



# Construction Costs and Student Housing Subsidies in Finland

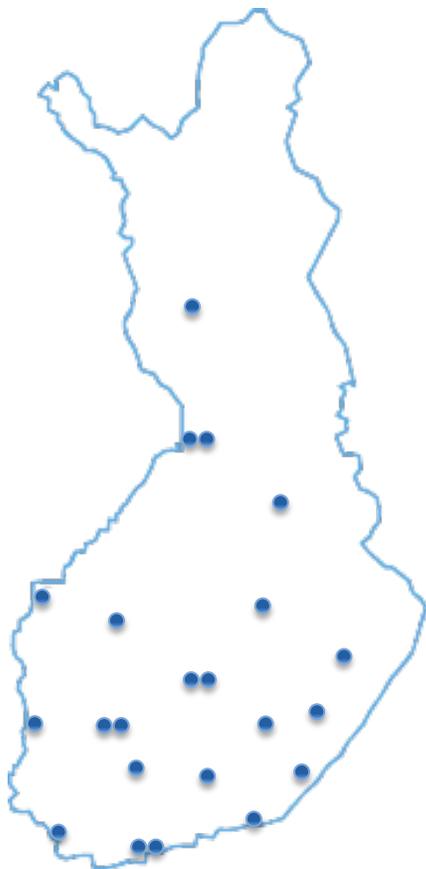
NSBO DIGITAL EVENT: Building prices and subsidies in the Nordic countries

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# SOA – The Finnish Association of Student Housing Organizations



- *Mission: "SOA supports and enables non-profit student housing organizations to offer the best possible student housing experience"*
- *Vision: "Finnish student housing is the best in the world"*
- **Members: 22 student housing organizations + national student unions of HEI students**
  - ~ 45 000 apartments
  - ~ 70 000 beds
  - Vast majority of all Finnish PBSA stock owned and operated by SOA members
- **Activities:**
  - Advocacy
  - Training and development
  - Brand & image of student housing
  - Producing and providing information and insight





Municipality-owned  
companies

Associations

Student Housing  
Foundations

Student  
organisations

# Predominantly Non-Profit

Strong Role of Students  
and Municipalities

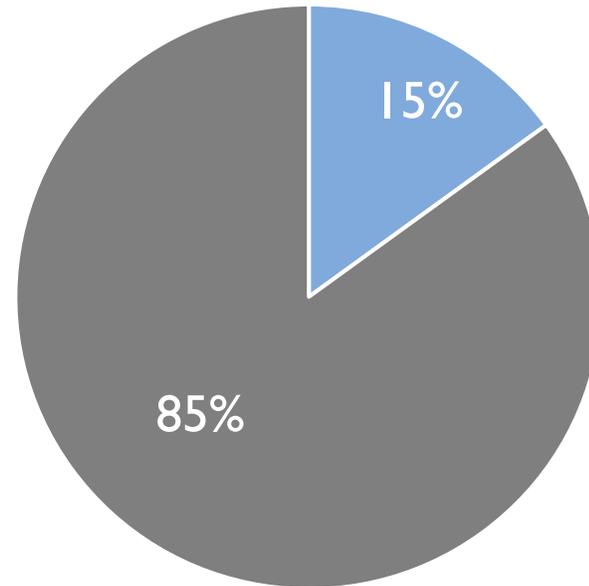
Availability of State  
Financial Support



# Financing Non-Profit Student Housing in Finland

## Interest Subsidy Loan

- Bank loan with state guarantee and interest subsidy
- Repayment period 40 years
- Interest subsidy covers part of interest expenses, if interest exceeds a pre-set limit
- Maximum 95% of acceptable project expenses
- For non-profit social housing



## Investment subsidies for special-needs groups (15 % max)

- Direct financial assistance paid from the Housing Fund of Finland
- Supports housing construction for special-needs groups (including students), % depends on group in question
- Maximum 15% (student housing) of acceptable project costs
- Both for new construction and major renovations
- Only in conjunction with interest subsidy loan



