

A coordinated EU approach to housing

SUMMARY

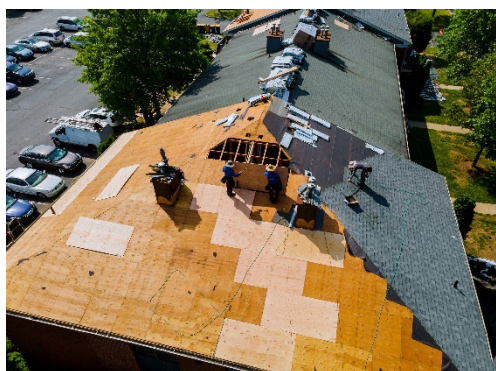
The recent cost-of-living crisis has exacerbated a longstanding problem with housing affordability in the EU. Higher building costs and mortgage rates, together with a related decrease in housing construction, have made access to home ownership more difficult. At the same time, investors use housing as a vehicle for investment. Growing numbers of people are struggling to access affordable housing, whether to rent or to buy, particularly in cities. Across Europe, homelessness is rising.

In addition, many residential buildings need to be made energy-efficient and decarbonised in order to achieve the EU's energy and climate goals, lower energy consumption and reduce energy bills.

While the EU has no direct competence in the area of housing and only a limited scope of action to address social issues, it provides relevant guidance and funding, and has carried out several initiatives to support housing. Furthermore, certain EU rules have an indirect impact on housing provision, starting with the Energy Performance of Buildings Directive. In parallel, many sources of EU funding are available for various housing-related purposes in the current financing period.

In the run-up to the 2024 European elections, the lack of adequate and affordable housing, and the need to address it at EU level, emerged as a concern across the whole of the EU and the entire political spectrum. The new European Commission ('von der Leyen II') is giving housing policy visibility and weight by proposing a coordinated approach. For the first time, housing has become a distinct part of a commissioner's portfolio. Dan Jørgensen, the new Commissioner for Energy and Housing, is responsible for dealing with several complex issues relating to housing.

The European Parliament voted on 18 December 2024 to set up a special committee on the housing crisis in the EU. Building on recent developments, the Commission's 2025 work programme is expected to outline the next steps for the EU.



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Background

Housing systems vary greatly among EU countries – in terms of their purpose, ownership and tenure, types of providers, categories of beneficiaries, funding and subsidised rent arrangements. All across the EU, however, **housing affordability** has become a significant [problem](#), further exacerbated by the pandemic and the cost-of-living crisis.

Because of higher building costs and mortgage rates, inflation, supply chain disruptions, regulatory constraints, stringent lending criteria enforced by banks, a shortage of buildable land and challenges in obtaining building permits, construction has decreased [significantly](#). This has made access to home ownership more difficult. At the same time, investors have used housing as a vehicle for wealth expansion. Housing prices have grown faster than incomes, and rents have risen in many cities, owing in part to high demand for short-term rentals.

As a result, growing numbers of people in the EU struggle to access affordable housing, be it to rent or to buy. They face **difficulties in accessing** decent and good-quality housing, tenure insecurity, increased housing cost overburden (see Box 1) and indebtedness.

The **right to housing** is enshrined in the [United Nations Universal Declaration of Human Rights](#),¹ recognised in the Council of Europe's Revised European Social Charter,² built into the (legally non-binding) 2017 [European pillar of social rights](#) and addressed in the related [action plan](#).³ In practice, however, [housing rights](#) are treated differently across the EU, and housing is often regarded as a commodity, not as a right.

Box 1 – Housing prices and quality

Between 2010 and 2023, average housing rents in the EU rose by 22 % and house prices by 48 %; by that time, 10.6 % of people in EU cities were living in households that spent over 40 % of their disposable income on housing (compared with 7 % in rural areas). This 'housing cost overburden rate' was highest in cities in Greece (31 %) and Denmark (23.3 %), and lowest in Cyprus (3.4 %) and Croatia (3.5 %). Over the same period, the construction producer prices for new residencies in the EU rose by 52 %. Around 17 % of the EU population lived in an overcrowded home, 33 % in an under-occupied home, and 11 % were unable to keep the home adequately warm (i.e. were affected by what is known as 'energy poverty').

Source: Eurostat, [Housing in Europe – 2024 edition](#).

