The Problem of Affordable Housing in Europe. Dilemmas, approaches and policy efforts

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Structure of the presentation

1. The housing problem in historical perspective
2. EU efforts to boost the housing agenda
3. Critical views 1: climate crisis and energy transition
4. Critical views 2: housing as a financial asset
5. New framework 1: post-growth
6. New framework 2: metropolitan housing markets
7. Sharp conflicts in the EU about the future

1. The housing problem in historical perspective

- 1950s-70s: large housing construction programmes
- 1970-80s: the problem of housing shortage seems to be solved, policies turning from supporting housing supply to supporting demand
- 1990s: massive privatization of housing
- 2000s: financialisation of housing and the financial crises
- 2010-20s: the re-emergence of the housing problem as an affordability crisis

The present housing crisis

Housing Europe, 2025: The state of housing in Europe

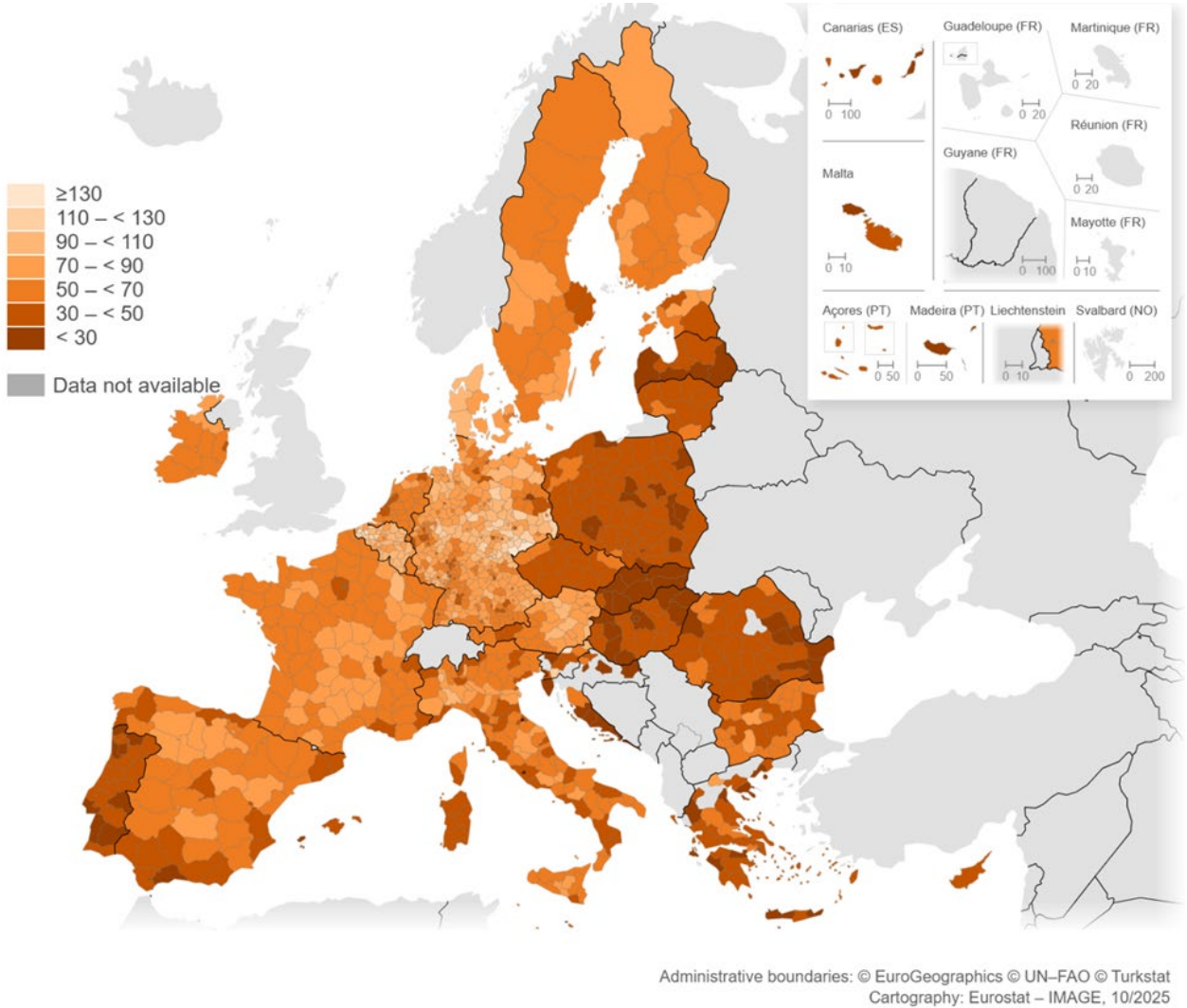
Across Europe **needs for affordable homes far exceed supply.**

- Social housing waiting lists are growing
- Rising costs and limited financing are slowing new building, while renovations are progressing unevenly.