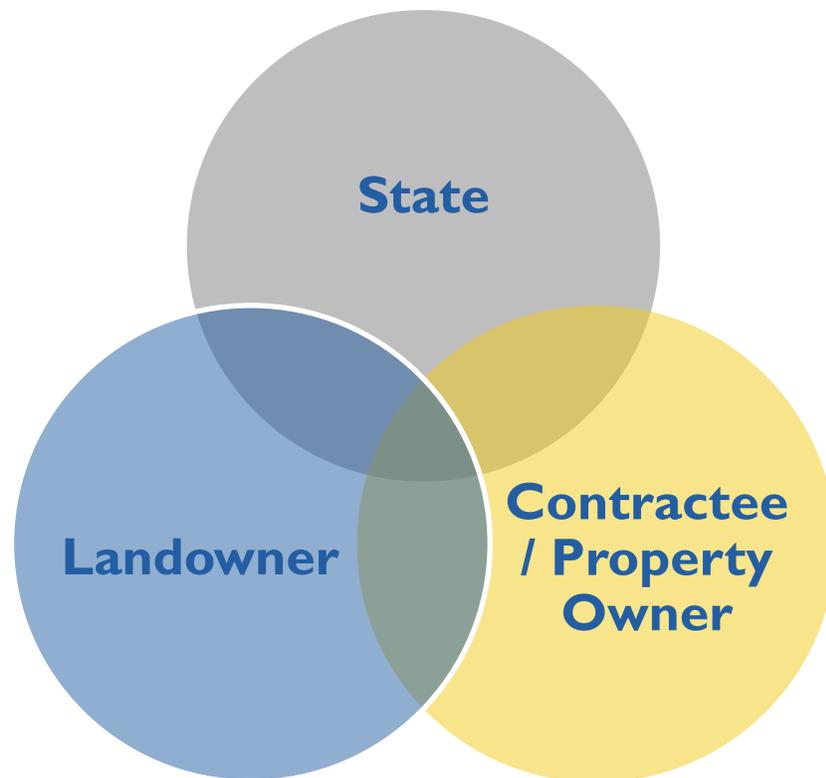
# Subsidised Student Housing – A Collaborative Effort

## State

- Interest Subsidy
- Loan guarantee
- Special-needs groups investment subsidy
- Approves project cost and land pricing

## Landowner

- Site costs at state-approved level (lower than market value)



