



# BEYOND BANDAGES

Towards a European Affordable Housing  
Plan that is fair and sustainable



The **European Affordable Housing Plan (EAHP)** presents a critical opportunity to address the multiple housing crises affecting millions of people across the EU: Between 2010 and the first quarter of 2025, house prices in the EU increased by 57.9% and rents by 27.8%; 17% of Europeans live in overcrowded conditions, and around 1.27 million face homelessness. With 70% of homes in Europe being energy inefficient, 1 in 10 Europeans is unable to keep their homes adequately warm. At the same time, the building sector remains the most environmentally impactful sector within the EU, as almost one-third of the Europe's footprint comes from buildings.

Against this backdrop, the **signatories from both social and environmental sectors welcome the EAHP and call for integrated and holistic solutions that deliver for people and the planet**, rejecting the false choice between affordability and sustainability.

The EAHP must **avoid simplistic and inadequate solutions such as simply building more buildings, that do not address the root causes of the housing crises**. While increasing the supply of affordable and sustainable homes is crucial, it is just one part of the equation. Equally important is understanding who controls housing and land, the purpose it serves, and whether it will remain affordable in the long run. The mantra of “build, build, build” is often the bandage solution that takes centre stage, distracting from the fact that the housing crisis is deeply rooted in profit-driven models, unequal access, and speculative ownership.

**At the same time as it alleviates the most urgent housing needs, the EAHP should put forward a long-term, transformational strategy** to tackle the underlying dynamics of financialisation to prevent new short-term measures from deepening the crisis. Lasting solutions should not only address the housing shortage but also create a better, sustainable living environment for generations to come. We call on EU policy makers to support measures that aim at making sustainable, citizen-led, and affordable and social non-profit housing a significant portion of the housing stock. To address these issues, we recommend that the EAHP:

- 1** Be grounded in a principle of **reinvesting in and expanding social housing as an essential public infrastructure**.
- 2** Promote housing affordability through a complementary mix of diverse housing models **and tenure types, as well as better regulation of the private rental market**.
- 3** **Leverage the potential of vacant and underoccupied buildings and spaces** to avoid wasting already built square footage and revitalise neighbourhoods while creating new homes.
- 4** Promote **high-quality, circular, energy efficient and decarbonised buildings through an ambitious and fast implementation of building policies** rooted in community ownership, with strong social safeguards to protect and support vulnerable households in new and existing dwellings.
- 5** **Assess existing EU policies that may undermine affordable and sustainable housing goals** and align broader EU policy frameworks with the goal of ensuring affordable, accessible and adequate housing for all.



# 1

The European Affordable Housing Plan must be grounded in a principle of **reinvesting in and expanding public and non-profit social housing as an essential public infrastructure** serving as a safeguard for affordability while delivering high sustainability levels and social inclusion benefitting society at large. This must mean shifting the focus toward sustained public investment in building, renovating, and acquiring quality, energy-efficient homes that are accessible to a wider range of incomes, while prioritising people experiencing homelessness and housing exclusion. This increase in the stock of social housing must not only be abundant but also empower citizens, be strategically located near amenities, intergenerational, offer a mix of housing typologies, and designed to meet the diverse needs of its residents.

## Practical measures

- **Promote the development of public and non-profit social housing** on the basis of housing needs assessments and within the framework of the human rights approach to adequate housing.
- **Mobilise privately owned housing to respond to housing needs** as a quicker lever to complement social housing development, especially in contexts with social housing stocks that lag behind growing needs. Mobilising the private housing stock could take the form of both requisitions (for e.g. vacant housing) and incentives to rent through social rental agencies.
- **Scale up “Housing First” and housing-led approaches** through a dedicated initiative on homes to end homelessness, earmarked funding in the Affordable Housing Investment Platform, as well as support for capacity building and training.
- **Focus on housing affordability instead of affordable housing.** This approach would entail considering housing needs across the income spectrum, starting with the most vulnerable, instead of defining affordable housing as a new market segment, distinct from social housing.
- **Define housing affordability in relation to the household’s capacity to pay for housing while meeting other basic needs**, and *not* in relation to market prices (as below the market) or as a fixed income to rent ratio, as this could lead to the exclusion of the most precarious households through the so-called affordability checks.
- **Reinforce partnerships with communities in social housing development** by providing technical assistance and setting conditionalities linked to EU funding to engage civil society and citizens. This will ensure social housing investments are responsive to community needs and prevent privatisation or dereliction of the social housing stock.