Demand is growing: population growth, households formation, urbanisation and migration

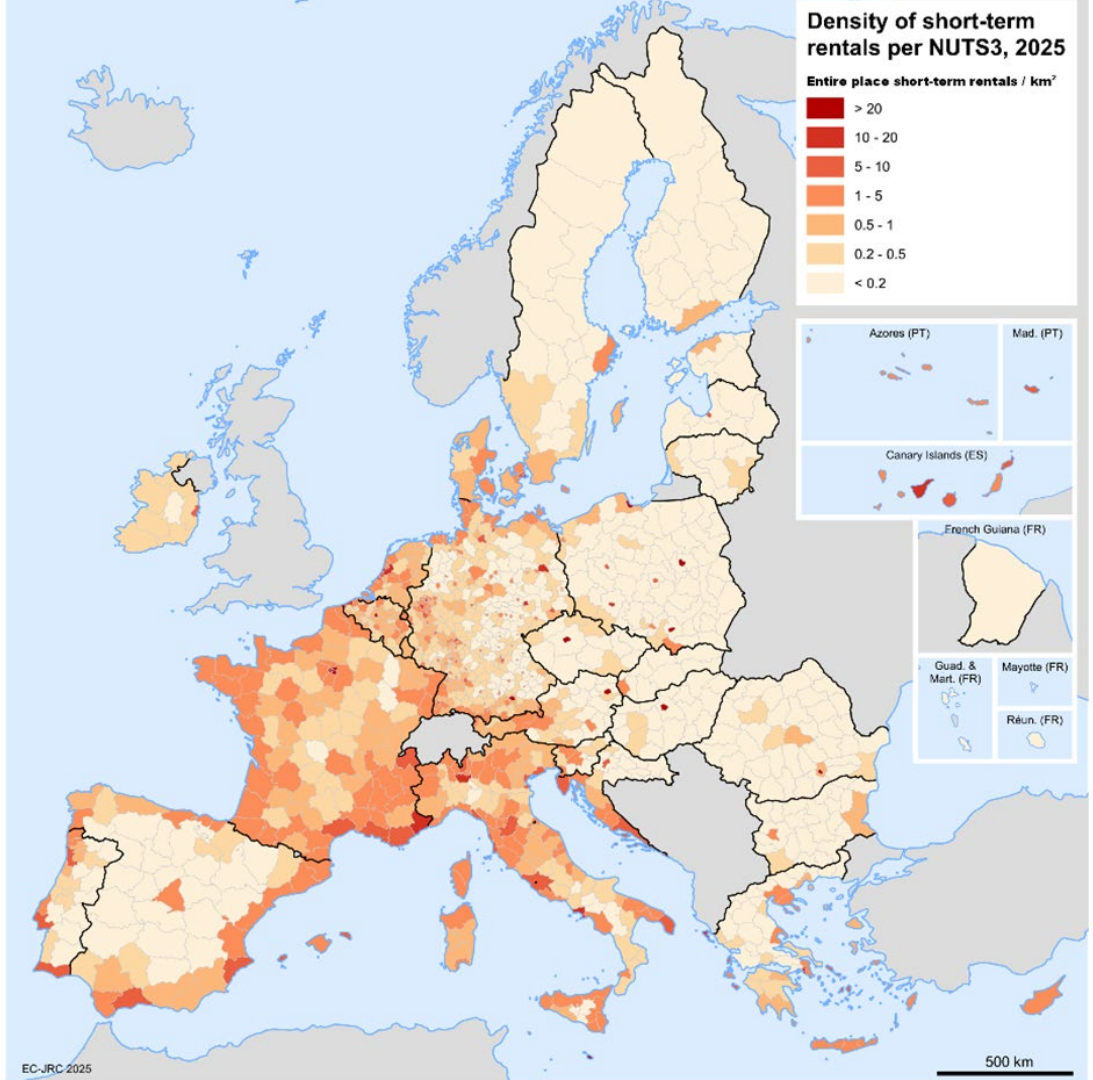
Supply is constrained by rising costs, limited financing and sluggish construction pipelines.

Rental Affordability for new contracts (m2 that can be rented using 1/3 of disposable income)



Source: European Commission: Joint Research Center, 2025b, based on ESPON HOUSE4ALL data.

Number of entire place short-term rental per square kilometre, per NUTS3 regions in the EU27, 2025



Source: European Commission: Joint Research Centre, 2025a, based on AirDNA data.

