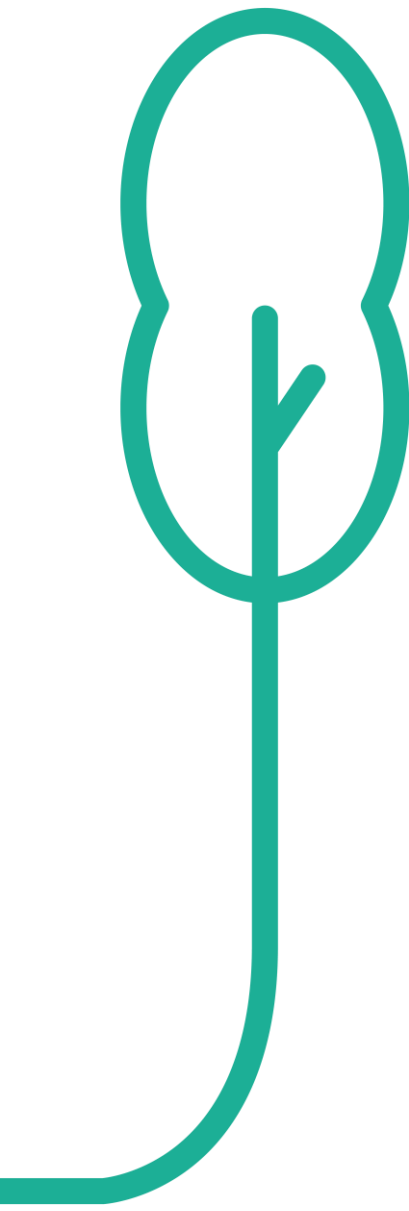
HIGH CONSTRUCTION COSTS IN FINLAND

- Nordic winters (-20°C) require **heavy insulation and high heating demand**
- **Energy retrofits** of old buildings are complex and costly
- **Major renovations** often nearly as expensive as new construction
- **Affordable housing restrictions** limit profits → dependency on **government subsidies**
- **Success example:** VOAS (Student Housing Foundation, Vaasa)



INITIATIVES TO REDUCE THE CARBON FOOTPRINT AND IMPROVE SOCIAL SUSTAINABILITY

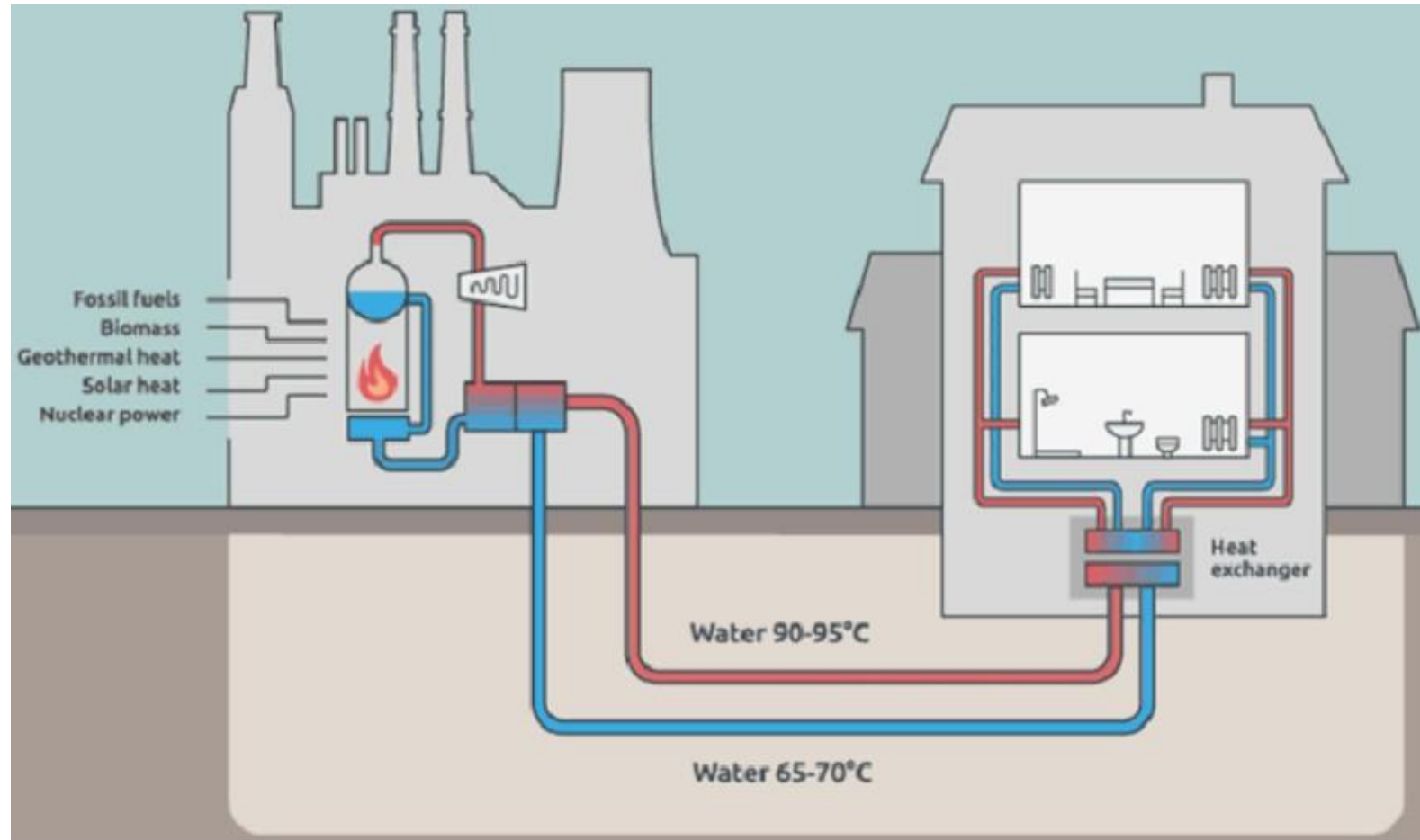
- Pikipruukki's planned, government-subsidized housing project in **Ravilaakso** includes housing for homeless people: 7 apartments (18% of total 39 apartments)
 - Additional similar projects might follow
- **Housing advisory service** by the City of Vaasa (available for all residents with housing issues)
- **Heating upgrades:** Oil replaced with geothermal heating in Vähäkyrö and Sundom, government aids
- **Building improvements:** New windows, more/better insulation, solar panels and smart thermostats
- **Apartment retrofits:** Suburban family apartments converted into smaller, more attractive units
- **Sustainability & tech:** Renewable electricity, recovering heat from wastewater, climate roadmap, and energy monitoring (NEC, Energy radar and IoT)



