



Housing Simplification Package

Response to the Call for Evidence

Summary

The housing crisis in Europe demands immediate and effective action. While the European Affordable Housing Plan (EAHP) takes an important step in the right direction, it falls short of advancing the paradigm shift necessary to transform the housing sector. While the EAHP acknowledges the importance of structural factors such as high vacancy rates, inefficient use of buildings, financialisation and unequal access, the actions the Plan puts forward rely on a simplistic narrative of supply and demand.

Simplification may play a role in improving availability and affordability of housing by removing barriers to renovation and vacancy conversion in a targeted manner. However, any approach that sacrifices health and environmental standards to blindly boost new construction is doubly detrimental: not only will it fail to provide the housing that Europe needs, but it will come at the expense of the health and livelihoods of the very people it is supposed to support.

Simply boosting new construction will not address the roots of the housing crisis, and it certainly does not justify compromising the environmental or building standards that safeguard our wellbeing. A healthy society relies as much on access to decent, affordable housing as it does on thriving ecosystems. Europe's environmental laws exist to protect the natural systems that sustain us: ensuring clean air, safe water, and food security, while bolstering resilience against extreme weather like heatwaves and floods. Rolling back these protections would only exacerbate pollution, increasing the risk of cancer, respiratory diseases, and other serious health impacts, increasing long term costs for public healthcare systems. Robust building and energy efficiency standards deliver tangible benefits: they reduce costs for households, improve public health, and generate quality jobs across the continent.

Therefore, it is crucial that in assessing the potential for simplification, the Housing Simplification Package should not only evaluate against the potential for more construction, but also deep renovations, reconverted homes, as well as health aspects, environmental impacts (including impacts on nature, biodiversity, water quality, air pollution, material use and emissions, etc.), and social impacts.

This document provides detailed evidence regarding:

- **Drivers of the housing crisis:** Evidence that the housing crisis is driven not only by insufficient construction, but also by affordability, access, vacancy, financialisation and delivery bottlenecks, highlighting the need to better mobilise existing stock while addressing the multiple barriers to new housing.
- **Simplification for renovation and better use:** recommendations on how simplification may in fact contribute to housing availability and affordability by facilitating the renovation and reuse of buildings.
- **Nature and biodiversity laws:** evidence of the relevance and necessity of nature and biodiversity laws that were included in the Housing Task Force's initial mapping of relevant legislation, as well as analysis of how these laws impact permitting and construction.
- **Building and energy laws:** Evidence of both the need and benefits of smart implementation of building and energy legislation to deliver energy-efficient, affordable and healthy housing through renovation, good planning, adaptive reuse, targeted financing and streamlined procedures, without weakening standards.
- **Capital Requirements Regulation and Directive, and EU Taxonomy:** Evidence of the need to strengthen the social dimension of sustainable finance by preserving affordability and tenure reporting and ensuring that EU Taxonomy criteria recognise renovation, energy-efficiency and climate-adaptation investments in social and affordable housing.

Contents

Summary	1
Introduction	3
Drivers of the housing crisis.....	5
Simplification for renovation and better use.....	7
Nature and biodiversity laws	9
Soil Monitoring and Resilience Directive	10
Environmental Impact Assessment Directive	12
Nature Restoration Regulation (NRR)	14
Birds and Habitats Directives.....	16
Water Framework Directive.....	18
Ambient Air Quality Directive.....	18
Building and energy laws	20
Energy Performance of Buildings Directive (EPBD).....	20
Public Procurement Directives.....	24
Capital Requirements Regulation and Directive, and EU Taxonomy.....	26

Introduction

The housing crisis in Europe demands immediate and effective action. While the European Affordable Housing Plan (EAHP) takes an important step in the right direction, it falls short of advancing the paradigm shift necessary to transform the housing sector. There is substantial evidence highlighting the structural causes of the housing crisis, such as inefficient use of buildings, financialisation and the decline of social and public housing. The EAHP acknowledges the importance of these factors, yet the actions the Plan puts forward rely on a simplistic narrative of supply and demand – a narrative that does not fully reflect the available evidence.

Simplification may play a role in improving availability and affordability of housing by removing barriers to renovation and vacancy conversion in a targeted manner. However, any approach that sacrifices health and environmental standards is doubly detrimental: not only will it fail to provide the housing that Europe needs, but it will come at the expense of the health and livelihoods of the very people it is supposed to support. Needed are measures that specifically increase social and non-profit housing, promote alternative tenure models, streamline vacancy re-use for affordable housing and strengthen tenants' rights, not measures that weaken the laws protecting us from air pollution, flooding or heatwaves.