No shared [definition](#) of **social housing** exists in the EU, and Member States implement various approaches. The term refers to a range of different schemes even within a single country, with two recurrent elements being affordability and the existence of rules for dwelling allocation, which is done by the administration (i.e. not left to market mechanisms). Regulated by public authorities, social housing is provided by different levels of public administration, either directly or through public housing bodies or companies tasked with implementing public housing policy.

The term **affordable housing** refers to a range of housing provision types that is broader than 'social housing', and includes social housing, other low-cost rental housing, and access to home ownership at reduced prices. The focus is on affordability for end-users, not on the regulation around it. Over the past 15 years, public investment in social and affordable housing has declined significantly, in part owing to the uncertainty and instability of the finance framework and low expected returns.

While secure housing may be affordable for people, it may be **inadequate** for their needs – in terms of lack of space and poor quality, and location or distance to employment, services and social needs.

Practical implementation of housing policies often takes place in **cities**. Cities are expected to address their population's [increased](#) and diversified housing needs, spanning from those of no- and low-income groups – homeless people, migrants, young adults, older people, young and single-parent families – to middle-income groups and key workers in many areas.

Housing problems can intensify social inequalities and result in housing exclusion. **Homelessness**, one of the most extreme forms of social exclusion, is present in all Member States and has been

rising (by an estimated [70 %](#) over 10 years). Despite inconsistent measurement methods (no internationally agreed [definition](#) exists) and local data gaps, the trend is clear and widespread. According to the most recent [estimates](#), the number people sleeping rough, people in night shelters and people in temporary accommodation for the homeless in Europe stands at 1.3 million, of which nearly 400 000 minors.⁴ Across the Organisation for Economic Co-operation and Development (OECD) countries, at least [2.4 million](#) formal eviction procedures were initiated in 2023. Solutions that have proven efficient in combating homelessness include the 'housing first' approach, which consists in providing homeless people with housing as a starting point, supplemented with [other support](#), and advisory services to people at risk of evictions. Another group impacted by the lack of affordable housing are **young adults** living with their parents because they cannot afford independent housing. Between 2007 and 2019, the age when at least 50 % of people in the EU live outside their parental home rose from 26 to 28.

Affordable housing is not only in shortage; the existing building stock also needs to be decarbonised, i.e. their greenhouse gas emissions need to be reduced. Buildings [account for](#) approximately 40 % of the EU's energy consumption and 36 % of its CO₂ emissions. Decarbonising them through [renovations](#) is key to achieving the EU's energy and climate goals, as well as to making houses better insulated and less energy-consuming, and energy bills more affordable. It is estimated that about [800 000](#) social housing units require renovation each year, both to cut emissions and to reduce energy poverty.

Renovations require investment and a robust **construction** industry. Construction, however, is expected to contract by [2.3 %](#) in 2024 (all segments confounded). The sector, once described as 'addicted to cheap labour', is heavily affected by [labour and skills shortages](#).⁵ The widespread use of sub-contractors, self-employed, [undeclared](#) and temporary workers in a bid to meet production demand leads to frequent changes of contracts and increases job precariousness.

As the EU has **no direct competence** in housing, the responsibility for policies on and investment in social and affordable housing remains with the Member States. However, EU legislation and policy in several areas impact housing indirectly.

EU housing-related initiatives

With the 2016 [pact of Amsterdam](#), the EU ministers responsible for urban matters recognised the [role of cities](#) in EU policy-making and launched the EU [urban agenda](#).⁶ With no legal basis, this initiative worked with 'partnerships', i.e. loosely defined entities involving national governments, cities and other organisations. The [housing partnership](#) focused on affordable housing in cities. The resulting 2018 [action plan](#) included recommendations on the use of State aid support for social and affordable housing, policy guidance, a monitoring system, funding and a good-practice database.

The 2021 [European Climate Law](#) set out a binding objective of EU climate neutrality by 2050, and triggered legislative reviews under the ['fit for 55'](#) package. It also gave impetus to the [renovation wave](#), a strategy that sought to reduce energy consumption and greenhouse gas emissions by renovating 35 million buildings by 2030 (thus doubling the then annual rate of energy renovations). The strategy included the [affordable housing initiative](#), meant to ensure that the renovation wave also benefits social and affordable housing facilities. The initiative focused on: (i) piloting 100 'lighthouse' renovation and construction districts to offer [replicable solutions](#) for improving energy efficiency and liveability; (ii) mobilising cross-sectoral project partnerships and linking them to local actors; and (iii) promoting innovative approaches to circular and modular construction, production of renewable energy, and empowering residents and local communities. Outcomes of the initiative include policy recommendations, a handbook on access to funding, and a report on opportunities and barriers to renovation of social and affordable housing. Furthermore, in 2024, the EU adopted the revised Energy Performance of Buildings Directive with new targets for residential buildings (see the next section).