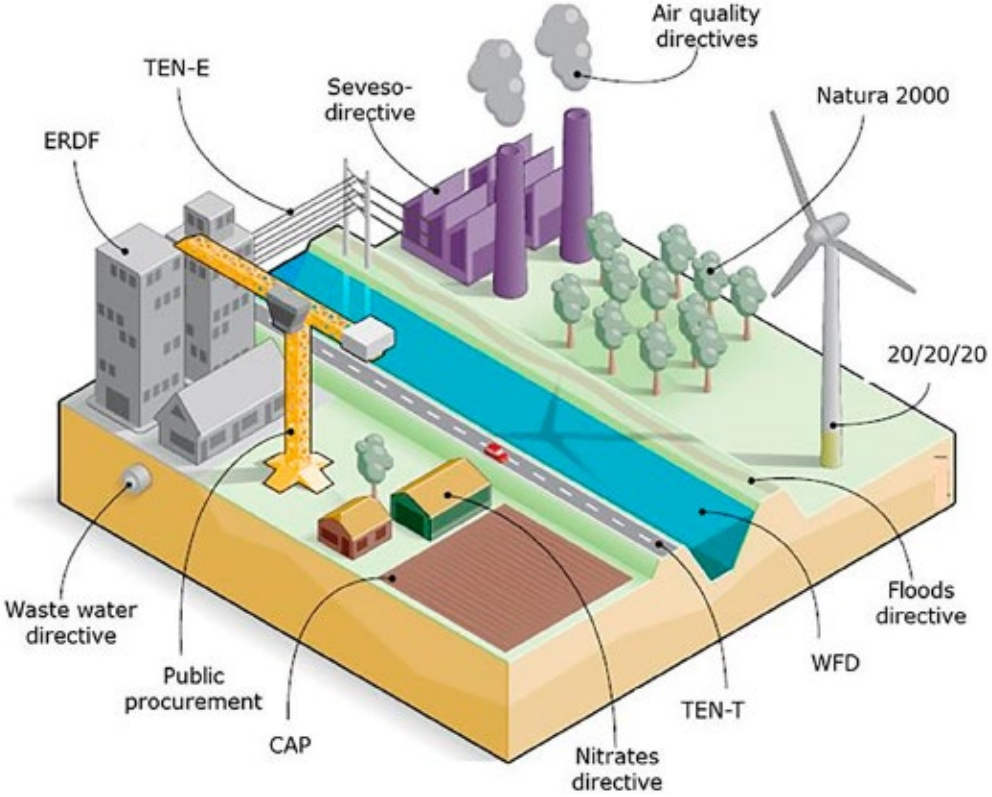


Figure 1. Hypothetical presence of EU policies relevant to planning.
Source: authors

Evers, D. & Tennekes, J. (2016) Europe exposed: mapping the impacts of EU policies on spatial planning in the Netherlands, *European Planning Studies*, 24:10, 1747-1765.

2. New EU efforts to boost the housing agenda

- With the **appointment of the first-ever Commissioner for Housing in December 2025**, the EU took more responsibility to support Member States and regional and local authorities to find concrete solutions. The Commission has also closely worked with the dedicated **HOUS Committee of the European Parliament.**
- The **first-ever European Affordable Housing Plan** has been presented in December 2025. The EAHP supports Member States, regions and cities by taking action where it can bring added EU value, focusing on increasing housing supply, triggering investment and reforms, addressing short-term rentals in areas under housing stress, and supporting the people most affected.
- The European Commission presented the **Affordable Housing Act package** on September 9, 2026, as a flagship initiative under the European Affordable Housing Plan.

Housing gap

Today we build
1.6 million
new units/year

About
650,000
additional units are needed per year in the next 10 years

Delivering the extra units will cost
€150 bn/year
(public and private investment)

The Housing Package

European Affordable Housing Plan

Revised State-aid rules on housing

New European Bauhaus

European Strategy for Housing Constructio n



European Affordable Housing Plan: 4 pillars

- **Boosting Housing Supply:** Modernizing the construction sector by cutting red tape, streamlining permitting processes, and promoting advanced, modular, and circular construction methods.
- **Mobilising Investments:** Unlocking over €10 billion through the InvestEU program for 2026–2027 and setting up a Pan-European Investment Platform to bring together public and private funds.
- **Driving Reforms:** Revising State aid rules (specifically for Services of General Economic Interest) to make it easier for Member States to subsidize affordable housing developments.
- **Protecting the Vulnerable:** Prioritizing young people, students, essential workers, and low-income households, while addressing the market distortions caused by short-term rentals in stressed urban areas

Further EU plans and institutions

- A new **European Housing Alliance** between Member States, cities, regions, EU institutions, housing providers and associations, social partners, industry and civil society will drive the implementation of the Plan. It held its inaugural meeting in **Brussels on 19 June**. Under the theme "From Principles to Practice", the hybrid event saw more than 120 participants present on the day, and 700 online representing all levels of the housing ecosystem from Member States, regions, cities and housing stakeholders.
- The inaugural **EU Housing Summit**, originally announced by European Commission President Ursula von der Leyen, is scheduled to take place in **late 2026**. This landmark event marks the political centerpiece of the EU's newly launched European Affordable Housing Plan and the newly established European Housing Alliance. The summit will convene EU leaders, city officials, social partners, and housing providers to address the escalating cost of housing, skyrocketing rents, and overall affordability.

Green growth approach: new construction

Where housing market estimates exist, several countries point at **massive overall unmet needs**:

- **France** requires 518,000 homes annually (of which 198,000 social),
- **Germany** at least 400,000 annually (of which 140,000 social),
- **Netherlands** nearly 1million by 2031,
- **Sweden** over 500,000 by 2033.

Yet production consistently falls short, often by close to half.

Critical remarks on the EAHP

- **Treating the housing crisis as a temporary imbalance of supply and demand overlooks the structural transformations that have reshaped European housing systems since the 1980s.** During this period, many Member States have already pursued exactly the path proposed in the Plan: expanding market supply, deregulating housing and rental markets, and facilitating the entry of large-scale financial investors. The empirical outcome of these policies **has not been a resolution of the housing question, but a housing sector prone to speculation, a steady rise in housing prices and rents and a deepening of housing inequality** and indeed the housing crisis.
- **The concrete measures proposed in the Plan appear more attuned to the growth needs of housing markets and financial capital than to the living conditions and security of residents.** The focus on stimulating private investment and easing regulatory frameworks simply assumes that increasing supply through market mechanisms will eventually produce affordability. Yet a substantial and growing body of research shows that, **without strong regulatory safeguards and an extensive public and non-profit housing sector, this approach intensifies rather than alleviates exclusion** and displacement.

Source: European Network for Housing Research

3. Conflict between greening and affordability

- Commitment by EU to become a **climate neutral continent in 2050**: long-term decarbonisation strategy called the '*European Green Deal*'
- Intermediary goal to **reduce EU emissions by at least 55% by 2030** → '*Fit-for-55*' policy package
- Central components are to **decarbonise**
  - **European housing stock**, 36% of its greenhouse gas emissions from energy in 2020
  - **European transport**, 25% of its greenhouse gas emissions from energy in 2020

Source: Housing Europe

Energy retrofitting of residential buildings

ENERGY PERFORMANCE OF BUILDINGS DIRECTIVE (EPBD)

Member States are required to **reduce the primary energy consumption of their entire residential building stock** (expressed in kWh/m²/year) with the aim of achieving a zero-emission building stock by 2050

- by at least 16% by 2030 (compared to 2020)
- by at least 20% by 2035

55% of this reduction must be achieved through the renovation of the worst-performing 43% of the building stock in each Member State.