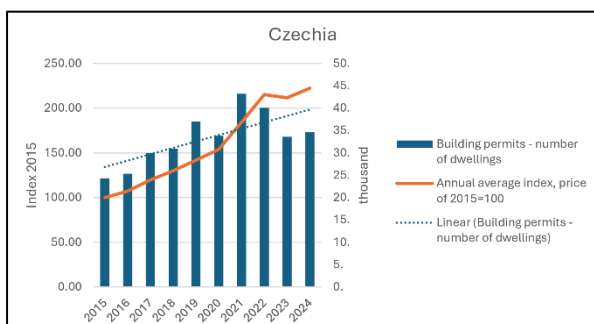
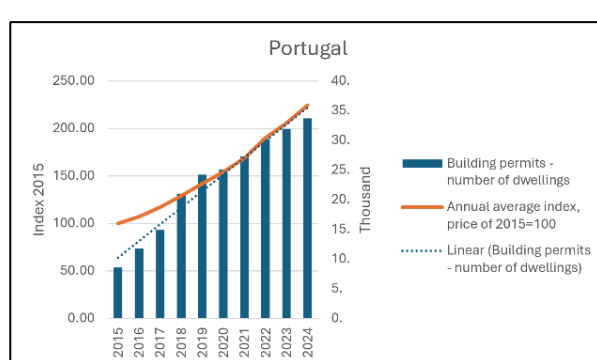
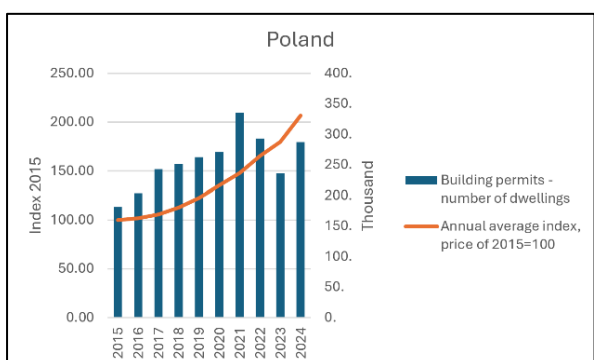
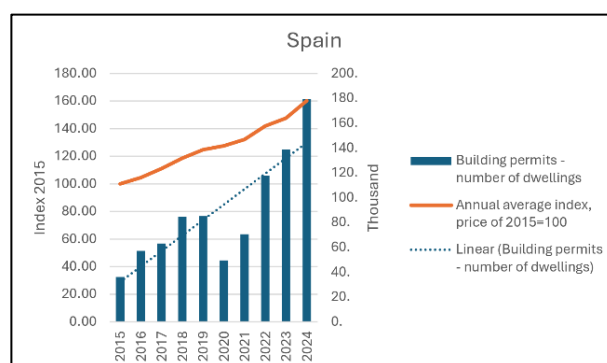
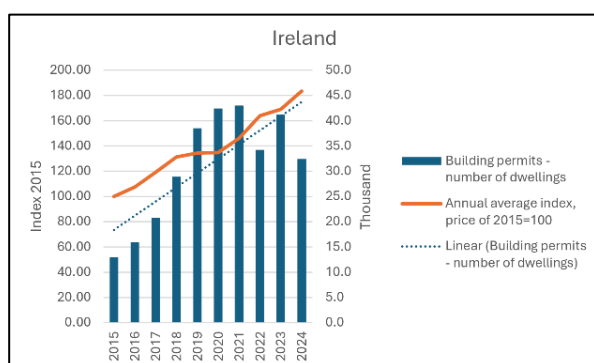
As further outlined in the following section, affordability and availability of housing are not just a matter of construction rates. The issue is more complex: high vacancy rates, inefficient use of buildings, unsustainable tourism, speculation and unequal access are factors that render housing unaffordable, regardless of the availability of buildings. Nor is boosting new construction a straightforward solution, with there being multiple factors that slow the process.

This underscores that simply boosting new construction will not address the roots of the housing crisis, and it certainly does not justify compromising the environmental or building standards that safeguard our wellbeing. A healthy society relies as much on access to decent, affordable housing as it does on thriving ecosystems. Europe's environmental laws exist to protect the natural systems that sustain us: ensuring clean air, safe water, and food security, while bolstering resilience against extreme weather like heatwaves and floods. Rolling back these protections would only exacerbate pollution, increasing the risk of cancer, respiratory diseases, and other serious health impacts, increasing long term costs for public healthcare systems. Robust building and energy efficiency standards deliver tangible benefits: they reduce costs for households, improve public health, and generate quality jobs across the continent.

