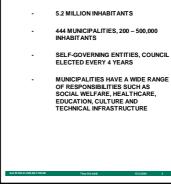






FINANCING LOCAL URBAN INFRASTRUCTURE - EUROPEAN CASE

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HELSINKI CITY REAL ESTATE DEPARTMENT

MUNICIPALITIES AND THEIR

RESPONSIBILITIES (FINLAND)



LOCAL URBAN INFRASTRUCTURE, A

- ECONOMIC AND SOCIAL DEVELOPMENT
- traffic planning - land use planning - land subdivision and register
- surveying land subdivision and regi building supervision environmental protection

- waste management energy supply ports fire and rescue services

MUNICIPAL CONSTRUCTION

- streets and public areas public buildings
- civil engineering

- ports





3 MUNICIPAL FINANCING OF INFRASTRUCURE (FINLAND)

TAXES

cal income tax 16-20 % (local council decides) real estate tax, average 0,7 %

The main problem is how to finance municipal construction, which is tax based and competes with other expenditure, such as social or health care. covered by the general budget.

SERVICE FEES

covering investment and mainte services (except fire and rescue). Also the costs of providing the physical conditions are financed partly by service fees, but still mainly by general taxes.







CURRENT FINANCIAL CHALLENGES

INTERNAL MIGRATION

proportion of urban population still lower than average in Europe, structural changes in economy

EXTERNAL IMMIGRATION

- external pressure
- GROWTH AREAS AND AREAS OF DIMINISHING POPULATION

- need to build new urban areas and maintain the old ones
- challenges for maintaining and building infrastructure





LAND POLICY MEANS OF FINANCING INFRASTRUCTURE

TRADITIONAL LAND POLICY

- municipal planning monopoly active land purchase by the municipality
- selling or leasing land after its being developed, the incremental value being thus collected by the municipality
- another question is, how much of the incremental value collected is actually used to cover the costs of infrastructure

CUTTING LAND VALUE INCREMENT

- municipal planning mo privately owned land
- land use agreement or statutory development compensation, covering the costs of implementing a land use plan