Inauguration of the Indépendance project of the Community Land Trust Brussels.

## Best practices

- **Setting clear targets for social housing delivery:** The SRU law in France (Loi Solidarité et Renouvellement Urbain) requires municipalities with more than 3,500 inhabitants to provide at least 20 or 25% social housing.
- **Using allocation mechanisms to tackle homelessness:** Allocation mechanisms in social and public housing in Denmark and France prioritise people experiencing homelessness and housing exclusion or set aside a specific percentage of the social housing stock for re-housing homeless people. The Danish system allocates 25% for people in housing vulnerability; the French Droit Au Logement Opposable (DALO) set up a procedure by which social housing applicants with particular vulnerabilities are entitled to priority access.
- **Decoupling land value to supply non-profit social housing:** The legal recognition and support by the local authorities of non-profit organisations such as the Community Land Trust (CLT) Brussels and Ghent, in Belgium, and the Organismes de Foncier Solidaire in France as non-profit social housing providers enabled to scale the creation of permanently affordable homes (up to 50% below market rates) for residents eligible for social housing by removing land from the speculative market. Across Europe, 6,000 CLT homes were built and 25,000+ are in the pipeline.
- **Supporting lower income tenants:** housing allowances systems are critical to help cover rent in social housing, like in England, and particularly in higher rent types of housing, such as cost-rental to compensate for the higher cost-based rents, as implemented for example in Austria and Denmark.

## 2

In addition to increasing the stock of social housing, the European Affordable Housing Plan should **promote housing affordability through a complementary mix of diverse housing models and tenure types, as well as better regulation of the private rental market**. This includes fostering non-profit and non-speculative approaches in private housing - such as cost-rental schemes, rent control practices, social rental agencies, mechanisms that deter keeping housing vacant or short-term renting - as well as supporting community-led housing, including cooperative housing and community land trusts. Meaningful engagement of community groups and organisations can address complex local needs while giving greater control over housing and development for the long-term benefits of the community.



## Practical measures

- **Promote strict non-speculative and permanent affordability conditionalities** to all forms of public support (including subsidies, tax regimes and derisking) to housing to lock in the benefits of affordability for the most vulnerable groups instead of fuelling market prices over time.
- **Create specific funding mechanisms - especially in EU funds and public guarantees - that enable non-profit, non-speculative and community-led housing models** to access public and private financing across Europe, and adapt the scale requirements of the European Investment Bank's Pan-European Investment Platform to allow non-profit, community-led housing models to access low-interest, long-term loans.
- **Encourage Member States to support non-profit, non-speculative and community-led affordable housing models** in national regulatory frameworks, notably with the support of EU technical assistance and capacity building of local authorities in order to overcome legal barriers and unlock financing on the ground.



La Borda project of Sostre Cívic. Photo: Institut Municipal de l'Habitatge i Rehabilitació de Barcelona.

## Best practices

- **Tackling homelessness with cooperative housing models:** in 2024, the Métropole of Lyon invested in the Housing First cooperative, which aims at mobilising a supply of private housing in the existing stock at very low rents for people in highly vulnerable situations. With the support of the Council of Europe Development Bank and as part of the European Platform on Combatting Homelessness, the Métropole targets to leverage around €70 million in both grants and capital loans (including EU funds) to acquire, renovate and make available 350 housing units over 6 years.
- **Sustainable social housing financing systems:** Livret A in France (Livret A savings collected by the French promotional bank CDC are turned into long term advantageous loans to HLM – social housing providers), a revolving fund principle, such as the National Building Fund in Denmark; the establishment of housing finance agencies providing access to repayable finance for social housing development at advantageous conditions such as ARA in Finland (the Housing Finance and Development Centre).
- **Embedded partnerships with local governments to scale up community-led affordable housing:** In Catalonia, Spain, the regional government actively supports community-led housing through legal and institutional frameworks. Catalonia's Law of Housing Cooperatives provides legal recognition, enabling access to public land, blended finance, and long-term leases. Through embedded partnerships, local municipalities collaborate with organisations like Sostre Cívic, a non-profit association that promotes cooperative housing models, allowing it to receive Council of Europe Development Bank loans for the development of 350 affordable and non-speculative housing units.
- **Prioritising primary housing:** 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).