Therefore, it is crucial that in assessing the potential for simplification, the HSP should not only evaluate against the potential for more construction, but also deep renovations, reconverted homes, as well as health aspects, environmental impacts (including impacts on nature, biodiversity, water quality, air pollution, material use and emissions, etc.), and social impacts. Further, social impacts should be assessed against clear human rights requirements, rather than treated as a residual consideration. The right to adequate housing, as recognised in international instruments to which all Member States are party, includes affordability and security of tenure alongside habitability and accessibility. Assessed on that basis, a measure that accelerates the delivery of homes that households in greatest need cannot afford (or cannot remain in) would not advance the objectives of the Plan. Similarly, weakening environmental or performance standards risks distorting competition in favour of low-quality supply, disadvantaging providers who build and renovate to standard. We therefore suggest that the burden should rest with proponents of any given simplification measure to demonstrate a positive effect on affordability and security of tenure for those households, rather than on others to demonstrate harm.

Drivers of the housing crisis

Affordability of housing is not just a matter of construction rates. According to OECD data, construction has more than kept up with population growth in the last decade: in 2011, the EU average of number of dwellings per 1000 inhabitants was at 475, by 2022, this number had increased to 514 dwellings per 1000 inhabitants¹, indicating that the increase of housing cost is not only an issue of supply. In addition, a closer look at national realities shows that some countries had an increase in the building permits granted, while this has not corresponded to a decrease of the housing price, quite the contrary. See below the examples for Ireland, Spain, Portugal, Poland and Czechia, plotting the increase of residential buildings' permits with the indexed increase of prices from Eurostat database.²



¹ <https://www.oecd.org/content/dam/oecd/en/data/datasets/affordable-housing-database/hm1-1-housing-stock-and-construction.pdf>

² Eurostat, prc_hpi_q [prc_hpi_q] House price index (2015 = 100) - quarterly data, https://ec.europa.eu/eurostat/databrowser/view/prc_hpi_q/default/table?lang=en.

The problem is largely not a lack of buildings, but a lack of access. For one, Europe's houses are vacant and underused: 20% of EU's housing stock is unoccupied and around one-third are underoccupied.³ A recent study found that the existing building stock holds potential to house an additional 100 million people, that is, 23% of the EU population.⁴ The 2026 BPIE report finds this number to be even higher, concluding that the existing building stock could house an additional 245 million.⁵ This Simplification Package should be an opportunity to accelerate the renovation and conversion of existing buildings, by reducing administrative burdens while maintaining high-quality and affordable outcomes, to ensure these buildings can become homes again.

Beyond vacancies, in cities, the gap between housing costs and incomes, the limited supply of social housing, tourist pressure, precarious employment and weak protection against the loss of a home are also barriers to access to affordable and decent housing. The consequences include poverty, delayed independence among young people, overcrowding, energy poverty, evictions and wider residential exclusion.⁶

In these contexts, access to housing is a challenge that will not be solved with new construction. In Paris, for instance, the city had a net loss of 34,000 primary residences between 2011 and 2020 despite constructing 37,000 new homes, as in the same period, the number of secondary and vacant homes increased by 42,000 and 29,000 respectively.⁷

On the demand side, financial factors add inflationary pressure. Institutional investment in the EU residential market tripled between 2012 and 2020, and there is empirical evidence in several Member States that this presence has contributed to decoupling the prices from its demographic realities.⁸ The European Parliament's 2026 study concludes that the EAHP falls short of addressing the growing financialisation of the European housing market, and highlights, among other, that simplifying the access to housing finance does not automatically lead to more affordable housing, but might risk increasing housing cost.⁹

Barriers to new construction are also manifold. Evidence from Romania confirms that the primary barriers to housing delivery are not environmental or energy performance standards. Analysis of project delivery bottlenecks across the Romanian construction and renovation sector identifies the following: speculative inflation in urban land acquisition; administrative under-capacity in securing utility connections; fluctuations in construction material prices and labour shortages; and protracted municipal bureaucracy in issuing basic land-use certificates due to outdated general urban plans.¹⁰ Compliance with environmental, structural and energy efficiency standards represent a negligible proportion of upfront capital expenditure, while providing lifelong reductions in operating costs and improving structural safety – a critical factor in Romania's high-seismic-risk context.

³ Vacancy: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52025DC1025&qid=1779808979085>; underoccupation: <https://ec.europa.eu/eurostat/web/interactive-publications/housing-2024#size-of-housing>.

⁴ <https://iopscience.iop.org/article/10.1088/1748-9326/ad9c97>

⁵ <https://www.bpie.eu/publication/the-housing-we-need-for-the-future-we-want/>

⁶ <https://provivienda.org/download/la-casa-a-cuestas-4/?wpdmml=31257&refresh=696d582cd42c11768773676>

⁷ https://www.apur.org/sites/default/files/logements_inoccupes_paris.pdf?openfile_analytics=5279

⁸ EC SWD(2025), section 5.2: eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52025SC1053

⁹ [https://www.europarl.europa.eu/RegData/etudes/STUD/2026/783542/CASP_STU\(2026\)783542_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2026/783542/CASP_STU(2026)783542_EN.pdf)

¹⁰ Cost Inflation & Administrative Delay on PUG/Permits: <https://www.bnr.ro/en/12071-financial-stability-reports>; <https://openknowledge.worldbank.org/entities/publication/f87062f1-6d6d-52d7-9a2c-d90ef4433b03>. Utility Connection Delays & Grid Bottlenecks: https://economy-finance.ec.europa.eu/eu-financial-assistance/non-euro-area-countries/financial-assistance-romania_en; <https://anre.ro/>. Material Price Volatility & Labor Shortages: https://www.oecd.org/en/publications/oecd-economic-surveys-romania-2024_106b32c4-en.html; <https://insse.ro/cms/ro>.