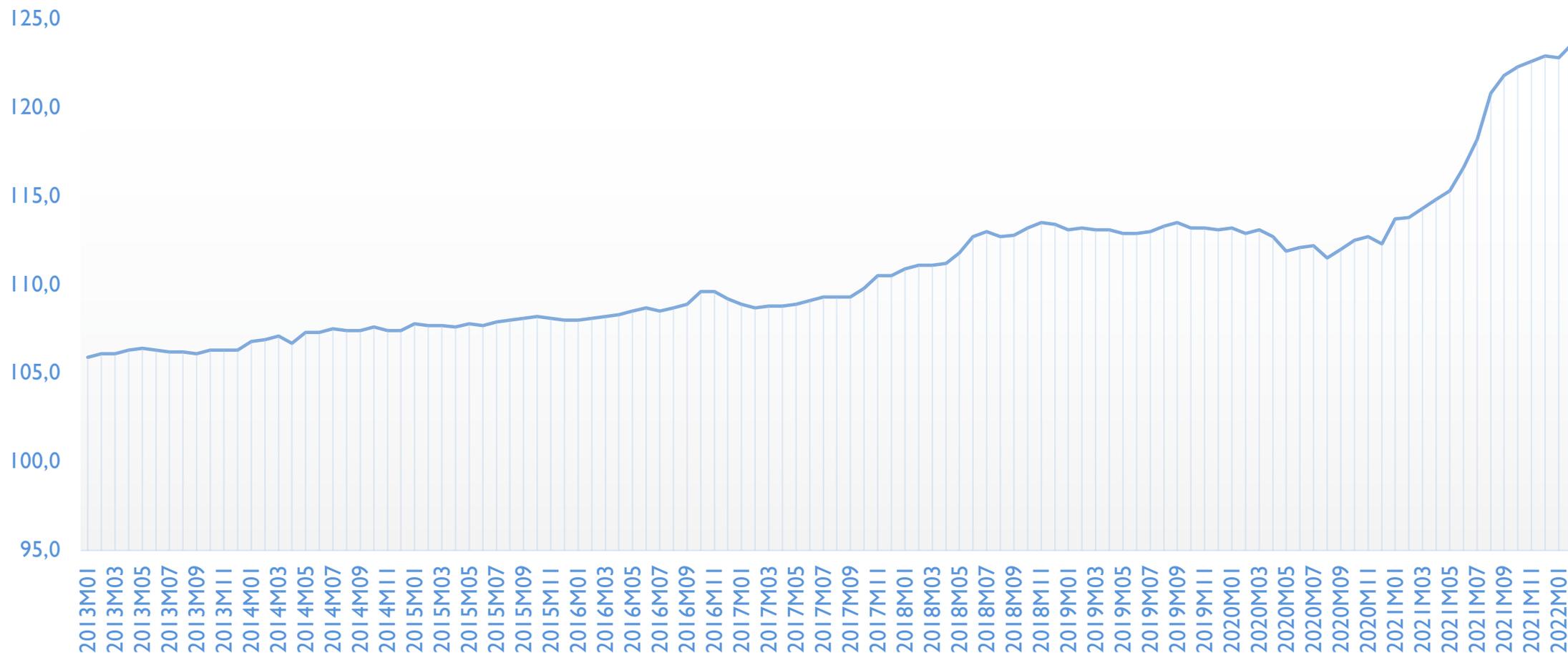
## Contractee / Property Owner

- Rents limited to cost-rent
- Means-tested tenant selection (economic and social criteria)
- Restrictions on sale of properties
- Tendering process for construction
- Project cost have to be reasonable and approved by housing authority



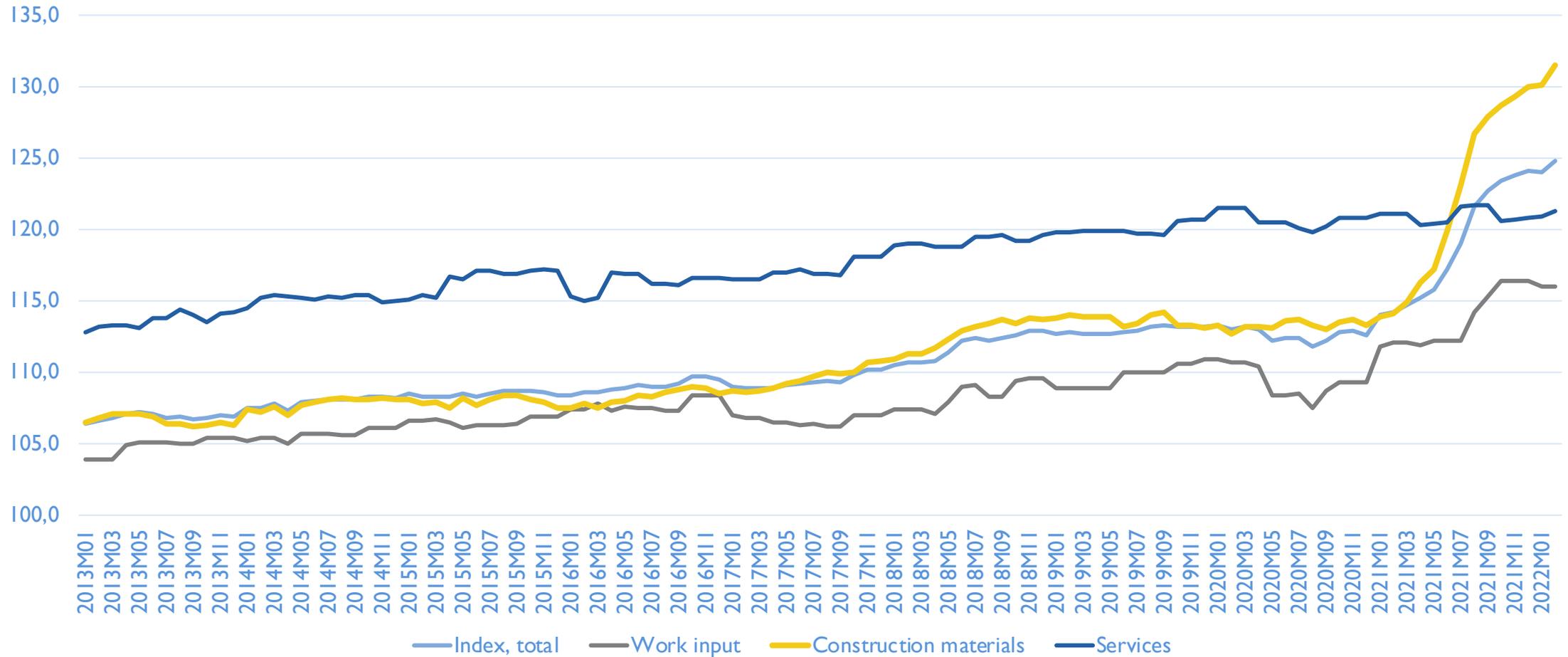
# Construction Costs Have Increased Sharply

