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## **Government Resolution on the Government Real Estate Strategy (2030)**

The current government real estate strategy from 2010 has served as a tool for harmonising the ownership steering of real estate assets owned by the central government and for strengthening state ownership policy. The principles outlined in the strategy — on taking into account the overall interests of central government, on defining strategic assets, on organising ownership management and on selling assets — have proved to be sustainable and have guided the actions undertaken. However, the strategy needs to be updated due to changes in the environment and the need to meet the set targets.

Themes identified for updating include, in particular, specifying the operators participating in ownership management and the responsibilities of ownership management, developing the definitions of strategic and non-strategic assets, examining the overall interests of central government (particularly from the perspective of cultural heritage properties and comprehensive security), increasing the weight of climate and environmental issues, and sharing information and developing registers.

Central government activities are guided by national and international legislative obligations, political objective programmes, other decisions and strategies that steer central government activities, and social and central government finance realities. The real estate strategy must support the achievement of these objectives, goals and obligations in a manner that secures the overall interests of taxpayers. Because the operating environment, society, and the role and objectives of public administration change, it is essential to also pay attention to monitoring the strategy's implementation and progress and to assess the need for changes on a continuous basis.

### **Goal of the real estate strategy and strategic classification of assets**

The real estate strategy that enters into force by this government resolution is intended to continue to serve as a tool for a uniform ownership policy for real estate properties owned by the central government. The objectives of the strategy must be achieved by 2030. Economic, social and environmental considerations are taken into account in all central government activities. Key challenges in the near future will include the objectives and obligations related to combating climate change, protecting cultural landscapes and the sustainability of public finances. The Government also wants to further strengthen the operational capacity of public administration, for example, by reducing siloed functions and overlapping work and by supporting partnerships and the utilisation of information.

- 1. The goal of the real estate strategy is to manage and take care of central government real estate assets in an effective and sustainable manner that protects the overall interests of central government in the current circumstances and as these circumstances change. The objectives of the government real estate strategy must be ensured in all decisions concerning real estate assets owned or controlled by the central government.**
- 2. The overall interests of central government include economic impacts, social and environmental impacts, and other key societal considerations, such as preserving cultural**

**heritage, ensuring comprehensive security, combating climate change and safeguarding biodiversity.**

The overall interests of central government must be assessed over both the short term and the entire life cycle of a real estate property and from the perspective of central government finances as a whole. When necessary, this assessment must take into account national and regional impacts. The assessment must include social responsibility, including combating the grey economy.

- 3. The state ownership policy classifies government real estate assets into strategic properties, properties in active use and properties to be sold. Strategic properties include real estate assets that are necessary to own in view of the performance of central government duties or due to the nature of the assets. Properties in active use are real estate assets that are expedient to own in view of the performance of central government duties, social or financial significance, or due to the nature of the assets and that are under active development. Properties to be sold do not have use for the central government. Additionally, the nature of the property either does not restrict the sale of the property or can be accounted for in the operations of another owner.**

Examples of strategic properties include real estate related to the central government's core functions or natural monopolies as well as properties that involve significant social policy considerations in the long term, such as cultural heritage and nature conservation values or comprehensive security considerations, and in which the preservation of these values cannot be ensured unless the property is owned by the central government. Properties in active use are typically in active use by the central government and subject to development measures. Properties in active use also often have considerable financial and social significance, and the focus of ownership is on the medium term. Properties to be sold are to be divested in order to free up the capital invested in the assets for other central government needs.

**Organisation of government ownership management**

Significant economic benefits have been achieved by centralising ownership and, thus, increasing the efficiency of the central government's corporate steering, for example, in the form of synergies and economies of scale in maintenance and investments. Capital tied up in real estate assets has been freed for use in the core functions of central government by matching central government real estate holdings to the needs of the central government's activities and its need for premises and by selling assets that the central government does not need. In accordance with the real estate strategy, most of the built real estate assets subject to ownership management by government agencies and institutions are currently centralised under Senate Group, and most of the land and water areas under Metsähallitus. Pursuant to government decree (242/2015), the ministries, government agencies and public bodies that may possess central government real estate assets are the Office of the President of the Republic, the Ministry for Foreign Affairs, the Ministry of Finance, the Governing Body of Suomenlinna, the Ministry of Agriculture and Forestry, the Ministry of Transport and Communications, the Finnish Transport Infrastructure Agency and the Ministry of the Environment. The established division of duties is that the land areas of unincorporated state enterprises as well as of transport infrastructure mainly fall under the ownership management of the Finnish Transport Infrastructure Agency and the government properties located abroad fall under the ownership management of the Ministry for Foreign Affairs. This division has been found to function well in its current form. Finnish

Parliament, the Office of the President of the Republic of Finland, the Governing Body of Suomenlinna, the Bank of Finland, the Social Insurance Institution of Finland and the National Emergency Supply Agency also own their own premises.