Simplification for renovation and better use

The HSP should be the opportunity to accelerate the renovation and conversion of existing buildings, by reducing administrative burdens while maintaining high-quality outcomes. This includes **simplifying procedures for energy renovations**: simplified or fast-track authorisation for standard energy efficiency upgrades such as insulation, window replacement, heat pumps and rooftop solar photovoltaic installations, particularly where no significant structural changes are involved, accompanied by a pragmatic and proportionate approach to heritage protection for standard energy efficiency upgrades.

Further, simplification must target the **real barriers to housing delivery**: fragmented vacancy data, complex ownership structures, limited municipal capacity, and lack of integrated technical and financial support. Evidence from One-Stop-Shop programmes in [Bulgaria](#) shows that removing these implementation barriers - not lowering environmental or energy standards - is what enables affordable housing delivery at scale.

As such, simplification should support the **renovation and conversion of vacant buildings**, which is gaining increased traction. For instance, Poland's Social Rental Housing Construction Programme¹¹ by the national development bank (*Bank Gospodarstwa Krajowego*) already recognises renovation and conversion of existing buildings as a legitimate housing supply instrument - eligible alongside new construction. By providing preferential financing to local authorities and other social housing providers, the programme integrates affordable housing delivery, including through the re-use of existing buildings, with wider urban revitalisation and public policy objectives. This reflects a broader policy shift toward treating renovation and adaptive reuse as a mainstream housing strategy, not a niche alternative. However, as Polish experience also shows, vacancy statistics require careful interpretation: not every vacant dwelling is technically or geographically suitable for reuse.

Evidence from the UK shows that permission to convert a building from office to residential without planning permission has led to poor-quality housing, while a softer simplification of development permit done in Rotterdam showed more potential with local authorities maintaining a steering role to deliver the right sort of office-to-residential conversion in the right places.¹² This underlines the need for better vacancy and conversion data infrastructure, not less ambition. New construction accounts for only 1% of EU floor area per year but 18% of total whole-life carbon.¹³ Renovation and conversion can reduce whole-life carbon by 62–73% compared to new build.

Further, **better integration and coordination between housing, energy and social policies** is needed, ensuring that renovation programmes simultaneously contribute to housing affordability, decarbonisation, improved public health and the reduction of energy poverty.

Genuine simplification should target the administrative and institutional barriers that prevent renovation and adaptive reuse from scaling - not the environmental or energy performance standards that give renovation its value.

Priority simplification measures should include:

¹¹ <https://www.bgk.pl/programy-i-fundusze/mieszkalnictwo/program-wspierania-spolecznego-budownictwa-czynszowego-sbc/>

¹² <https://www.rics.org/news-insights/research-and-insights/assessing-the-impacts-of-extending-permitted-development-rights-to-office-to-residential-change-of-use-in-england>

¹³ European Commission SWD(2026)93.

- Digital vacancy registers: many EU Member States lack systematic data on vacant and underused buildings. Creating a common framework for vacancy data collection - already recommended in the Commission's own NBRP annotated guidelines - would enable municipalities to target renovation efforts where housing need is greatest. This should be supported by targeted funding, technical assistance and knowledge-sharing mechanisms, as well as measures to improve the availability and interoperability of vacancy-related data across public administrations.
- Clearer and faster procedures for renovation and adaptive reuse: converting vacant or underused buildings into affordable homes currently requires navigating planning, heritage, energy performance and zoning requirements under different regulatory regimes with inconsistent guidance. A dedicated renovation and adaptive reuse pathway - with typology-specific re-use solutions, streamlined permitting and clear eligibility criteria - would unlock significant housing supply without lowering any standard.
- Collective ownership support for multi-apartment buildings: EU legislation and guidance predominantly addresses renovation as an individual household or landlord decision. In Central and Eastern Europe, where most housing stock consists of multi-family buildings governed by homeowner associations, this creates a structural blind spot. Guidance on collective decision-making, aggregated financing and shared renovation contracts is a simplification that does not touch environmental standards.
- Integrated technical and financial support at municipal level: evidence from ComActs¹⁴ One-Stop-Shop programmes in Bulgaria, Hungary and Lithuania shows that municipalities and households can navigate complex renovation processes - including full EPBD compliance - when provided with coordinated technical, administrative and financial support. Scaling this model across the EU is a simplification measure that strengthens rather than weakens delivery of housing quality.
- Social safeguards attached to fast-track renovation routes: any simplified or accelerated authorisation pathway for energy renovation should carry conditions on rent levels following works, a right for existing residents to return, and protection against eviction on renovation grounds. Article 17(18) EPBD already establishes that financing measures must not disproportionately burden vulnerable, low-income or energy-poor households, and must be accompanied by tenant protection safeguards.