With the 2021 [new European Bauhaus](#) policy and funding initiative, the European Commission sought to support [transformations](#) of the built urban environment that are sustainable, inclusive and beautiful.

The [Lisbon Declaration](#) of June 2021 launched the European [platform on combating homelessness](#) (EPOCH), designed to deliver on a joint commitment of all Member States and EU institutions to work towards ending homelessness by 2030. The platform supports activities such as evidence-gathering, mutual learning, and schemes facilitating access to finance. Consequently, Member States have adopted integrated national anti-homelessness strategies.

The [European Semester](#) – the EU framework for the coordination of economic, budgetary, and employment and social policies – uses a set of indicators that allow to monitor [country-specific recommendations](#) over time and across Member States. The indicators for social policies contained in the revised [social scoreboard](#) include the housing cost overburden rate (see Box 1) among the [headline indicators](#).

Through (legally non-binding) recommendations, the EU has sought to establish a common approach to some housing-related issues of common interest. For instance, it recommended measures and policies EU countries can adopt to tackle [energy poverty](#), address child poverty, including through adequate housing ([European child guarantee](#)), and support integrated housing schemes targeting marginalised [Roma people](#). Under migration and asylum policy, the action plan on [integration and inclusion of third-country nationals](#) outlined ways to finding housing solutions, fighting discrimination on the housing market and tackling segregation.

Impact of EU legislation

Energy

The EU [shares competence](#) with Member States on energy efficiency-related aspects ([Article 194](#) of the Treaty on the Functioning of the EU, TFEU). To align EU energy policy with the European Climate Law, the Commission proposed in 2021 to [review](#) the **Energy Efficiency Directive** (EED), introducing higher targets for reducing EU primary and final energy consumption by 2030, and setting upper limits for both types. The [revised EED](#) introduces the definition of [energy poverty](#) and obliges Member States to adopt measures to protect people affected by energy poverty and vulnerable groups (Article 24).

The recent [revision](#) of the **Energy Performance of Buildings Directive** (EPBD) sought to accelerate building renovation rates, reduce greenhouse gas emissions and energy consumption, and promote the uptake of renewable energy in buildings. The [revised EPBD](#) sets [new targets](#) for achieving a net-zero housing stock by 2050. All new buildings must be zero-emission by 2030. In the residential sector, Member States will have to reduce the average primary energy used in buildings by at least 16 % by 2030, and in a range of between 20 % and 22 % by 2035. While each Member State defines its own national trajectory to reduce the average primary energy use, and chooses the buildings to target and measures to take, 55 % of the energy reduction must be achieved through renovation of the worst-performing buildings (energy performance class G). The revised EPBD rules will apply from 28 May 2026.

State aid rules

The EU recognises three categories of [services of general interest](#):

- 1 services of general economic interest (**SGEI**), which are basic services carried out in return for payment, such as postal services, and are subject to EU rules;
- 2 non-economic services, such as the police, justice and statutory social security schemes, which are not subject to EU rules;
- 3 social services of general interest (**SSGI**), which respond to the needs of vulnerable citizens, and are based on the principles of solidarity and equal access. They can be

both of an economic and non-economic nature; examples include social security schemes, employment services and social housing.

While **social housing** is generally understood to be a social service ([SSGI](#)), many Member States consider the provision of housing to disadvantaged citizens to be an economic activity.⁷ For those countries, providing social housing qualifies as an SGEI, which must respect EU internal market and [competition rules](#). The Commission's 2012 SGEI package defines the conditions under which State aid in the form of public service compensation can be compatible with EU State aid rules.⁸

A key element in the package, [Commission Decision 2012/21/EU](#), exempts Member States from the obligation to notify a public service compensation to the Commission, under certain conditions (see Box 2). The cases that do not fall under the SGEI Decision must be notified, and the Commission may declare them to be compatible with [Article 106\(2\)](#) TFEU if they meet the criteria of the SGEI framework (separate accounts and no overcompensation).