To reduce the primary energy consumption of the entire building stock, **Member States must introduce measures** such as:

- Minimum energy performance standards for non-residential buildings
- Technical assistance
- Financial support measures

Key System-Level Enabling Conditions

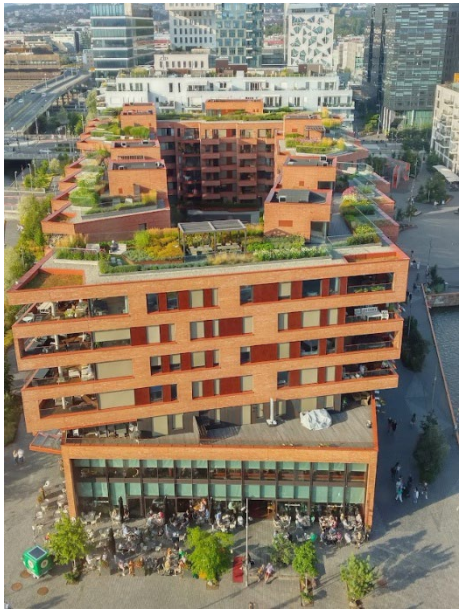


- Member States are developing **national building renovation plans** for 2030, 2040, and 2050.
- Member States should join the **ETS2 system** in 2027, taxing carbon emissions in the housing and transport sectors
- Starting January 1, 2026, support targeted at **renovating energy-poor households can be provided through the Social Climate Fund** (SCF), financed from ETS2 revenues
- A **one-stop advisory system** must be established for every 80,000 residents per region or within an area accessible within 90 minutes

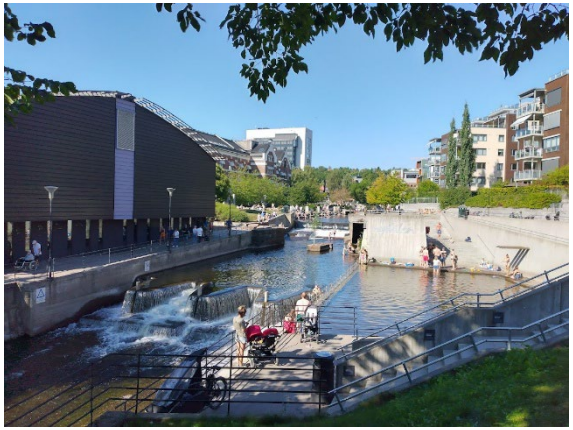
Potential housing consequences: Green gentrification and growing housing inequalities



