

European Affordable Housing Plan – Response to Call for Evidence

Introduction

Unaffordable housing is not sustainable: Housing is an essential enabler of decent living conditions, and a fundamental pillar to ensure access to clean water and energy, promote mental and physical wellbeing and social inclusion. Poor housing conditions, housing shortages and energy poverty have become severe problems in the EU: [8.8% of the EU population spends more than 40%](#) of their disposable income on housing. On average, [house prices went up by 37%, and rents by 16%](#) between 2010 and 2021. Moreover, COVID-19 and the cost of living crisis have also sparked a [youth homelessness crisis](#), with the number of young citizens experiencing homelessness skyrocketing in cities across Europe: in Madrid, youth homelessness rates have shot up 10% since 2021, and in Dublin that figure has increased by 50% in the past year alone.

And unsustainable housing is expensive: Low-quality, poorly insulated housing cause high energy bills, significant impacts on health, and lower quality of life overall: In the EU, around [75% of the existing building stock is energy inefficient](#), and conversely, space heating accounts for as much as [two thirds of residential energy demand](#), adding high energy bills to already high cost of housing. Children growing up in cold homes are [more than twice as likely to suffer from respiratory diseases](#), and inadequate housing creates around [€194 billion per year in public health costs](#), with vulnerable households being affected most severely. No less urgent is the [cost of inaction](#) in addressing the climate, pollution and biodiversity impacts of the building sector, which remains the [most environmentally impactful sector](#) within the EU. Almost one-third of Europe's environmental footprint comes from buildings, 42% of the EU's annual energy demand, and around 33% of Europe's waste. Furthermore, urban sprawl and poor urban planning negatively affects biodiversity, which is [essential for basic quality of life](#), as it improves air and water quality, increases resilience to extreme weather, and supports food systems.

The need for action is clear: we need to invest in long-term affordable, high-quality and sustainable housing. To be able to do so with limited financial and natural resources, smart and strategic management of these resources is crucial. The European Environmental Bureau (EEB) therefore welcomes the European Commission's announcement of a European Affordable Housing Plan (EAHP) striving to address the housing crisis across the EU. The EAHP provides a crucial opportunity to jointly address the interlinked social, economic, and environmental issues related to housing by putting the shared solution of [sufficiency](#) at its core. This encompasses the need to offer decent and affordable housing to everyone, while rethinking how our use of buildings can be transformed in a way that reduces unused or underused spaces, thereby increasing well-being while enabling a relative or absolute reduction of resource use. Importantly, sufficiency is about ensuring that everyone has enough: safe, healthy, and affordable housing adequate to their needs.

Avoid false solutions: simplistic and one-sided approaches might lead to unwanted outcomes. If measures to decarbonise buildings fail to be attentive to social safeguard, they risk exacerbating the housing crisis. Similarly, attempting to address the housing crisis by indiscriminately building new is not only untenable with regards to carbon budgets and climate objectives, but will also have limited effects on the cost of living: Between 2011 and 2022, [the number of dwellings per capita in the EU has actually increased](#), meaning that construction has more than kept up with population growth. Yet, in the same decade, [property prices have increased by 50%](#), showing that affordability is not just a supply issue. Rather, inefficient use caused by demographic change, social inequalities, and the increased treatment of homes as a commodity rather than a social good also play a crucial role in hiking up housing cost.

The EAHP must take a comprehensive approach to address the different root causes of the affordability and sustainability crisis of the buildings sector.

Feeding two birds with one stone: Investing in sustainable housing can help the EU achieve other strategic targets. A 2020 study by the Buildings Performance Institute Europe (BPIE) finds that for [every €1 million invested in energy renovation of buildings, an average of long-term 18 jobs](#) are created. Further, [with 42% of EU homes being heated with natural gas](#), renovating and switching to renewable heating sources are crucial to reduce Europe's import dependency.

The EEB recommends the following for the EAHP:

- **Improving availability of housing by making more efficient use of the existing building stock:** This includes improving the data availability on the current use of buildings, incentivising the reintroduction of vacant buildings to the housing market, prioritising primary housing, investing in renovation and retrofitting, and promoting the efficient use of spaces. In 2011, 16% of EU dwellings were vacant, with significant numbers also in cities like Brussels, Berlin, and Paris, and recent research finds that underoccupied homes could house an additional 100 million people. Office buildings, with an average occupancy rate of 57%, also offer potential for conversion. Optimising the use of existing buildings can positively impact public budgets and municipal planning, save time compared to new construction, reduce material costs and environmental impact, create local jobs in renovation, and mitigate urban sprawl.
- **Ensuring long-term affordability of housing:** This includes measures to tackle energy poverty by promoting energy renovations and reducing the dependency on fossil fuel heating sources, as well as measures to reduce inequality in housing markets. With the urgency of addressing the increasing burden of housing costs on million of European households, it is crucial to avoid false and simplistic solutions that would waste public finances and cannot ensure long-term affordability. Sustainable construction is a solution to save cost in a lifecycle perspective, as well as reducing the burden of rising energy prices by increasing the energy efficiency of buildings by means of renovations. Measures to address the increasing financialisation of housing are essential to change the structural issues negatively affecting housing affordability.