If a Member State has defined its social housing scheme in line with the SGEI package, a provider of social housing can be exempted from prior notification and be subjected to less rigorous State aid control.⁹

Member States are [free to define](#) their social housing policies, including the target groups. The Commission cannot impose a definition of social housing; it only verifies that Member States do not make errors in defining social housing as a SGEI, and comply with the SGEI conditions. A 2019 [public consultation](#), followed by a 2022 [evaluation](#) of the SGEI package impact, found that stakeholders disagreed on whether the definition of social housing in recital 11 (see Box 2) was adequate or too narrow.¹⁰ The Commission concluded that the social housing concept may need further clarification.

In the area of **energy-related renovations**, the Commission [amended](#) the State aid rules ([General Block Exemption Regulation](#)) in 2023, to facilitate and speed up the green and digital transition.

Public procurement

Several EU [directives](#) set out minimum harmonised public procurement rules, which govern the way public authorities, such as government departments or local authorities, purchase work, goods or services from companies. The most relevant to housing provision is [Directive 2014/24/EU](#) (see Box 3).

These rules are transposed into national legislation and apply to tenders whose monetary value exceeds a certain amount. For tenders of lower value, national rules apply. Nevertheless, these national rules also have to respect the [general principles](#) of EU law.

Since the 2014 public procurement reform, contracting authorities are required to

Box 2 – Commission Decision 2012/21/EU

Article 2(1)(c) exempts all services 'meeting social needs as regards health and long term care ... , social housing and the care and social inclusion of vulnerable groups'.

Recital 11 specifies that 'undertakings in charge of social services, including the provision of social housing for disadvantaged citizens or socially less advantaged groups, who due to solvency constraints are unable to obtain housing at market conditions, should also benefit from the exemption from notification'.

Box 3 – Directive 2014/24/EU

Contract award criteria (Article 67)

1. ... Contracting authorities shall base the award of public contracts on the most economically advantageous tender.
2. [This] shall be identified on the basis of the price or cost, using a cost-effectiveness approach, such as life-cycle costing, ... and may include the best price-quality ratio ... assessed on the basis of criteria including qualitative, environmental and/or social aspects linked to the subject-matter of the ... contract in question. [...]

Member States *may provide* that contracting authorities *may not use price only or cost only* as the sole award criterion or restrict their use to certain categories of contracting authorities or certain types of contracts.

award public contracts based on the 'most economically advantageous tender' ([MEAT](#)) criterion. Instead of just the lowest price, MEAT emphasises best value for money by considering quality, environmental and social factors, life cycle costs and innovation.

In 2017, noting that [55 %](#) of procurement procedures still use the lowest price as the only award criterion, the Commission concluded that strategic criteria needed to be applied systematically, and that a targeted approach was needed for priority sectors such as construction. In 2019, it updated guidance on [social procurement](#). Nevertheless, while the EU recommends best practice, EU countries remain free to choose which qualitative standards to apply.

Construction sector

As regards the marketing of **construction products** in the EU, the 2011 [Construction Products Regulation](#) introduced a common technical language for assessing the performance of construction products, and enabled Member States to define legal requirements for construction works. Following a recent [revision](#), the [updated rules](#) seek to adapt standardisation to new technical developments, and introduce product digital passports to inform consumers more effectively and to facilitate green choices. The 2006 [Services Directive](#) introduced rules and principles to allow services providers across many sectors, including **construction service providers**, to establish in another EU country more easily or to provide temporary services across borders.

The EU sought to alleviate the persistent [labour shortages](#) in construction (and other sectors) with rules framing the practice known as [posting of workers](#), based on the principle of freedom of movement of services within the EU.¹¹ Another Commission initiative yet to be finalised by co-legislators, the [Talent Pool platform](#), seeks to address EU labour shortages by facilitating the recruitment of jobseekers from third countries.

Taxation

Taxation is a prerogative of the Member States; EU competences are [limited](#). The 2006 [Value Added Tax \(VAT\) Directive](#) (see Box 4) lists several categories of goods and services for which a rate below the standard rate (<15%) *may be* applied by Member States. Therefore, Member States may apply a **reduced VAT rate** (not lower than 5%) on the supply of social housing, but are not obliged to. They may also further restrict the application of the reduced VAT rate if they so wish (for example, apply the reduced VAT to renovation of houses but exclude demolition and repairing).