Green-



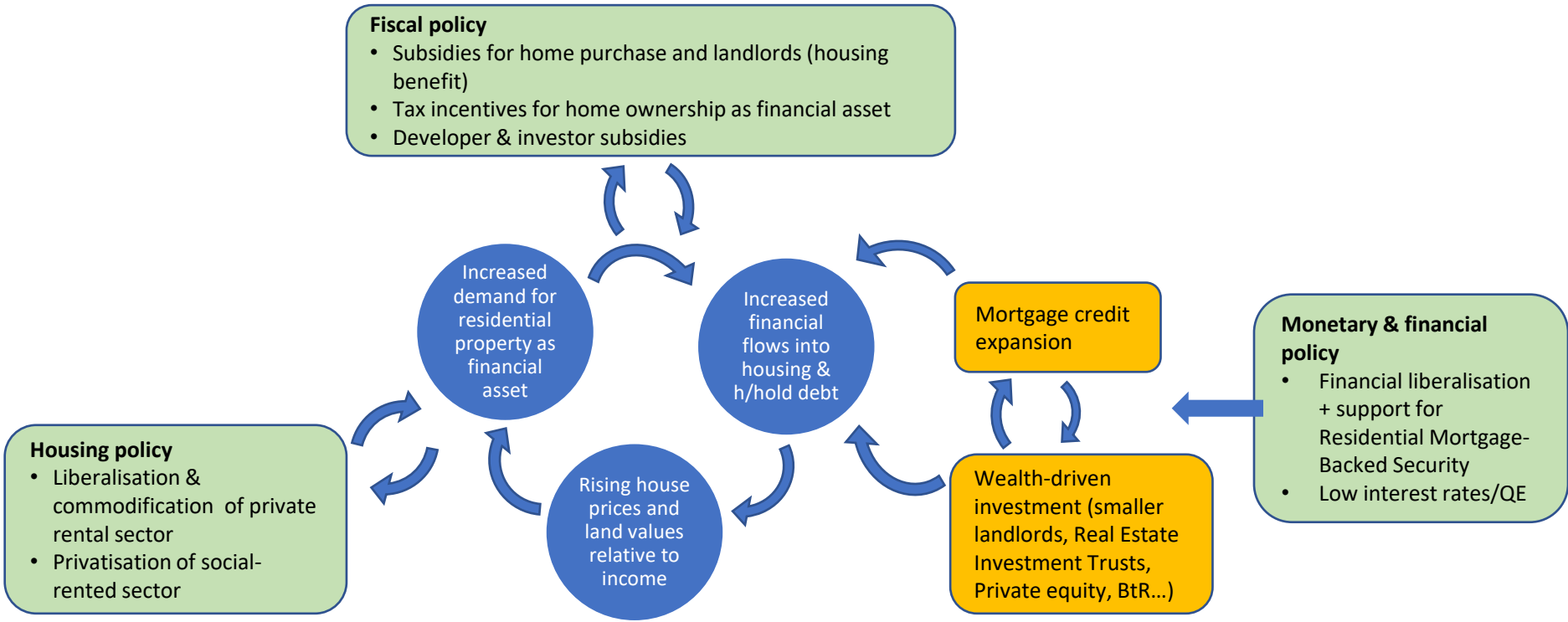
Climate-



Blue- gentrification in Oslo

Source: Roberta Cucca, 2024

4. The financialization of housing



Source: Adapted from Ryan-Collins (2018) *Why Can't you afford a home*, Polity Press, p35

Housing price increase is not connected to shortage of housing

- The **largest house price increases** between 2010 and 2023 among EU countries were observed in Estonia (+209%), Hungary (+191%) and Lithuania (+154%).
- In **none of these cases could the steep price increase be explained by shortages of supply** or increasing demand triggered by population expansion. The Estonian population has been fluctuating while Hungary and Lithuania have shrinking populations.

Policies to support affordable housing for all within planetary boundaries

Status quo	Policy alternatives
Financial regulation and reform	• Macroprudential policy & **credit guidance focused on affordability** not just financial stability • Stakeholder and relationship banking • Stronger **regulation for institutional investment** to support affordable renting
Planning policy	• All new build should be **net-zero social housing** • Stronger **Land Value Capture policies** for local government
Macroeconomic regime	• Punitive taxation for **overconsumption of domestic space** (second homes, spare bedrooms, energy efficiency: e.g. Green Land Value Tax (Muellbauer 2018) • House prices better reflected in monetary policy
Ecological considerations	• More attention to **existing stock**: Major investment in retrofit, heat pumps, home insulation

Source: Josh Ryan-Collins

5. An emerging idea: post-growth

Growth has to be abandoned as an objective, focus instead on equity, sufficiency and human wellbeing. **It is not aggregate production what matters but what we are producing, assuring that people have access to goods they require** and that **incomes are more equally distributed.**

Post-growth aims for a **planned and democratic reduction of less necessary production in rich countries in a safe and just way**.

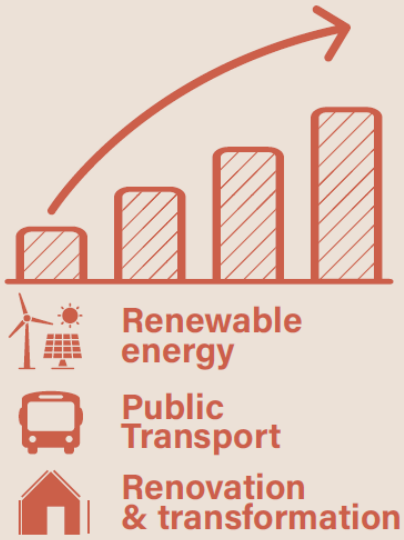
Post-growth suggestions: **decommodify public services to make them accessible to everyone: health, housing education, food**, … Job guarantee, living wages, improve barganing power of labour. **Socially necessary sectors have to be improved and not necessary ones to be removed.** Right to repair, extend products life.

Degrowth is not about shrinking the entire economy but about reducing harmfull production and consumption



Sectors That Must Shrink

Degrowth focuses on scaling back sectors thatare both environmentally harmful and are sociallyunproductive



Sectors That Must Grow

Degrowth focuses on expanding sectors essential for a safe, just life within planetary limits while enhancing well-being.

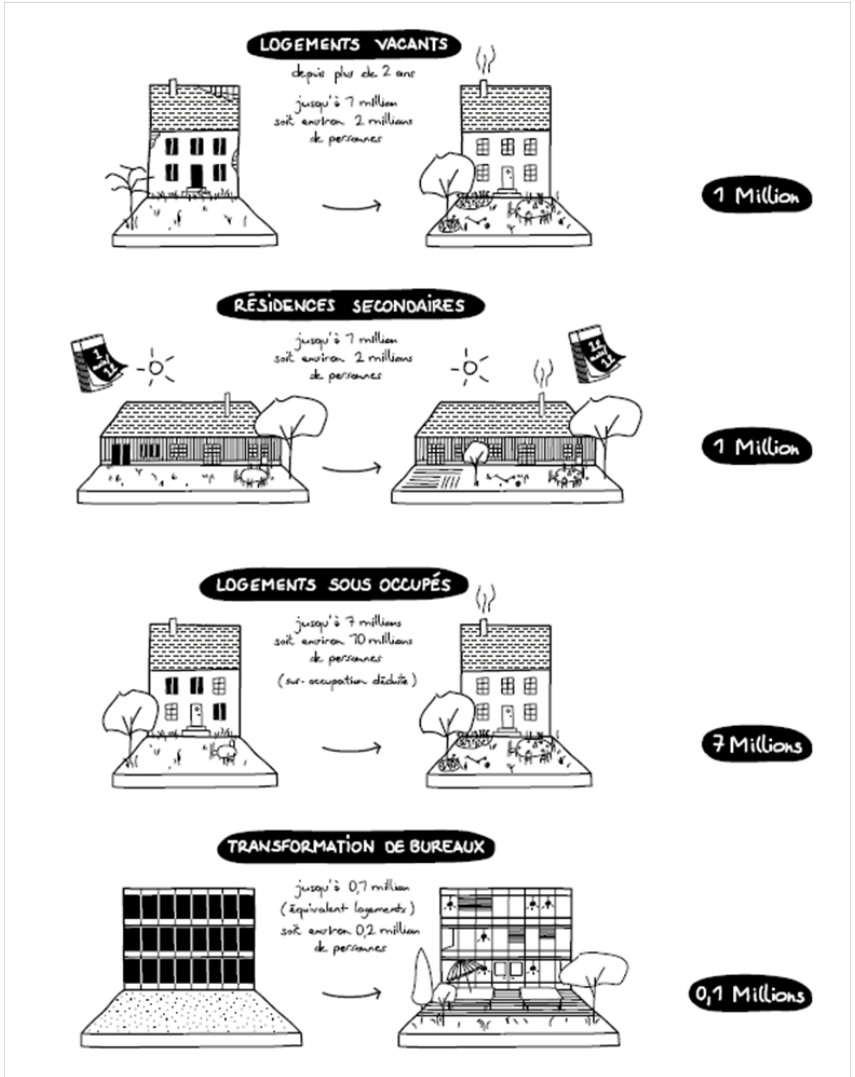
Reduction Roadmap (2024) Beyond the Roadmap: A transition plan for the Danish building industry. 14. November, 2024. www.reductionroadmap.dk