Both the European Commission and the OECD identify fragmented governance, uneven municipal capacity, insufficient monitoring of housing needs and stock, and difficulties in managing and renovating existing housing as structural barriers in Poland and across CEE. Strengthening local capacity and implementation - through technical assistance, one-stop shops, better data systems and inter-departmental coordination - may therefore be as important as any legislative change.

¹⁴ https://comact-project.eu/pilot_content/project-summary-key-findings-and-learning/

Nature and biodiversity laws

A healthy and prosperous society depends just as much on decent, affordable housing as it does on thriving ecosystems. Europe's environmental laws have been put into place to protect the natural systems that provide us with fresh air, clean water and food, and that increase our resilience towards extreme weather events, such as heatwaves and floods, now further exacerbated by climate change. Weakening these laws means destroying nature that we depend on including fuelling pollution linked to cancer, respiratory diseases, and other serious health risks.

Yet, these laws are under attack by polluting industry,¹⁵ aiming to weaken their protection requirements in order to move forward with activities that have damaging impacts on people and nature. Furthermore, the Commission has published a series of initiatives, including the Environment Omnibus, which risk weakening these laws at the core, either through the Commission proposals themselves (e.g. on speeding up permitting for new projects) or through amendments proposed by the co-legislators. We cannot risk weakening them further. Instead of weakening these laws, we need better implementation and more capacity in administrations including more financial resources. They were developed with great flexibility for national implementation.

They are key instruments in safeguarding nature. Intact nature and the laws that protect it are not only indispensable for our society's health and well-being, but also a precondition for a sustainable economy. According to the European Central Bank, more than 70% of companies in the euro area are highly dependent on at least one nature-related service that healthy ecosystems provide¹⁶. The financial toll of environmental degradation on businesses is high and stands at an estimated economic loss of assets of EUR 822 billion between 1980 and 2024.¹⁷ We are already witnessing the economic cost of failing to prioritise nature protection in times of climate change. Droughts and forest fires have disrupted our economy across Europe. On the Danube, low water levels have interrupted ferry services and grain transport. On the Rhine, barges have at times been able to carry only a fifth of normal capacity.¹⁸ Low water levels also forced Romania and Hungary to temporarily shut down nuclear power plants, leading to warnings of an energy crisis.¹⁹ Weakening environmental safeguards risks undermining the conditions for a healthy economy and high regulatory standards as our real competitive advantage, creating high socioeconomic costs down the line.

Housing policy should not weaken but strengthen nature protection as the foundation for healthy, safe and resilient environments, in- and outside of cities. Urban and peri-urban nature is essential for basic quality of life,²⁰ yet, between 2018 and 2023, Europe lost an area equivalent to the size of Cyprus to construction,²¹ of which almost 80% is situated in commuting zones.²² These provide important wildlife habitats and are key for flood prevention and food production for cities. Natural vegetation in and around cities strongly impacts urban microclimates and air quality. Increasing tree coverage to 30% could avoid nearly 40% of deaths attributable to the urban heat island effect.²³

¹⁵ <https://corporateeurope.org/en/2026/05/permission-pollute>

¹⁶ <https://www.ecb.europa.eu/pub/pdf/scpops/ecb.op380.en.pdf>

¹⁷ <https://www.eea.europa.eu/en/analysis/indicators/economic-losses-from-climate-related>

¹⁸ <https://www.theguardian.com/commentisfree/2026/aug/05/europe-rivers-running-dry-catastrophe-danube-rhine>

¹⁹ <https://www.theguardian.com/world/2026/aug/03/romania-blasts-divert-danube-water-nuclear-reactor-energy-crisis-hungary>; <https://www.euronews.com/my-europe/2026/07/31/eu-considers-emergency-meeting-as-nuclear-shutdown-leaves-hungary-facing-energy-crisis>

²⁰ <https://talkofthecities.iclei.org/10-reasons-to-promote-urban-biodiversity/>

²¹ <https://greentogrey.eu/>

²² <https://www.eea.europa.eu/en/analysis/publications/land-take-and-land-degradation>

²³ https://environment.ec.europa.eu/news/increasing-tree-coverage-30-european-cities-could-reduce-deaths-linked-urban-heat-island-effect-2023-06-21_en