Box 4 – Council Directive 2006/112/EC

[Annex III](#) lists the following:

(10) supply and construction of housing, as part of a social policy, as defined by the Member States; renovation and alteration, including demolition and reconstruction, and repairing of housing and private dwellings; letting of immovable property for residential use.

Further rules

EU rules on credit agreements guaranteed by a **mortgage** sought to [ensure](#) that all consumers who take out a mortgage to purchase an immovable property are adequately informed and protected against the risks. The 2014 [Mortgage Credit Directive](#) was complemented in 2021 with rules on [credit services](#), to protect consumers in cases of transfer of credit. The Commission has also launched consultations in view of the revision of the regulation on [securitised assets](#), to revive the market that has faded out following the 2008 financial crisis. This would uphold banks' lending capacities to the real economy, including for mortgages.¹²

The volume of **short-term accommodation rental** services has increased significantly with the expansion of online platforms such as Airbnb and TripAdvisor, and currently represents about [one quarter](#) of total tourist accommodation in the EU. Many aspects related to short-term rentals are

[regulated](#) at the local, regional and national level; the rules [vary](#) across jurisdictions and change frequently. While such rentals generate benefits for hosts, tourists and many regions, the lack of appropriate rules also contributes to [problems](#) such as higher housing prices, the displacement of permanent residents, over-tourism, and unfair competition.¹⁵ To bring more transparency to short-term rentals, [new EU rules](#), which will start applying from 20 May 2026, seek to improve the collection and sharing of data on short-term rentals, and enable local authorities to develop appropriate policies based on solid data.

The EU [economic governance framework](#) consists of **fiscal rules** that oblige EU governments to limit their debt levels and budget balances. Following a recent [reform](#), the [new economic governance framework](#) entered in force on 30 April 2024. While the [new rules](#) focus on public expenditure growth, they allow Member States more flexibility in their fiscal plans to define investment and reforms aimed at encouraging public investment.

As the availability of coherent data is the starting point for designing, implementing and evaluating policies, the Commission [proposed](#) to adapt the existing **statistics on population and housing** collected in the EU. The ongoing [revision](#) seeks to align population and international migration statistics, and adapt the lists of detailed topics covered, their periodicity and reference times.

EU funding

Multiple EU funding instruments are available to support housing projects. For instance, in April 2024 the Commission estimated that more than [€100 billion](#) from EU financing is available to support energy efficiency renovations till 2030. EU funding tools are meant to complement other public funding. An efficient combination of public and private financing, as well as support from financial institutions are needed to address the vast housing financing needs.

Table 1 – EU funding sources relating to housing

Fund	Legislation and budget	What it does
Recovery and Resilience Facility (RRF)	Regulation (EU) 2021/241 €723.8 billion in 2022 prices – up to €338 billion in grants and up to €385.8 billion in loans (2022–2026)	Performance-based financial support for Member States against the implementation of a combination of reforms and investment, based on national plans . About €15.1 billion contribute to the 'social housing and other social infrastructure' policy area. It is the main REpowerEU funding tool, with about €81.1 billion to support energy efficiency in (all types of) buildings.
European Regional Development Fund (ERDF) and Cohesion Fund¹⁴ (CF)	Regulation (EU) 2021/1058 Regulation (EU) 2021/1060 Shared management ERDF: €215 billion CF: €37 billion	Investment in infrastructure, equipment and access to mainstream, non-segregated and accessible services in housing and social assistance. Under the ERDF, several Member States have programmed direct investment of about €1 billion in housing in the scope of social inclusion, and support of about €6.2 billion for energy efficiency in housing.
European Social Fund Plus (ESF+)	Regulation (EU) 2021/1057 Shared management strand: €95 billion; the Employment and Social Innovation (EaSI) strand of about €762 million is	Does not contribute to the provision of housing as such, but rather to housing assistance programmes and social services to support access to housing, including for homeless people. Housing-related measures can be implemented as social innovative actions. Thematic concentration: at least 25% of the resources should be allocated to a social inclusion policy area. An