MAJOR IMPACT SOLUTION TO REDUCE THE CARBON FOOTPRINT

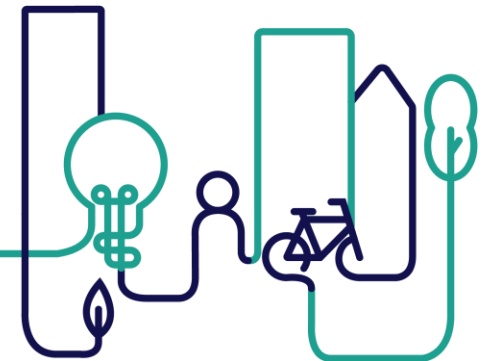
- Vaasa: **15-Minute City** & Low-Carbon Living
 - Compact city: most residents ≤ 15 min from city center
- **District heating** connects majority of buildings → great opportunity to lower carbon footprint
 - Aligns with EU low-carbon policies
 - **Model for sustainable urban solution**

HOW THE DISTRICT HEATING SYSTEM WORKS



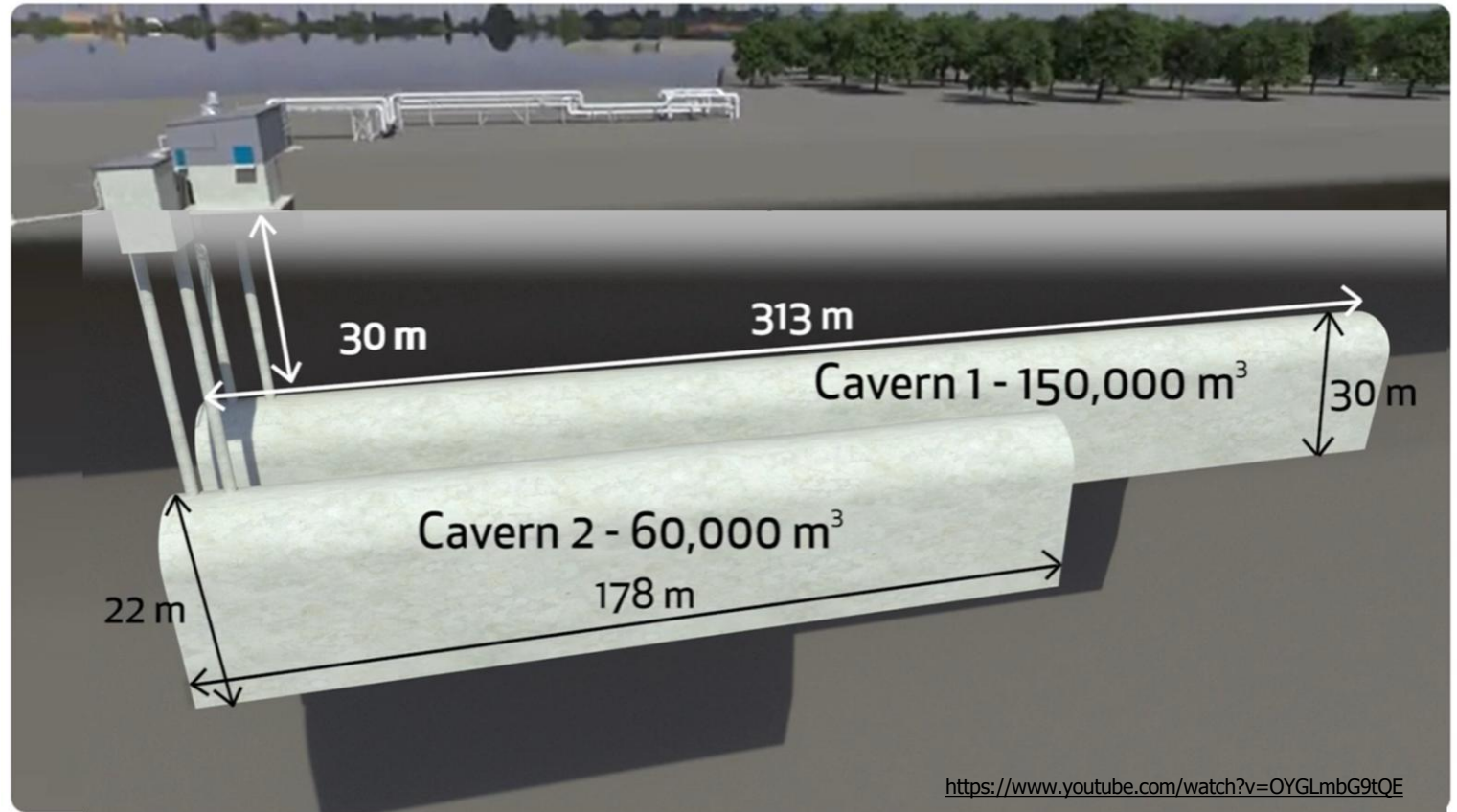
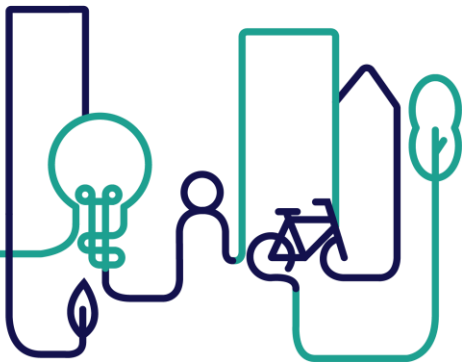
VAASA: HOME TO THE NATION'S LARGEST HEAT STORAGE

- Vaskiluoto Thermal Energy Storage – EPV Energy
 - Storage Volume: 210,000 m³ | Capacity: 100 MW
- Function: Stores heat from the power plant and supplies Vaasa's district heating network
- Key Features:
 - Uses surplus wind, solar, or other renewable energy with electric boiler technology – highly cost-efficient
 - Upgrading electric boilers and heat pumps allows more energy storage
 - 70% of Vaasa buildings are connected to district heating
- Environmental sustainability: Vaasan Sähkö's district heating is >80% renewable or waste-based; fossil fuels will be phased out by 2030s



VAASA: HOME TO THE NATION'S LARGEST HEAT STORAGE

- Future Potential:
 - Easily modernized and adaptable for new uses
 - Can integrate hydrogen projects or other renewable solutions



VAASA IN THE EU BUILDING DECARBONISATION PARTNERSHIP

- Vaasa participates in Working Group 3 – a valuable learning experience given the diversity of city sizes and climates.
- EU increasingly emphasizes household-level energy efficiency
- District heating, however, allows energy efficiency at building and city level → a proven, effective model.
- Vaasa already has the infrastructure, making district heating highly energy-efficient, especially with renewable electricity → a truly green solution.
- Highlighting district heating as a strong and sustainable alternative to natural gas.

Thank you!