Housing policy should further promote equitable access to nature and life-sustaining functions of nature: social safeguards and urban planning are crucial to prevent green gentrification, which directly impacts livelihoods. A study by the French national health authority finds that, in major cities, if every district matched the level of urban nature found in the city's greenest district, mortality could be reduced by 3-7% percent. In Lille, for instance, this translates to preventing 358 deaths annually.²⁴

Best practice examples:

- Urban regeneration projects in Romania - including the redevelopment of former industrial sites in [Cluj-Napoca](#), [Timișoara](#) and [Iasi](#) - demonstrate that affordable, high-density housing supply can be unlocked without greenfield expansion. By using Zonal Urban Plans tailored to brownfield sites, local authorities facilitate the conversion of underutilised or vacant industrial land into energy-efficient mixed-use residential areas. This model preserves natural ecosystems and maximises existing urban utility infrastructure — confirming that simplification of adaptive reuse procedures, not lowering of standards, is what unlocks additional housing supply.

Soil Monitoring and Resilience Directive

Healthy soils and reducing soil sealing are key for the safety, health and well-being of both urban and rural communities:²⁵

- Healthy soil is an important natural shield in times of climate change: Sustainable land and soil management (incl. reducing the amount of sealed soil) are crucial to withstand extreme weather events that become increasingly common with accelerating climate change. For example, healthy soils with increased water holding capacity and the vegetation that grows in them are a key component of flood regulation, like in floodplains. Degraded, compacted or sealed soil significantly increases the risk of flooding. Rather than absorbing and regulating the excess water, unhealthy soil leads to faster runoff and thus to more severe floods and erosion. At the same time, extreme heat dries out soils and vegetation, conditions under which fires can ignite and spread quickly. The example of the Valencia floods in 2024, which led to 229 deaths and nearly 60,000 damaged or destroyed homes, tragically illustrates how degraded, compacted and sealed soil significantly amplifies the effects of torrential rains, as a Spanish study shows.
- Healthy soils are an essential part of a sustainable food system. They are the foundation of 95% of the food we eat and a precondition for nutritious and healthy food.²⁶ Diversified agroecological systems are more resilient to extreme weather events²⁷ and healthy soils therefore critical to the long-term resilience and stability of farmers' livelihoods.²⁸

²⁴ <https://www.santepubliquefrance.fr/presse/espaces-verts-urbains-mobilite-active-reduction-de-la-pollution-de-lair-sante-publique>

²⁵ <https://eeb.org/wp-content/uploads/2023/05/EEB-Soil-Health-Law-Position-Paper.pdf>

²⁶ <https://eu.boell.org/en/SoilAtlas-PDF>

²⁷ <https://www.fao.org/agroecology/overview/the-10-elements-of-agroecology/resilience/en>

²⁸ https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Agri-environmental_indicator_-_soil_erosion

- Soil is a non-renewable natural resource that, once lost, cannot restore itself in a human lifespan: ecosystems take up to 1.000 years to produce 2 to 3 cm of soil.²⁹ Healthy soils are essential for biodiversity, climate, water and air quality.

Yet, up to 70% of soils of EU soils are already unhealthy, with one of the main drivers of soil health degradation being urbanisation, soil sealing and low land recycling rates.³⁰

The Soil Monitoring Directive already provides much flexibility to Member States and does not impose any additional obligations for permitting – weakening it would not only be devastating for Europe's health and safety but would also have no positive effect for construction.

What is the impact of the Soil Monitoring Directive (SML) on housing supply?

The Soil Monitoring Law entered into force in December 2025 and is currently being transposed into national legislation by Member States. Its implementation has therefore only started.

1. The SML includes **no new permitting procedures or any obligations that directly impact permitting of construction projects.**

The Soil Monitoring Law clearly states that its provisions concerning land take “**do not impose new permitting procedures and should not prevent permitting of activities**, including for projects of overriding public interest, and should not impinge on the spatial planning decisions that fall under the competence of national, regional or local authorities” (Recital 42).

Article 12 of the SML merely requires Member States to *take into consideration* in case of new soil sealing or removal a set of land take mitigation principles, including:

- Reducing the area of soil affected by encouraging the reuse of sealed soils, such as existing buildings
- Select areas where the loss of ecosystem services would be minimal, e.g. brownfields
- Carry out soil sealing/removal in a way that minimises the negative impact on soil, e.g. by protecting the surrounding soil
- Aim to offset to a reasonable extent the loss of ecosystem services, e.g. by encouraging de-sealing

These provisions therefore have an extremely flexible character, relying mostly on voluntary actions by Member States, and any interpretations claiming that this would impose new permitting regimes are misleading and unfounded.

The SML imposes no obligation on project developers to conduct a soil assessment. As a directive, it leaves the concrete application of Article 12 to the discretion of each Member State.