Construction cost index, Finland, (2010=100), apartment buildings

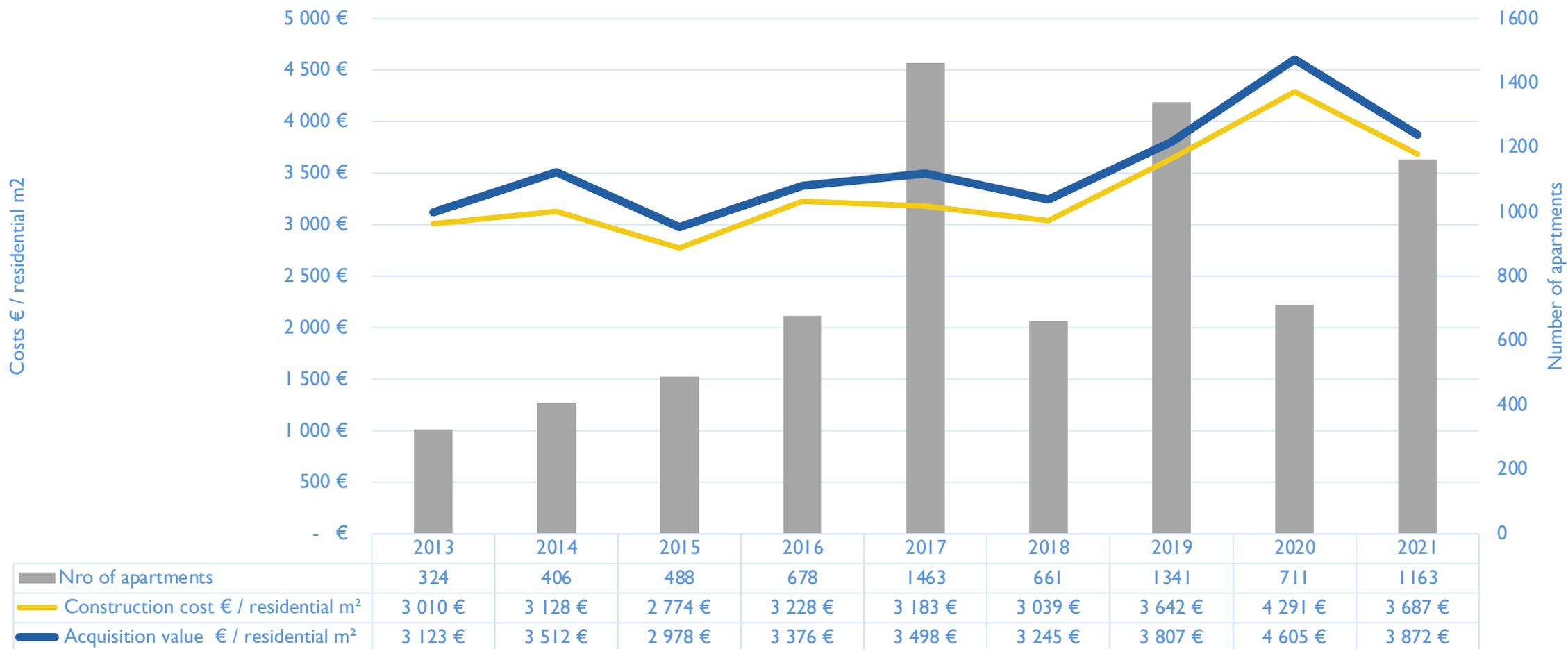


# Construction Costs Driven up by Material Prices

Construction cost index, 2010 = 100



# Student Housing Construction costs



Axeltitel



# Future and Impact on Student Housing Sector

## Further increases in construction costs possible

- War in Ukraine and sanctions contribute to shortage of construction materials
- Inflation puts pressure on wage increases

## Uncertainty and caution in the construction industry

- Construction has not yet stalled although issued building permit slightly declining
- Contractors unwilling to bid if no index clause on pricing
- Index clauses now accepted in subsidised housing construction

## Impact on student housing

- Difficulties in keeping constructions costs at reasonable and acceptable levels
- Projects postponed
- New more cooperative construction contract forms explored