Improving the availability of housing by making more efficient use of the existing building stock

As mandated in Commissioner Dan Jorgensen's Mission Letter, the EU must develop proposals to tackle the inefficient use of the current housing stock. This includes reintroducing vacant homes into the housing market, making better use of underoccupied buildings, and, where needed, retrofitting and renovating buildings to make them inhabitable.

A significant number of buildings in the EU are vacant: Although more recent data is lacking, it is estimated that [16% of EU dwellings were vacant in 2011](#). Importantly, vacancies are not limited to rural areas affected by a decline in population but also in cities, where housing demand is the most urgent: for instance, there were [4,500 long-term empty homes](#) in Brussels in 2024, [10,000](#) in Berlin, and [18,600](#) in Paris in 2021.

There is also large potential in underoccupied homes, that is, homes that larger than their inhabitants' needs: By 2023, [one-third of the EU population lived in under-occupied homes](#)¹, and a [recent study](#)

¹ Defined as followed: "A household is under-occupied if it has at its disposal more than a minimum number of rooms considered adequate: one room for the household, per couple, for each adult single person, per pair of single people of the same gender aged 12-17, for each single person aged 12-17 and not included in the previous category, and per pair of children under 12." (<https://ec.europa.eu/eurostat/web/interactive-publications/housing-2024#quality-of-housing>.)

found that the existing building stock holds potential to house an additional 100 million people, that is, 23% of the EU population. The average [office occupancy rate in Europe was 57%](#) in September 2023, and the transformation of unused or underused office or industrial buildings into housing holds great potential.

This presents an opportunity to address the housing crisis by making better use of existing buildings, with potentially positive impacts on public budgets and municipal planning. Further, making existing buildings available for housing is often possible using less time than required for new construction processes, which is crucial considering the urgency of providing housing. Optimising the use of the existing building stock rather than building new [reduces material cost and impact](#), creates local employment in renovation and repurposing, and mitigates urban sprawl while addressing the housing crisis.

Reducing the need for new construction is crucial, with construction products accounting for [250 million tonnes of GHG emissions yearly](#) and [one-third of material demand](#) in the EU. The 2024 study by the BPIE, the European Commission and Ramboll estimates that adapting existing buildings could [avoid up to 11 million tonnes of GHG emissions in Germany](#) alone.

To ensure a better use of the existing building stock, the EEB calls for the EAHP to:

- **Improve data availability on the use of existing buildings to inform policy:** the collection of data on vacancies and under-occupation across Europe remains inconsistent and lacks systematisation. Systematic data collection would ensure targeted investment, optimised urban planning, and evidence-based policies. With better data, under-occupied or vacant buildings can be repurposed to meet demand, especially in urban areas where land is scarce and necessary for adaptation and other ecosystem services. Such a measure would also allow better assessment of systemic issues with short-term rentals. Therefore, the EAHP should establish common definitions (vacancy, under-occupation, potential for conversion, etc...) and introduce a legally binding obligation for EU Member States to systematically monitor the usage of existing buildings (residential and non-residential). Mandate Member States to collect and report data on building use, targeting full municipal coverage by 2028 (*indicative*), with EU support to help cities close data gaps—such as in Germany, where [only 25% of cities currently track building vacancies and 8% identify infill potential](#). Member States may merge insights from energy use (the EPBD requires Member States to monitor and report on building energy use), tax records, and municipal surveys. The EU should provide technical assistance to municipalities in creating localised systems for tracking building use, which can then feed into national and EU-level databases.
- **Incentivise the reintroduction of vacant buildings into the housing market:** The EAHP should encourage Member States to set up fiscal measures such as the taxation of vacant and underused housing (including second homes) based on the potential rental income, which would help improve the use of the existing building stock and provide additional housing supply. In France, for instance, successfully implemented vacancy taxes encourage owners to reintroduce empty dwellings to the housing market in areas where there is unmet demand, in municipalities with over 50,000 inhabitants, enforced after one year of vacancy. It is proportional to potential rental income and starts at 17% in the first year, increasing to 34% in the following years if the property is still vacant. The tax, first introduced in 1999, resulted in a [13% decrease of the vacancy](#) by 2001.
- **Prioritise primary housing where needs are urgent:** investigate the impact of short-term rentals on the availability of housing as well as of secondary residences, such as the evolution

of secondary residences in areas with high housing demand. For example, in 2021, the city of [Rome](#) counted over 300'000 vacant dwellings, including secondary residences. Considering the pressing need for housing, primary housing should be prioritised in city planning and measures to restrict further development of secondary residences could be considered: for instance, a [Swiss federal law](#) on second homes introduced in 2016 has required all municipalities in Switzerland to draw up an annual inventory of housing, and in principle prohibits the authorisation of any new second homes in municipalities that have exceeded a 20% quota. The city of [Hamburg](#) has introduced an obligation to register and request a permit before being allowed to use dwellings for other purposes than housing (e.g., short-term rentals, secondary homes).