An important new term: sufficiency

Sufficiency is a set of policy measures and daily practices which **avoid the demand for energy, materials, land, water, and other natural resources, while delivering wellbeing for all within planetary boundaries**.

The **upper limit of sufficiency is the remaining carbon budget with its normative target for distributional equity**. The **lower limit of sufficiency is the provision of decent living standard's requirements,** including **housing, nutrition, basic amenities, health care, transportation, information, education, and public space**.

In contrast to efficiency, which is about doing more with less in relative terms without considering planetary boundaries, **sufficiency is about consuming less in absolute terms and within the biophysical limits of the planet**. While efficiency satisfies **human wants** by providing more commodities, sufficiency targets the **needs** for human wellbeing. (Saheb, 2021)



Reserves for housing, instead of new building, in France

https://bonpote.com/philippe-bihouix-pour-construire-mieux-nous-naurons-dautres-choix-que-de-construire-moins/

Philippe Bihouix: "To build better, we will have no other choice but to build less"

Adaptive reuse of vacant, non-residential real estate

Use an empty building to start the change in a monofunctional part of the city: Brussels, European quarter. (URBACT project: 2nd Chance)





To activate unused real estate

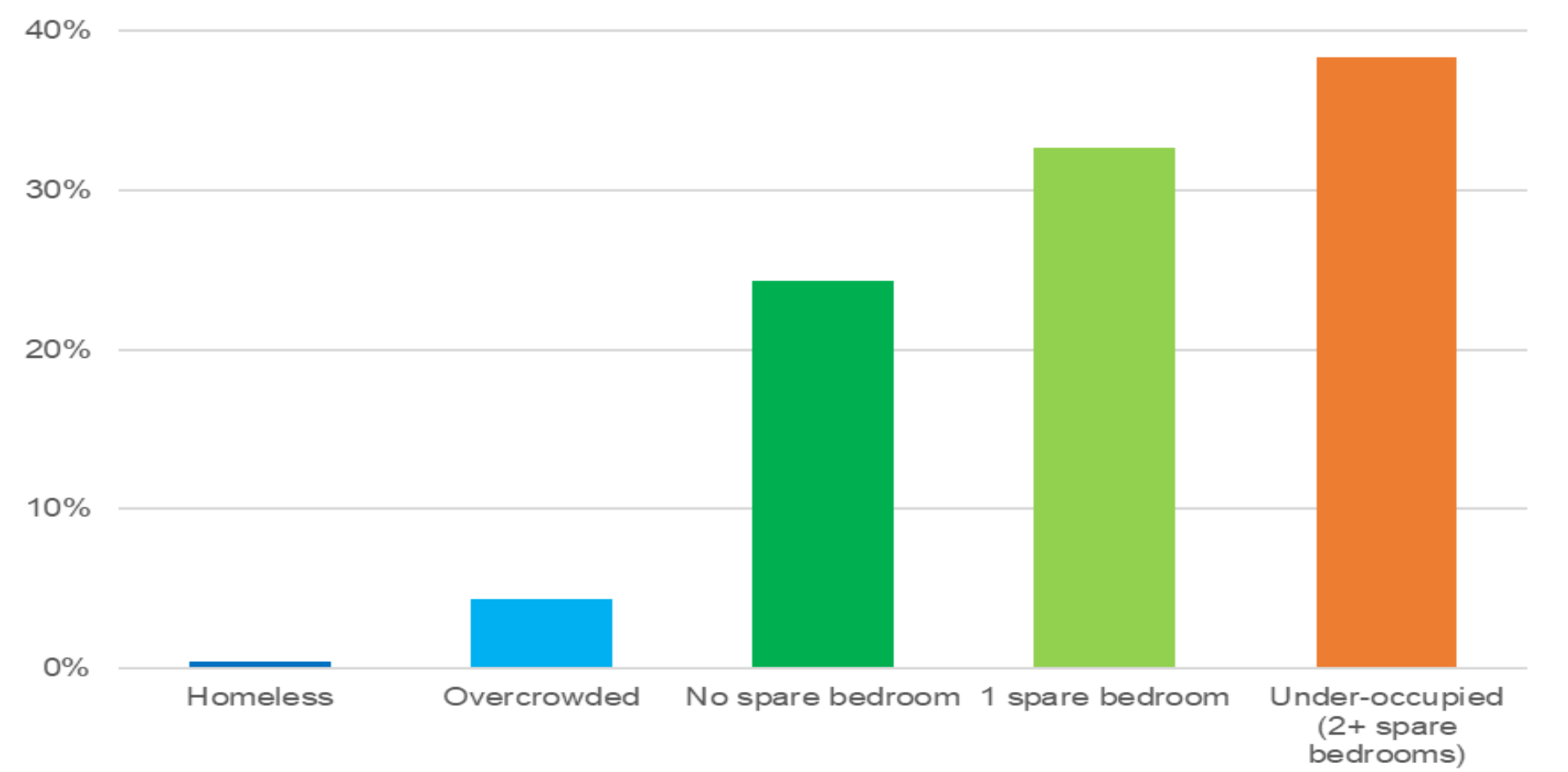
- With average rents in the Catalan capital soaring the city council intended in 2017 to compile a **registry of unused plots of private land with the aim of expropriating them for public use** should the owners fail to build on them.
- “We want to avoid owners and developers holding on to land for **speculation purposes**”
- Once the unused plots have been added to the new registry, the **owners will be officially informed and given two years to build on the land before it is expropriated**.