Though this division of duties functions well for the most part, various parties have identified properties that have been deemed strategic due to cultural heritage values or comprehensive security, but that have little use for the central government or uncertain financing in relation to their maintenance and retention in the future. These properties and their ownership arrangements need to be examined as a whole, and efforts should be made to find functional ownership and maintenance arrangements.

- 4. Expert organisations that manage real estate assets owned by the central government are Senate Group (building assets), Metsähallitus (land and water areas), the Finnish Transport Infrastructure Agency (government-owned transport infrastructure) and the Ministry for Foreign Affairs (properties located abroad). The concentration of real estate assets owned by the central government under these organisations will continue if it is appropriate and in line with the overall interests of central government.**
- 5. The Ministry of Finance will set up a cooperation project to draw up a report on properties owned by the central government that have been deemed strategic in terms of cultural historical values or comprehensive security, but which have very limited use for the central government. The project will survey these properties and make a proposal on their classification, ownership and financing on the basis of the real estate strategy and with a view to the overall interests of central government. The project may also use existing data to form an overview of the central government's cultural heritage properties.**

### **Sale of government properties**

Provisions on government properties and ownership, including immovable property, are laid down in the Constitution of Finland. Pursuant to section 92, subsection 2 of the Constitution of Finland, state real estate may be conveyed only with the consent of the Parliament or as provided by an Act. More detailed provisions on this matter are included in the Act on the Right to Transfer State Real Estate Assets (973/2002, also called the Transfer Act). Pursuant to the Transfer Act, unless special grounds exist to justify a price or consideration lower than the current value, state real estate assets may only be transferred at the current value or consideration. The Transfer Act applies to government agencies, public bodies and ministries, the Office of the President of the Republic, unincorporated state enterprises and extrabudgetary funds, unless otherwise provided with respect to the funds.

The Government's objective is to promote the supply of land and dwellings through joint action by the Government, municipalities and other operators in the field in order to respond to the demand. The central government allocates land suitable for housing production by developing it through land use planning in cooperation with municipalities, by selling it, trading it and, if necessary, through land use agreements. The aim is to ensure the equal treatment of municipalities and citizens and the overall interests of the central government. Through its ownership steering, the central government seeks to sell areas that it no longer needs and that are suitable for state-subsidised housing production at a reasonable price (called the ARA price) primarily to municipalities, or secondarily to other providers of housing production in the region.

Municipalities are responsible for the land use planning of plots. In market-based housing and plot markets, the price level is always determined based on supply and demand.

Pursuant to the Transfer Act, before government real estate assets are transferred, an opinion must be requested from the Ministry of the Environment if the real estate assets may have considerable significance for nature protection; from the Finnish Heritage Agency if the real estate assets may have considerable significance for the protection of historically valuable buildings or stationary relics; and from the Ministry of Defence and the Ministry of the Interior if the real estate assets may have considerable significance for national defence, the monitoring and securing of territorial integrity, or border control or border security.

- 6. Assets that are not needed by the central government will be sold in order to free up the capital invested in them for other central government needs. Such sales will enable the more appropriate use of the properties and support their maintenance and preservation.**
- 7. Sales must take place openly and without discrimination and in a manner that safeguards the overall interests of the central government. Before assets are sold, their potential for development must be examined and the assets must be developed where possible. The ministries, government agencies, public bodies and unincorporated state enterprises that are allowed to possess central government real estate assets are only permitted to develop real estate in a manner that does not involve risk, in other words, they are limited to land use planning or similar measures with respect to the assets. Cooperation with municipalities in land use planning will be further developed.**
- 8. The central government will acquire properties for strategic reasons or long-term use when the acquisition is in the overall interests of the central government. Otherwise, new properties that are needed will be leased or procured for the use of the central government in some other way.**

#### **Development of central government real estate management**

The Government's objectives with regard to the development of administration include the principle of openness of public information and the reduction of boundaries between administrative divisions and overlapping work in central government administration. The digitalisation of information makes it possible to combine information in new and useful ways. From the perspective of central government corporate steering, it is important that information on assets is up-to-date and reliable.

Due to the considerable amount of state holdings, information on assets should be as consistent as possible and it should be possible to rely as extensively as possible on general information systems, such as the National Land Information System and the Building and Apartment Register. With regard to special properties, the management of real estate information will be developed within the central government. Operators managing government real estate assets must comply with general registration obligations. The consistency and comprehensiveness of information has been improved by a few parties and by sector. This work should be expanded. Any errors and missing information in the basic registers will be corrected with respect to, for example, government registration units and parcels of land with multiple possessors, buildings and registrations of title.