# 3

To increase the supply of affordable housing, the European Affordable Housing Plan must take measures to **leverage the potential of vacant and underoccupied buildings and spaces**. 33% of the EU population lives in under-occupied homes and 47.5 million homes across Europe remain vacant. By renovating, adapting and retrofitting the millions of vacant and underused buildings across Europe, housing can be made available while avoiding the construction of new building and associated material cost and impact, creating local employment, and mitigating urban sprawl.

## Practical measures

- **Create a framework for consistent data collection on building use and introduce an obligation for the systematic monitoring of building usage** to inform local and national policy making. Such framework should include common definitions for types of vacancy (e.g., long vs. short term, secondary residences, etc.), under-occupation, and causes for vacancy, and apply to public and privately owned residential and non-residential buildings and apartments.
- **Lead the way by tackling empty public buildings** by leveraging the databases that track the energy performance of publicly owned buildings as required by the Energy Efficiency Directive (EED) Article 6 to ultimately assess the level of usage and tackle unoccupancy accordingly.
- **Earmark funding for renovation and retrofitting:** set aside a fixed percentage of the pan-European Investment Platform for Affordable and Sustainable Housing for renovation and retrofits of existing buildings and encourage Member States to do the same with national funding.
- **Encourage Member States to take measures on vacancies and under-occupation**, such as the introduction of a vacancy tax, and support local governments with technical assistance, training, and dedicated staff to manage these complex projects and turn vacant spaces and underoccupied buildings into housing solutions.
- **Mandate the drafting of standards to enable greater use of existing buildings:** Standards already serve a variety of purposes related to housing, from enabling energy and social performance calculations to life-cycle assessments. To enable repurposing and adapting existing buildings, this could take the form, for instance, of mandatorily establishing re-development assessments before demolition work or streamlining repurposing work from non-residential to residential.
- **Align the repurposing of vacant spaces with social objectives:** Repurposed vacant spaces should be used to contribute to addressing housing exclusion, by housing individuals and households facing homelessness or living in substandard, overcrowded or unsafe housing. Consequently, it is essential to ensure that the repurposed properties remain affordable for low-income households through careful planning in close partnership with local community groups and organisations, including rent controls, subsidies, and long-term social and community-led housing commitments.
- **When new construction is necessary, prioritise construction within the existing urban fabric**, such as on brownfield sites or vacant plots, to promote city densification combined with greening and biodiversity strategies.

## Best practices

- **Tackling vacancies with data and support measures:** France's National Plan to Combat Vacant Housing launched in 2020 targets over 1.1 million long-term empty homes, focusing on high-demand areas. It combines data tools like the LOVAC database and the "Zéro Logement Vacant" platform to help municipalities identify, contact, and support owners in returning properties to use. A national network also promotes best practice sharing. Today, 64% of French mainland municipalities are participating in this programme, improving their capacities to address vacant buildings.
- **Retrofitting vacant municipal buildings:** with its new Housing agency, Budapest launched the Affordable Housing for All (AHA) programme in 2024. One of its pilot projects is the rehabilitation of a former vocational school in Újpest, built in the 70s and vacant since 2007 into a sustainable residential building for 26 vulnerable families. The rehabilitation work will provide different sizes of apartments adapted to the needs of different families, while conserving some key feature of the school. The municipality of Budapest plans to rehabilitate 15 other public buildings into housing.
- **Embedded partnerships to revitalise vacant sites with the local communities:** Hastings Commons in the UK is an innovative model of community-driven revitalisation of an entire neighbourhood of derelict and difficult vacant buildings based on the community land trust model that was awarded the World Habitat award in 2025.
- **Funding district renovations to combat vacancies:** The national funding programme KfW 432 in Germany has enabled the city of Chemnitz to renovate 90% of the buildings in the district of Brühl, which prior to this had vacancy rates of around 80%. The funding was used to develop integrated neighbourhood concepts and used in combination with traditional urban renewal programmes.
- **Repurposing, splitting, and topping up buildings:** research conducted by the Economic Institute for Construction (EIB) on behalf of Natuur & Milieu shows that by splitting, adding extra storeys and repurposing existing homes and buildings, 100,000 to 120,000 homes could be completed in the Netherlands by 2030. With subsidies and adapting of municipal regulations, the potential could be increased by a further 25,000 to 37,000 homes.