2. The SML includes **no legally binding target to reduce soil sealing or land take.**

The No Net Land Take objective is included in the EU Soil Strategy (non-binding) and the SML aims to contribute to that effort, but it does not set a legally binding target to reduce soil sealing or land take.

²⁹ https://agriculture.ec.europa.eu/media/news/soil-matters-our-future-2019-12-05_en

³⁰ https://environment.ec.europa.eu/topics/soil-and-land_en

Member States might have their own targets or limits (e.g., France, Belgium) but these are not required by the SML and have existed before its adoption.

3. The SML does **not impose any compensation measures for land consumption** on project developers or any restrictions for housing projects.

Article 12 (b) requires Member States, when sealing or removing soil, to “take into consideration” the objective of “aiming to offset to a reasonable extent the loss of the capacity of the soil to provide multiple ecosystem services”, including by “encouraging” the de-sealing of sealed soils.

As the wording indicates (“take into consideration”, “aiming to”, “encourage”), this provision is extremely flexible. It only encourages to also mitigate the impact of construction and its immediate surroundings, which is in the interest of the residents and their wellbeing.

Therefore, Article 12 does not impose any obligations on project developers or any restrictions for housing projects. It only aims to make sure that soil health considerations are part of planning processes.

Environmental Impact Assessment Directive

The Environmental Impact Assessment (EIA) Directive ensures that major building or development projects are first assessed for their environmental impact before construction can start. This ensures that a project does not negatively impact people's health, keeps water and soil clean and does not destroy Europe's ecosystems. Annex I lists large-scale projects that have to undergo a full Environmental Impact Assessment, including projects such as nuclear power stations or long-distance railways. For other projects, including urban developments, each Member State decides the need for an EIA on a case-by-case basis or by setting specific criteria.

Robust environmental assessments help public authorities make informed decisions. They de-risk projects for project developers and public authorities alike and work as a weighing exercise of costs and benefits. This means that potential problems can be spotted in the project design stage, before their turn into real environmental damage with high ecological and socioeconomic costs. That, in turn, reduces the likelihood of expensive redesigns or project failure later on, and it lowers the legal and financial risk of the project itself.

Weakening the EIA Directive, or related environmental laws, will not make these risks disappear, but only make it harder to identify and mitigate them before they materialise and shift the final consequences onto people and local governments instead.

What is the impact of the Environmental Impact Assessment Directive on housing supply?

1. Evidence shows that, when environmental assessments are well-prepared and properly resourced, **they are not seen as the main bottleneck** in permitting procedures.³¹ Delays instead stem from structural issues, including the following:
 - **Insufficient administrative and expert capacity** is a root cause of slow permitting procedures. Providing targeted funding for administrative capacity is therefore essential to

³¹ <https://www.birdlife.org/wp-content/uploads/2026/04/Final-report-Nature-in-the-EUs-energy-transition.pdf>

effectively accelerate permit granting and enable national authorities to comply with tight deadlines.

- **The lack of standardised criteria and guidance** is another key factor slowing down procedures. Requirements and expectations for applications often vary due to inconsistent interpretation. Transparent, standardised assessment criteria would ensure more consistent decision-making and could provide far more certainty and speed than procedural streamlining alone.
- **Insufficient upstream planning** represents a further bottleneck. This can be addressed, for example, by ensuring stakeholder dialogue at the very beginning of the process to reduce conflicts later on. Well-integrated datasets can enable cumulative assessments and avoid duplicating work.
- **Governance fragmentation and coordination failures** can also significantly slow down processes, for example where responsibilities are split between regional and national levels, nation-wide standards are absent or monitoring data is not integrated across regions.

In addition, the Commission's 2024 EIA Implementation study, based on surveys of different Member States, found that "**the lack of expertise, staff, and/or resources were the most common reasons for delays**" in EIA procedures, not environmental laws. Incomplete submissions and the need to follow-up with applicants, as well as coordination with other authorities and low human resources were key factors of delay.³²

This strengthens the argument that to speed up processes, structural issues within public authorities have to be tackled, and not the EIA Directive itself.

The study also found clear environmental benefits arising from the completion of EIA processes, including the mitigation of environmental risk. Human health benefits included noise reduction, safety improvements and less air, water and soil pollution.