The management of government real estate assets will be centralised by transferring ownership between central government operators, including transfers of possession to unincorporated state enterprises. The central government always retains ownership in transfers of possession, only the right of possession related to the assets is transferred. It is important to pay particular attention to cooperation practices between operators in connection with transfers of possession and sales. At the same time, it is important to take into account plans for and potential restrictions to the future use of land areas, for example, in the form of soil contamination.

**9. The comprehensiveness and accuracy of information in basic registers concerning government real estate assets is to be improved. Operators managing government real estate assets are to apply for and use permanent building codes.**

In relation to this policy:

- **Metsähallitus, Senate Group and the Finnish Transport Infrastructure Agency will ensure that the geospatial data regarding the internal boundaries of possession of real estate properties owned by the central government will be shared and used jointly and they will further examine how to implement interfaces (or similar) in their own real estate data systems.**
- **Metsähallitus will lead a study of the historical reasons for why some government properties have no possessor. The principle to be applied in the division of possession will be the statutory duties of the current organisations.**

**Climate impacts of real estate properties**

The government real estate strategy obligates operators to take environmental matters into consideration and, for example, lifecycle thinking, sustainable development and the promotion of energy efficiency. Finland aims to be carbon neutral by 2035. Achieving this objective will require extensive measures. Real estate properties owned by the central government can support this objective both by binding carbon (land and forests) and by minimising emissions from the construction and maintenance of the built environment. The strengthening of biodiversity also supports the mitigation of climate change.

Parties in possession of government real estate have already assessed or have begun to assess the amount of their emissions and to make plans to reduce their emissions. The carbon sink of the forests managed by Metsähallitus is estimated to be 12 million tonnes of carbon dioxide equivalent, which will play a major role on the road to a carbon-neutral Finland. Senate Group's estimate of the emissions from the building stock and related services in use by the central government is approximately 0.2 tonnes of carbon dioxide equivalent, which is evenly split between energy consumption and material and service procurement. The Finnish Transport Infrastructure Agency is developing emissions calculation methods and databases in collaboration with operators and organisations in the sector. Emissions are generated both by the construction of infrastructure and by lifecycle maintenance. The Ministry of Transport and Communications has primary responsibility for reducing emissions from transport and for developing the transport system. The reduction of emissions from existing building stock is guided by Finland's long-term repair construction strategy. In new construction, central government operators lead the way in the development of low-carbon construction.

In addition to operator-specific roadmaps, it is necessary to form an overall picture of the emissions and climate benefits of central government real estate assets as well as of measures to adapt to climate change.

10. **The central government must lead the way in order to achieve its carbon neutrality objective. Operators managing government real estate assets must determine the current state of their climate load and set concrete targets to reduce their carbon footprints. This will support the achievement of the national carbon neutrality objective. These targets must be monitored and adjusted as necessary. Central government operators in possession of real estate must have a plan to adapt to climate change over the short and long term. The ministries steering these operators will supervise the setting and implementation of these targets.**
11. **The monitoring of the government real estate strategy will maintain an overview of the emissions and climate benefits of government real estate. The trend in emissions must be declining. Emissions compensation can also be considered. Monitoring will ensure that the procedures used by different operators to calculate emissions are transparent, comply with generally accepted standards and that operational programmes to reduce the burden on the climate exist.**

#### **Other policies**

Central government operators in possession of real estate are responsible for implementing the real estate strategy. A broad-based advisory board will be appointed to monitor these targets and measures. The time span for the updated real estate strategy being proposed is the 2030s, but the advisory board would be tasked with assessing that the strategy is being implemented and that it is up to date at least once a year and would also be tasked with identifying new policy needs.

The Prime Minister's Office has also appointed a Ministerial working group on developing the digital transformation, the data economy and public administration for a term ending at the end of the current government term. The goal of the group is, among other things, to increase intersectoral commitment and to steer the implementation of development strategies and programmes in public administration.

- **The Ministry of Finance will appoint an advisory board to monitor the implementation of the real estate strategy**

Contacts with municipalities and wellbeing services counties will be increase, for example, in connection with the sale of significant properties. The government premises strategy sets out the objectives and procedures relating to central government premises. The premises strategy includes principles for the use of premises, targets for making more efficient use of premises and unified premises policies for the entire central government.

- **The government premises strategy includes the objectives and procedures relating to the premises required by the central government. The real estate strategy and premises strategy must be assessed as a whole when necessary.**