	implemented by the Commission	exact amount indicating ESF+ funding allocated only to housing-related actions cannot be determined.
Just Transition Fund (JTF)	Regulation (EU) 2021/1056 Shared management €17.5 billion (of which €10 billion from RRF)	Supports the territories most affected by industry decarbonisation to avoid regional inequalities growing. Limited scope for investment energy efficiency and reducing energy poverty.
InvestEU programme	Regulation (EU) 2021/523 EU budget guarantee of €26.2 billion, provisioned at the rate of 40 %	Support to private and public investments in 4 areas. The sustainable infrastructure window (€9.9 billion) can support buildings renovation projects focused on energy savings. The social investment and skills window (€2.8 billion) can support social infrastructure, affordable social housing ¹⁵ and student housing.
Horizon Europe	Regulation (EU) 2021/695 Decision (EU) 2021/764 €95.5 billion	Mostly managed by Commission executive agencies through calls for proposals. A priority area: the effects of social, technological and economic transformations on access to safe, healthy, affordable and sustainable housing. Can support: desk research, survey, data collection, interviews, events, papers, seminars, podcast and videos.
Technical Support Instrument (TSI)	Regulation (EU) 2021/240 €864.4 million	Managed directly by the Commission through calls for proposals. Can support structural reforms, also in affordable housing.
Single market programme	Regulation (EU) 2021/690 €4.2 billion	Can support a targeted action under 'Affordable Housing Initiative European Partnership', to facilitate local public–private partnerships and SMEs' engagement in lighthouse district-level renovation projects targeting social and affordable housing that integrate innovative features.
Asylum, Migration and Integration Fund (AMIF)	Regulation (EU) 2021/1147 €9.9 billion	Main focus is on first-reception needs and early integration. Limited possibility of financing related to social housing and accompanying services.
Social Climate Fund	Regulation (EU) 2023/955 €65 billion (2026–2032) National plans by 2025	Can support vulnerable households and microenterprises particularly affected by the inclusion of greenhouse gas emissions from buildings, in particular households in energy (and transport) poverty. Support to building renovations, access to affordable energy-efficient housing and provision of affordable energy efficiency solutions.
Modernisation Fund	Implementing Regulation (EU) 2020/1001 (2021–2030) Composed financing	Also supports the improvement of energy efficiency in 13 lower-income EU Member States. ¹⁶ Can support energy efficiency measures in buildings.
LIFE programme	Regulation (EU) 2021/783	Managed by the European Climate, Infrastructure and Environment Executive Agency (CINEA) through calls

	Clean energy transition sub-programme €1 billion	for proposals , for instance on 'Creating the conditions to make renovation faster, deeper, smarter, service and data-driven' and 'Upskilling and reskilling interventions for building decarbonisation'.
European Investment Bank (EIB)	€150 billion in urban lending	Housing eligible for EIB financing includes all non-market or regulated accommodation and housing (social housing, affordable housing for rent, refugee accommodation, accommodation for students and apprentices, care homes and assisted living facilities).
ELENA Facility European Commission and EIB	European local energy assistance	Technical assistance for energy efficiency and renewable energy investments targeting buildings. Supports technical studies, energy audits, business planning, financial and legal advice, tendering processes, project bundling, and project management.

Sources: European Commission, [Social housing and beyond](#), 2024; [EIB website](#). The funding period is 2021-2027, unless specified otherwise. Overall indicative budgets (not housing-only) are given. Direct management: funding is managed by the Commission. Shared management: funding managed jointly by the Commission and national authorities.

European Parliament positions

In [2021](#), Parliament called for the housing sector, and not only social housing, to be included as an SGEI. It recalled that social housing is the only sector in the SGEI Decision for which the Commission mentions a target group (unlike for other social services), and warned that a narrow definition (the one from 2012) of social housing is restrictive and hinders Member States. Moreover, it called on the Commission to assess the contribution of EU policies and regulations to the financialisation of the housing market and to seek greater synergies between EU funding instruments.

In [2020](#), Parliament stated that at least €75 billion a year in EU financial incentives alone is needed to ensure that Europe's buildings are sufficiently energy-efficient by 2050. It called for energy efficiency renovations to be prioritised in each of the relevant EU funds. Furthermore, Parliament called for a shared framework definition and coherent indicators on [homelessness](#) in the EU, and a goal to end homelessness by 2030.

Recent developments

In early 2024, the Housing Europe Federation issued a [manifesto](#) calling for EU policies geared towards socially responsible renovations, and for an EU fund to harmonise all existing funding tools earmarked annually for socially responsible innovations. The construction industry called for [action](#) to deliver housing solutions. EU countries' housing ministers, in their March 2024 [declaration](#), called for a European new deal for affordable and social housing. They also called on the [EIB](#) to reinforce its lending to social and affordable housing providers.