Vacant building, Habitat for Humanity.



# 4

To ensure long-term affordability and sustainability, the European Affordable Housing Plan must also **promote high-quality, circular, energy efficient and decarbonised buildings (e.g. ZEBs)**. Almost 11% of Europeans were unable to keep their homes adequately warm in 2023, therefore, it is essential to adopt a multi-generational perspective to reduce the barriers to mainstreaming circular and climate-resilient design of buildings, to prevent inhabitants from being locked into high energy bills and maintenance costs for the coming decades. This also requires an ambitious and fast implementation of energy policies with strong social safeguards to prevent renovations, a focus on worst performing buildings and deep renovations, as well as the provision of upfront financial and technical assistance to vulnerable households. Moreover, as housing accounts for 52% of the EU's whole materials footprint, it will be important that construction activities (and renovations) strongly mainstream circularity to ensure that their whole-life cycle carbon emissions decrease over time as prescribed by the EPBD.

## Practical measures

- **Promote community-focused initiatives such as citizen-led renovations by energy communities**, which bring a number of solutions in this respect: The renovation process is democratically controlled by local citizens, and it decreases the price of renovations. Further, according to the IEA, community engagement for efficiency improvements enhances mental wellbeing when combined with financial support mechanisms, which is crucial in particular for young people.
- **In line with the EED and EPBD, ensure that energy efficiency funding prioritises households in energy poverty** by providing proportional and adequate funding for low-income households in unfit, inefficient homes. EU energy efficiency funds should provide 100% up-front renovation cost support for the poorest households and offer sliding-scale grants or loans for others, based on income. Funds for energy retrofitting for the poorest should be automatically complemented by: funding for fixing housing inadequacies, tailored technical, administrative, and social assistance, and social safeguards into residential energy efficiency funding, including monitoring of social impacts and measures to prevent rent increases, displacement, and evictions (e.g., rent control, savings assessed on actual energy savings not theoretical, set up of tenant and owner organisations, in the case of multi-apartment buildings covering renovation contributions for the poorest residents).
- **Include flanking measures that integrate accessibility improvements and community engagement** in the scope of renovation projects contribute to resident buy-in while advancing broader social objectives.
- **Support the integration and cooperation of actors from the construction sector** to upscale and reduce the costs of innovative sustainable construction methods.
- **Provide special policy attention and financial support to owner occupiers in multi-apartment buildings in Central and Eastern Europe**, who often belong to the same social group as those in social housing in Western Europe, as recognised by the 2023 recommendations from the European Commission on energy poverty. Use energy renovation to reduce inequalities, integrating energy, social and housing policies, by providing complex technical assistance to home-owner associations including social facilitation to help community decision making, e.g., by one-stop-shops focusing on multi-apartment building renovation.



Moira Ryan shows her grandson their new heat pump following a Citizen-led Renovation in Knockatoora, County Tipperary. (c) Ecovision.