To activate empty housing units

- mobilizing empty residential units: **vacant housing tax**
- **progressive property taxes** based on a cap in the per-capita floor area to adapt the size of dwellings to households' needs

EAHP rapporteur in the EP: **the left proposed highly interventionist measures, for example regarding rent and market regulations**. We did not support these, because they restrict supply and only exacerbate the problem in the long run. In Spain rent caps were introduced but they ultimately reduced investment in the sector. What we need to do is **attract investment to the construction sector to build as many homes as possible.**



Reduction Roadmap (2024) Beyond the Roadmap: A transition plan for the Danish building industry. 14. November, 2024. www.reductionroadmap.dk

Rental Housing Agencies

How to get **more affordable rental units super-homeownership countries**, **without building new housing?**

- Rental Housing Agency, to be established by the **public sector, including all the remaining public rental units**
- Call to the residents: **rent out your empty flats to the RHA** (fixed time contract, legally safe, slightly below market rent)
- Call to families in need: **rent a flat from the RHA** on an affordable rent level
- Not for the poorest families but for the **lower middle class**

Community Land Trusts:
How do they work?



Land is owned by the Community Land Trust, which is governed by a non-profit board.



Buildings (residential or commercial) are owned by individuals. Because they pay only for the structure, and not the underlying land, purchasing the building is more affordable.



A 99-year ground lease between CLT and owner ensures owner-occupancy and responsible use and outlines fees paid to the CLT.

A resale formula built in to the ground lease is designed to keep homes affordable for subsequent buyers.



Debates about post-growth

- In **Germany** 2 million housing units are staying empty... **people are using 50% more housing space as in 1990**... a post-growth agenda for housing should be possible under such circumstanes...
- No more land take: **NRW 2008-2022**: 0.2 pop increase, 0.25% hh increase, 0.6% housing increase, 1.35% land use increase per year. The state created a strategy for a theoretical zero-sum situation, the regional plan designates **30 housing/ha density**, while municipalities want to deserve what we have on 10 housing/ha density level...
- It is proved that **building new housing does not lead to more affordability**
- **Post-growth as leading agenda** can only work, if **not the negative vision is emphasized but health, clean water, nature, just city as center of metropolitan images**

AESOP‘2024 conference, Paris

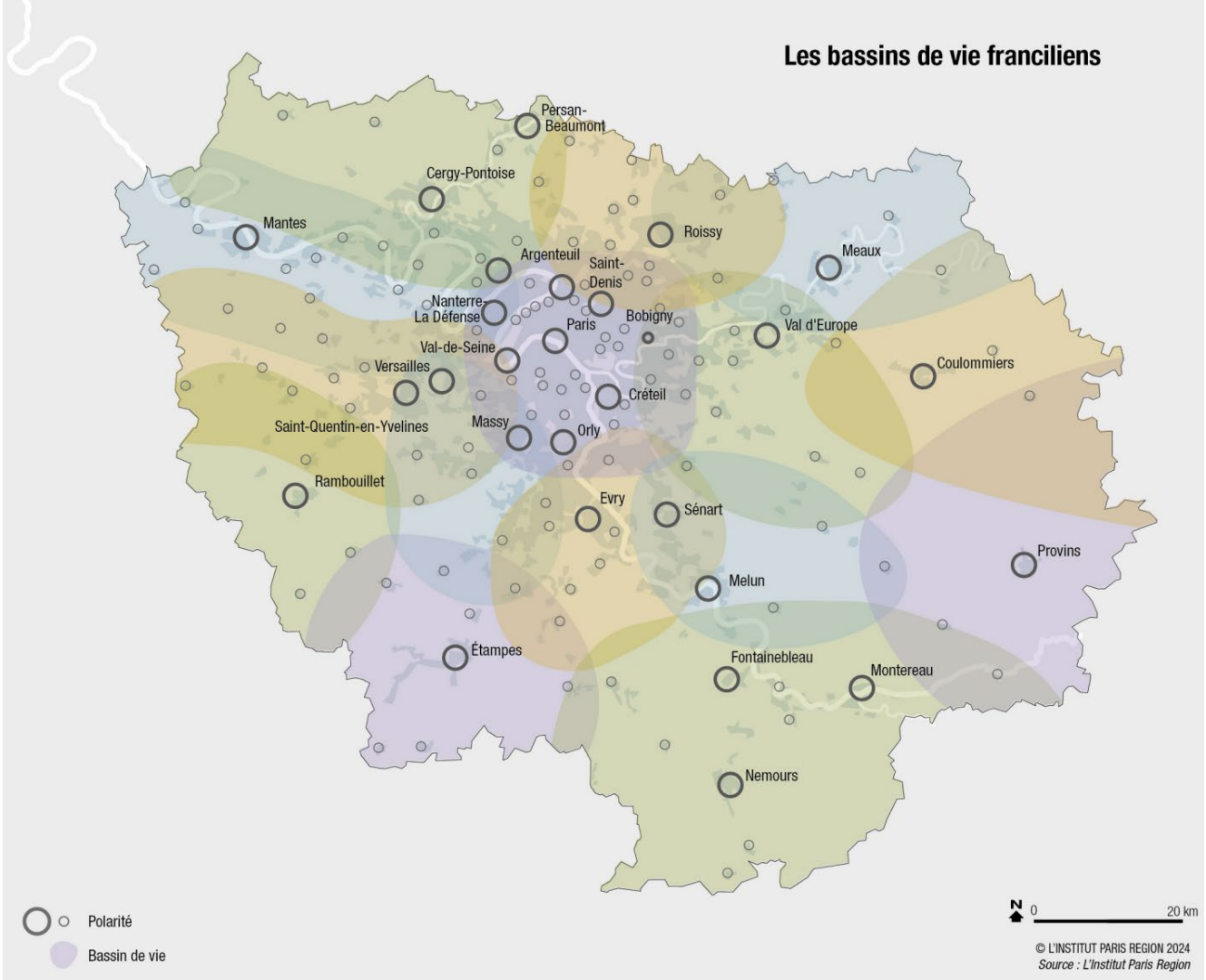
6. Metropolitan governance as an important framework for green growth and post-growth