Enrico Letta, in his April 2024 [report](#), identified the need to revise the different EU rules and tools that impact the housing markets 'in order to make sure that they incentivise socially inclusive and sustainable housing systems rather than exacerbate the current housing crisis'.

The La Hulpe Declaration, ratified by the European Parliament, the Commission and most Member States in [June 2024](#), insists on continued efforts to eradicate homelessness and promote the 'housing first' approach.

In her political [guidelines](#) for the 2024-2029 term, the President of the European Commission, Ursula von der Leyen, highlighted the need to address the housing crisis, and promised a revision of the Public Procurement Directive.

Dan Jørgensen, the new Commissioner for energy and housing, is [responsible](#) for preparing a European affordable housing plan to assist cities and Member States, help ensure a just transition

and address energy poverty. A new European strategy for housing construction should aim to support housing supply, reduce building costs, ensure the availability of enough skilled workers, and improve productivity and environmental performance of construction. The commissioner is also expected to tackle the systemic issues with short-term rentals, and propose ways to address the inefficient use of the current housing stock. Furthermore, Jørgensen is tasked with seeking ways that would allow Member States to double investment in affordable housing under the EU [cohesion policy](#), and developing, with the EIB and other financial institutions, an investment platform for affordable and sustainable housing. This specific focus on housing financing will become all the more important as the [current EU funding](#) has to be renegotiated by 2027.

In parallel, Stéphane Séjourné, Commission Executive vice-president and Commissioner for Prosperity and Industrial Strategy, is [in charge of](#) revising the public procurement directives 'to ensure security of supply, while simplifying the rules and reducing administrative burden'. No further indications, for instance on adapted award criteria or other conditionality, have been spelled out.

On [18 December 2024](#), the European Parliament plenary voted to set up a new special committee on the housing crisis in the EU, for a term of office of 12 months. The special committee will be composed of 33 members (the MEPs' names are to be announced during the January 2025 plenary session), and tasked with preparing a report on a number of housing-related issues, as specified in its [mandate](#).

The Commission's 2025 work programme is expected to outline the EU's next steps in this area.

MAIN REFERENCES

Eurofound, [Unaffordable and inadequate housing in Europe](#), 2023.

Eurostat, [Housing in Europe – 2024 edition](#), 2024.

OECD, [OECD Affordable Housing Database](#), website.

ENDNOTES

- ¹ [Article 25](#): 'Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services ...'.
- ² The [Revised European Social Charter](#) (Article 31) requires state parties to (i) promote access to housing of an adequate standard; (ii) prevent and reduce homelessness with a view to its gradual elimination; and (iii) make the price of housing accessible to those without adequate resources (Council of Europe, [1996](#)).
- ³ Principle 19 'Housing and assistance for the homeless' affirms that (1) access to social housing or housing assistance of good quality is to be provided for those in need; (2) vulnerable people have the right to appropriate assistance and protection against forced eviction; and (3) that the homeless are to be provided with adequate shelter and services, to promote their social inclusion.
- ⁴ Best 2023 [estimates](#) on homelessness from Fondation Abbé Pierre and FEANTSA, includes the EU and the United Kingdom (UK). [Eurostat](#) collects data on people having experienced housing difficulties (situations when a person had no place of their own and was forced to stay in a temporary accommodation) in their lifetime.
- ⁵ Electricians, roofers and construction labourers are listed among the most [critical shortage occupations](#) in the EU. Beyond structural factors, this is due to unattractive employment and working conditions, skills mismatch accentuated by the digital and green transitions that require new or changing skills, and an ageing population.
- ⁶ The Leipzig Charter on Sustainable European Cities sets common principles and strategies for urban policy, with references to affordable and sustainable housing, and to social housing.
- ⁷ To the [European Court of Justice](#), any activity consisting in offering goods and services on a market is an economic activity. The question of whether a market exists for certain services depends on the way those services are organised in the Member State in question, varies among Member States, and can change over time.
- ⁸ The [2012 SGEI package](#) lays down the State aid rules applicable to SGEIs compensation. It includes: (i) the [SGEI communication](#) that clarifies basic concepts of State aid relevant for SGEIs; (ii) the [SGEI de minimis Regulation](#) specifying that compensation not exceeding €500 000 over 3 fiscal years is not State aid; (iii) the [SGEI Decision](#) that sets out the conditions under which public service compensation for the provision of certain SGEIs constitutes State aid, which is however compatible with the internal market and needs not be notified to the Commission; and (iv) the [SGEI framework](#) that sets the conditions for assessing large compensation amounts that do not fall under the scope of the SGEI decision. Following an evaluation ([SWD\(2022\) 389](#)), the Commission replaced the (expired) regulation with a new SGEI *de minimis* [Regulation \(EU\) 2023/2832](#).