### Best practices

- **Combining renovation subsidies with non-speculative mechanisms:** The Upcycling Trust model provides an integrated approach combining one-stop-shop support to energy renovation for low-income households along with safeguards to maintain renovated homes permanently affordable, based on the community land trust model. This allows to achieve both climate and housing justice with a single investment.
- **A future-proof municipal social housing complex:** Vienna has a strategy to phase out gas by 2040 and a heating plan. The Austrian capital also has a large share of social housing and aims to shield residents from high and unstable energy bills while, increasing the thermal comfort of homes. The city has started the implementation with pilot projects such as the future-proofing of the 12 buildings and 277 flats in of the social housing complex. Vienna carried out renovation work, leading to the reduction of 75% of the heat energy requirement, and is phasing out fossil energy to replace it by 100% clean renewable energy (geothermal, air source heat pumps and solar panels). Tenant involvement and communication were key for such a massive project to succeed.
- **National subsidy scheme supporting integrated renovations in vulnerable single-family houses:** the recently updated Clean Air Programme in Poland consists of a national subsidy scheme that aims to promote energy efficiency improvements and polluting heat source replacement in single-family homes. The dual objective of reducing energy consumption and decarbonising heating has always remained the same through different reforms: reducing air pollution. The recent update introduced a more accurate and streamlined subsidy design to better address the needs of beneficiaries from different income groups, particularly homeowners with lower incomes.
- **Funding renovations for young families:** The recent German project "Jung kauft Alt" (Young buys old) supports families with young children and moderate incomes in purchasing and renovating older properties. The programme offers subsidised KfW loans with low interest rates to help these families buy and refurbish existing homes, particularly those needing energy efficiency upgrades. This initiative not only makes homeownership more accessible but also helps preserve historical buildings and reduce urban sprawl.

- **Making renovations accessible for the most vulnerable:** Habitat for Humanity Hungary's (HfHH) renovation initiative focuses on the most vulnerable rural households, who often live in structurally unsound, energy-inefficient homes yet cannot access government subsidies due to post-financing requirements and complex administration. HfHH partners with Erste Bank to establish a revolving fund that provides up-front financing alongside social, administrative, and technical guidance. Local advisors assess eligibility and assist families with applications, planning, and quality contractors. HfHH fronts renovation costs and is reimbursed upon official subsidy disbursement. The project not only improves living conditions—boosting health, lowering bills, reducing stress, and increasing comfort—but also advances procedural, distributive, and restorative justice by opening access to state aid that had previously excluded low-income households.
- **Upscaling community-led renovation:** The energy community Les7Vents in France has facilitated 20,000 deep renovations, and many more shallow ones, leading to final energy savings of 20,000MWh/year. They are now benefitting from a government subsidy of €7,000/home, to focus on some of the most vulnerable people in society, helping them with their renovation, while also offering them social worker services or facilitating contact with existing social workers. In Ireland, the energy community Ecovision has renovated over 900 homes in Tipperary County (IE), leading to cumulative energy savings of 12GWh/year through citizen-led renovations. They also install renewable heating systems (such as heat pumps), radically decreasing the energy bills and increasing thermal comfort of the local population. The revenues of the energy community are democratically controlled and reinvested in local projects.



Derry O'Donnell, EcoVision Development Coordinator, checks the insulation quality at Sola Energy Solutions in Templemore, County Tipperary. (c) Alessandro Gandolfi



# 5

Finally, the European Affordable Housing Plan must **assess existing EU policies and align them with affordable and sustainable housing goals**, to leverage action within the EU's areas of competence and mandate, while respecting the principle of subsidiarity in housing policy. The European Commission must critically examine how current market harmonisation, fiscal rules, and competition laws constrain public investment and limit the scope of state intervention in housing markets. To be effective, the Plan must not only introduce new measures supporting Member State authorities but also align broader EU policy frameworks with the goal of ensuring affordable, accessible, and adequate housing for all.

## *Practical measures*

- **Provide more clarification and guidance on using the current definition of social housing as service of general economic interest (SGEI):** Including affordable and sustainable housing as a Service of General Economic Interest (SGEI) might lead to redirecting public spending towards more expensive housing, thereby excluding those most in need. Instead, we recommend maintaining, clarifying and simplifying, where necessary, the state aid framework to better enable Member States to make adequate investments into social housing, based on existing locally identified needs relating to housing exclusion.
- **Exempt public spending on social and affordable housing from public debt and deficit calculations** to prevent cuts in such public investments in periods of economic downturn and unblock urgent investment.
- Assess the potential impact on housing markets and housing affordability of the announced **Investment and Savings Union and of the revived EU securitisation policy**, to avoid reinforcing the treatment of housing as a financial asset.
- **In the next MFF, make available and harmonise the various funding streams** for energy efficiency renovation, reuse of under-occupied buildings and the development of social and affordable housing.
- **Increase transparency of capital flows and ownership structures** with reinforced regulations and capacity building for public authorities to better prevent speculative dynamics that distort local housing markets.