

FINLAND

Organisation: Finnish Tenants / Vuokralaiset (VKL) ry

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Tenure structure, in % of total stock (Statistics Finland, 2013)

Owner occupied housing: 65% Rental housing: 32,5% (Helsinki 50%)

- (i) **Social rental:** 16%
- (ii) **Private rental:** 15%
- (iii) **Other:** 2.5%

Rents in the Finnish private sector were regulated until 1991, when new leases could be freely negotiated. In 1995 rents were deregulated also for old leases. So what happened after the deregulation? After 1991 nothing really happened, rents did not increase significantly, mainly because there was an oversupply of rentals due to much construction in the 1980s. After 1995, the oversupply was history, and between 1995 and 2000 rents increased by 26% in Finland, and 42% in Helsinki. So, did the market function – was there increased construction as an answer to shortage? The answer is ‘no’. The private rental sector did increase slightly, but mainly as a result of conversion of ownership flats to rental flats, as rentals became more profitable.

Initial rent –free or regulated?

The initial rent is negotiable in the private rental sector, and not regulated by law. New rents are free, in general, but the increases are stipulated in the lease.

Can a tenant challenge the initial rent?

Once the lease is signed, you cannot challenge the initial rent. The rent can be challenged in court, during the tenancy if the rent is significantly lower or higher than the common market price.

Rent increases

The landlord can increase the rent according to the rental contract, which usually means once a year. The landlord is free to set the increase, within limits stipulated in the lease, either in Euros or as a percentage (e.g. 3% per year), or according to the CPI. If the landlord wants to increase the rent without the contract, they should negotiate with the tenant 6 months before the increase comes in force. The increase has to be reasonable. If they cannot come to an agreement, due to the tenant not agreeing to a reasonable rent increase, then the landlord can give the tenant a notice to leave. Rent increases should be presented to the tenant in written form.

Can a tenant challenge rent increases?

Yes, rent increases can be challenged during the tenancy, in the Consumer Disputes Board (Fi; Kuluttajariitalautakunta), and then in a district court. Most tenants do not challenge a new rent simply because the costs must be paid by the losing party. Firstly, the tenant may claim that the rent significantly exceeds the current market rate charged in the area, and the court may at its discretion reduce the rent. Secondly, the landlord may bring an action to increase the rent. Tenants should challenge the rent within 6 months of a new tenancy period.

Duration of leases

The rental contract can be either fixed period or in force until further notice.

Notice periods For 1-

year leases, or less, the landlord must give 3 months' notice, or 6 months' notice if the lease is over 1 year. Tenants must give 1 month in both cases. Fixed period contracts cannot be ended with a notice, they end when the fixed time period comes to an end.

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Security deposit

Maximum is the equivalent of 3 months rent, but tenants typically agree to deposit security of 1 or 2 months' rent in

a separate bank account. Deposits should be returned "without delay", according to the law. Disputes concerning the landlord's refusal to give back the deposit on grounds of the condition of the apartment are perhaps the most problematic area in Finnish tenancy law. These disputes are handled by the Consumer Disputes Board.

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