- ⁹ EY, [Study on Market Trends in healthcare and social housing and EU State aid implications](#) – Final report, 2021. It offers 10 case studies that differ in definitions of social housing, the scope of social housing services under the SGEI rules, and the share of social housing dwellings within the total housing stock.
- ¹⁰ Some respondents agreed with the current definition, while others saw it as too narrow, as a growing group of citizens without financial means to rent or buy housing on market terms are not considered 'disadvantaged citizens or socially less advantaged groups' and are thus not entitled to social housing funded under the SGEI rules. These stakeholders argue that regulators should enlarge (or remove) the definition, allowing governments to invest in affordable housing in line with their national traditions and without breaching State aid rules. Others argued that removing the target group from the definition altogether could have the [undesired effect](#) of Member States channelling investment away from the most vulnerable people.
- ¹¹ A posted worker is an employee sent by his employer to carry out a service in another EU Member State on a temporary basis. The revised [Directive on Posting of Workers](#), which applies since July 2020, addressed the previously problematic issues, including pay and working conditions of posted workers. To improve the situation on the ground, more frequent inspections are seen as [needed](#) (EU labour mobility rules are enforced by the [European Labour Authority](#), with limited [mandate](#) and resources), and more transparency is deemed to be helpful (in November 2024, the Commission proposed to set up a single [digital declaration portal](#) for companies sending workers abroad). However, the modernisation of EU rules on [social security cover](#), needed to facilitate workers' mobility, remains [blocked](#).
- ¹² [Asset-backed securities](#) – also known as securitised assets – are financial instruments traded in financial markets. They consist in pooling homogeneous income-generating and relatively standardised assets such as mortgage loans, which would not be tradable otherwise. In practice, the bank that sells a securitised asset pooling its granted loans transfers the risk exposure on these loans, and can grant new loans to other economic players; as a result, the lending amounts in the economy increase.
- ¹³ Short-term accommodation rental (STR) services are, in principle, covered by Directive 2006/123 (the [Services Directive](#)), which obliges Member States to comply with non-discrimination, necessity and proportionality principles in their market access requirements. Following [complaints](#) that the rules applicable to STR services do not respect these requirements in some destinations, the Commission has launched some [infringement procedures](#) for the breach of the Services Directive. Considering the issue of potentially 'illegal offer of accommodation services', the European Court of Justice [ruled](#) that Airbnb is providing an 'information society service' falling under Directive 2000/31 (the [e-Commerce Directive](#)), as amended by Regulation 2022/2065 (the [Digital Services Act](#)), and is not liable for the content provided by their users if they fulfil certain conditions. Council Directive 2021/514 (on [administrative cooperation in the field of taxation](#)) requires online platforms to collect and report taxpayer information on platform users who earn income facilitated by the platform, and Directive 2019/2161 (the [Omnibus Directive](#)) introduced important innovations to protect consumers using online platforms (obligation to disclose whether the third party offering the services on the site is a trader or not).
- ¹⁴ The Cohesion Fund provides support for Member States with a gross national income (GNI) per capita below 90 % EU-27 average. For the 2021-2027 period, it concerns Bulgaria, Czechia, Estonia, Greece, Croatia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Portugal, Romania, Slovakia and Slovenia.
- ¹⁵ Annex II (12)(d) defines 'affordable social housing' as being aimed at disadvantaged persons or socially less advantaged groups, who, due to solvency constraints, experience severe housing deprivation or are unable to obtain housing on market conditions.
- ¹⁶ The beneficiary Member States are Bulgaria, Czechia, Estonia, Greece, Croatia, Latvia, Lithuania, Hungary, Poland, Portugal, Romania, Slovakia and Slovenia.

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ep@ep.europa.eu (contact)

www.ep@ep.europa.eu (intranet)

www.europarl.europa.eu/thinktank (internet)

<http://epthinktank.eu> (blog)