- Land-use governance: from expansion to spatial optimisation
- Housing: no more land take and densification, core issues of metropolitan governance
- Mobility: transition based on a paradigm shift
- Governance: the importance of the neighbourhood and metropolitan/microregional levels

Land-use governance: from expansion to spatial optimisation

- The Île-de-France Region Master Plan (SDRIF) as **reference document for strategic planning to guide urban growth, proposes a new balance centered around 144 municipalities and groups of municipalities identified as polarities** , around which the living areas of the people of the Île-de-France region will be strengthened.
- These focal points will help structure a zero net artificialization (ZAN) and zero net emissions (**ZEN) territory** by placing circularity at the heart of the Île-de-France economic model. In terms of demographic development, **the plan must support the arrival of 50,000 new residents each year and the construction of 70,000 new homes annually** .
- To preserve the territory and implement genuine land conservation, **the SDRIF-E reduces land consumption by a factor of three compared to the 2013 SDRIF,** thanks to a sustainable effort of reducing land use by 176 hectares per year, a figure that remains consistent every decade. The implementation of a truly polycentric approach will rebalance **the dense urban area and the outer suburbs** , creating **coherent living areas adapted to the aspirations of Île-de-France residents** in terms of housing, jobs, services, and amenities within a "20-minute radius." https://www.iledefrance.fr/toutes-les-actualites/le-sdrif-e-ile-de-france-objectif-2040

Les bassins de vie franciliens



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Source : L'Institut Paris Region



Grand Paris Express: the metropolitan enlargement of the subway system

TOD-like densification of suburban towns and villages

How can suburban municipalities be pushed for densification?

- **local taxation:** by which level and how is this regulated
- **up-zoning** possibilities: increase of maximum density zoning, allowing the market to function instead of direct public interventions
- **financial incentives** – are suburban municipalities ready to pay for that, and/or will the core city contribute?
- **non-financial incentives** – could other advantages be offered for higher density (eg contribution for recreational areas or job creation, support for new service centers)
  - Grand Paris, Missika: better public transport connections; direct public interventions in the vicinity of new public transport opportunities
- **governance framework** – could a stronger (not only voluntary-based) structure be established on the FUA level (similar to SCOT in France) besides the weak regulatory functions on larger areas?

7. Sharp conflicts on EU level about the future

- Recent developments: introducing a **Housing Commissioner** and the **Affordable Housing Plan** with non-binding elements
- **No direct EU housing regulations** exist but **strong green policies** with social protection elements.
- **ETS2**, extending carbon trade to the housing and transport sectors, directly affects housing. **Rising heating costs can be compensated by the Social Climate Fund**, allowing energy-efficient building renovation. However: the introduction of the ETS2 is **challenged** by a group of Member States
- The **2028-2034 MFF proposal** as new EU framework: **double centralization** in the form a single national plan. Decrease of Cohesion policy, elimination of urban earmarking.
- The case of Hungary (central government punishing Budapest) as illustration **what can happen if national governments get all the power.**

Conclusions on housing affordability

- The housing affordability problem is a very **complex issue**. There is **no universal solution for this problem**, all potential approaches, like new construction or densification have their own problems.
- Taking the lessons of **financialization** and the requirements of **planetary boundaries** into account, **post-growth considerations (sufficiency)** and **metropolitan governance** can be suggested as frameworks for social, governance, and planning innovations, adapted to local conditions.
- The present EU policies, the **EAHP and the MFF/NRPP are not encouraging.** The extent to which housing problems can be addressed in a **just way, within planetary boundaries**, depends on **national policies and multi-level governance cooperation** in the country. These conditions, however, are not optimal in the majority of countries …

Thanks for your attention!



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