- **Invest in renovation and retrofit:** A fixed percentage (e.g. 20%) of the pan-European investment platform for affordable and sustainable housing should be allocated to renovate, reuse and repurpose vacant and under-occupied properties into energy-efficient, affordable housing units, targeting at least 100,000 conversions by 2030. These investments must be accompanied by social safeguards, ensuring that repurposed buildings provide housing for vulnerable households struggling to find decent and comfortable homes. This would optimise the use of existing buildings to create high-quality and affordable housing.
- **Promote efficient use of spaces:** not only vacant buildings hold great potential for more housing, but also underoccupied houses and apartments – dwellings that host significantly fewer people than they could. Measures offering incentives and support to tenants that could be interested in moving to “right-sized” dwellings, or house adaptations such as ‘splitting’ homes could free up important living space. Space use considerations should be integrated in the implementation of building policy: For instance, the one-stop shops to be set up as part of the EPBD implementation could also be used to provide tenants with advice regarding downsizing or house adaptation, and district renovation plans could simultaneously assess housing needs. Further, renovation subsidies or other housing-related financing could incentivise efficient space use: for instance, the [German state-owned development KfW supports communal co-living](#) projects through reduced interest rates – the same could be envisioned for intergenerational living.

Ensuring long-term affordability of housing

In Europe, [8.8% of the population spends more than 40%](#) of their disposable income on housing. On average, [house prices went up by 37% and rents by 16%](#) between 2010 and 2021. But housing cost is not only about rent: Especially for most vulnerable and low-income households, [rising energy prices](#) have a significant effect on the cost of living: About [42 million EU citizens were unable to keep their homes adequately warm in 2022](#). Improving energy performance through renovation is therefore crucial to decrease the financial strain on these households.

For new construction, sustainable and energy-efficient buildings do not have to be more expensive: [a recent study from Germany](#) demonstrates that from a lifecycle cost perspective, with available construction techniques already today, buildings with high sustainability rating according to the German Sustainable Building Council can be the same or lower cost as conventional buildings.

At the same time, the [growing financialisation](#) and speculation on housing have contributed to inflated housing prices and need to be addressed. Simplistic solutions of indiscriminately building new or providing financial support without addressing financialisation and inequality are an inefficient use of public funding, material and energy resources, and should be avoided.

To ensure long-term affordability of housing, the EEB calls for the EAHP to:

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*International non-profit association • Association internationale sans but lucratif (AISBL) • EC register for interest representatives:
ID number: 06798511314-27 • BCE ID number: 0415.814.848 • RPM Tribunal de l'entreprise francophone de Bruxelles*

- **Support an ambitious and fast transposition of the Energy Performance of Buildings Directive (EPBD)** into national legislation, particularly regarding the renovation requirements for residential buildings: National implementation should ensure that measures focus on worst-performing buildings and put in place social safeguards to prevent, for instance, renovictions.
- **Protect vulnerable households from rising fossil fuel costs and carbon pricing:** While deep renovations should always be pursued when feasible, it is equally crucial to act swiftly to provide adequate housing for those currently without it. As an initial step in a broader, more holistic renovation strategy, upgrading heating systems to renewable technologies—such as heat pumps, solar panels, and energy storage—is essential. This approach helps avoid locking vulnerable households into fossil fuel-based heating, which will become increasingly expensive due to the expansion of the EU Emissions Trading System (ETS2).
- **Provide upfront financing and technical assistance for renovations to those most in need:** in order for low-income homeowners to benefit from energy renovation subsidies, they must allow for upfront payment such as the Italian [Superbonus](#). Further, providing upfront subsidies through collaborative models such as Community Land Trusts (CLTs) can further ensure that such subsidies do not negatively affect affordability of housing in the long term by increasing property value. This has been demonstrated in the pilot project [Upcycling Trust](#), in which financial support is granted through CLTs to vulnerable and low-income households to cover the cost of energy efficiency renovations. In return for the support received, the renovated homes become part of the CLT, which enforces certain social criteria for sale or rental. Through this mechanism, public funding can be used to both increase energy efficiency and provide long-term affordable housing.
- **Ensure that support measures effectively result in affordable housing for the most vulnerable:** Investments under the pan-European investment platform for affordable and sustainable housing should adhere to conditionalities ensuring long-term affordability, including for lowest-income households and those facing risk of exclusion, as outlined in [FEANTSA's 2024 report](#).
- **Prevent the financialisation of housing and limit the speculative investment on housing:** the EAHP should monitor the impact of speculation on housing affordability and take measures to limit the financialisation and speculation on housing, as called for by the [European Youth Forum](#), among others. Further, the EAHP should promote non-profit, community-led anti-speculation housing models such as Community Land Trusts as well as social housing, and exchange best practices on rental controls and tenant protection.

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