2. Evidence from Germany shows that **removal of preclusion rules does not slow down court cases**

While the EIA Directive requires Member States to ensure that the public concerned has access to a review procedure before a court of law to challenge the legality of decisions (EIA Directive, Art. 11), the Commission's proposal for a Regulation on speeding-up environmental assessment suggests departure from this approach and allowing Member States to preclude arguments from being raised before a court of law where they were not raised during the administrative stage.³³

However, a study³⁴ by the German Environment Agency found that when Germany removed its preclusion rules following an infringement procedure by the European Commission³⁵ in 2015, this did not slow down court cases in Germany. This, in turn, indicates that introducing a substantial preclusion rule, as proposed by the European Commission in the Regulation on speeding-up environmental assessments, and as called for by some stakeholders, would not speed these processes up. What it effectively would do is restrict access to justice. The principle of "substantial

³² [https://am.lrv.lt/public/canonical/1743751900/15426/2024_Implementation_of_the_revised_EIA_Directive_\(2011-92-EU\)_amended_by_2014-52-EU.pdf](https://am.lrv.lt/public/canonical/1743751900/15426/2024_Implementation_of_the_revised_EIA_Directive_(2011-92-EU)_amended_by_2014-52-EU.pdf)

³³ https://eur-lex.europa.eu/resource.html?uri=cellar:de67c08f-d67e-11f0-8da2-01aa75ed71a1.0001.02/DOC_1&format=PDF

³⁴ https://www.umweltbundesamt.de/system/files/medien/11850/publikationen/37_2025_texte_rechtsschutz.pdf

³⁵ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:62014CJ0137>

preclusion” is in violation of international law (Aarhus Convention) and of well-established case-law. The application of this principle would therefore undoubtedly lead to numerous cases of litigation across Europe.

Nature Restoration Regulation (NRR)

Intact ecosystems are key in ensuring that urban areas remain liveable. Nature restoration increases urban and rural resilience to climate change impacts, like flooding or heat, and is crucial for health:

- Intact coastal ecosystems can help protect communities from storm surges or sea level rise.
- Floodplain restoration increases water retention capacity during extreme rainfall events, which, in turn, lowers the risk of flooding, including in urban areas downstream.
- Sustainable forest management can stabilise slopes and reduce the risk of landslides.
- Healthy soil ecosystems have an increased water holding capacity and can act as a buffer in both extreme heat and rainfall.
- Natural and semi-natural areas, including in cities, are key to avoid heat stress and death. Scientists estimate that during the June 2026 heatwave, climate change induced heat caused the death of about 14,000 people.³⁶ Natural vegetation has an important effect on urban microclimates. A 2023 study showed that increasing tree coverage to 30% would lower temperatures by an average of 0.4°C and up to 5.9°C, which could avoid nearly 40% of deaths attributable to the urban heat island effect in the analysed cities.³⁷ Biophilic design, which integrates natural elements into buildings and public spaces, has measurable effects on mental and physical health.
- Reducing air pollution: Streets lined with trees can reduce particulate levels by up to 60% compared to streets without trees. Studies of urban forests in Italy show that they removed more than 37,000 tons of air pollutants in a single year, delivering important benefits for human health. The public health emergency coming from air pollution affects urban populations directly, as 95% of people living in European cities are exposed to air pollution levels considerably above WHO recommended levels.³⁸
- Nature restoration makes financial sense: The European Commission’s impact assessment for the NRR shows that every euro invested in ecosystem restoration can generate between €8 and €38 in economic, social and environmental value.³⁹

The NRR is crucial to stop and reverse degradation of ecosystems, which would come at immense costs to Europe’s health, infrastructure, and economy.

What is the impact of the Nature Restoration Regulation on housing supply?

³⁶ <https://www.politico.eu/article/june-heat-wave-kill-14000-europeans/>

³⁷ [https://www.thelancet.com/journals/lancet/article/PIIS0140-6736\(22\)02585-5/abstract](https://www.thelancet.com/journals/lancet/article/PIIS0140-6736(22)02585-5/abstract)

³⁸ <https://www.eea.europa.eu/en/newsroom/news/air-quality-improving-but-just-over-180-000-deaths-still-attributable-to-air-pollution-in-eu>

³⁹ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52022SC0167>

The Nature Restoration Law was adopted in 2024 and Member States are currently drafting their National Restoration Plans, outlining how they plan to achieve the restoration targets of the Regulation including greening urban ecosystems.

1. Restoration targets are set at the national level

The NRL does not ban construction, nor does it ban all kinds of negative impact on nature.

It requires Member States to put in place restoration measures covering at least 20% of land and sea areas by 2030, and all ecosystems in need of restoration by 2050. According to Article 8 on urban ecosystems, Member States have to ensure that there is no net loss in the total national area of urban green space and urban tree canopy cover by 2030, and that these metrics show an increasing trend thereafter.

These targets are not imposed on a specific site or project, or even a specific city, but instead express a national total to be reached. Compliance with the law is checked through the total aggregated area, meaning that a city could reduce green space to build housing, as long as the total national area remains stable before 2030 and the trend is positive after 2030.

Restoration measures and the non-deterioration principle apply only to those areas and habitats that have been identified by the National Restoration Plans (NRPs), not the entire territory. Member States decide themselves which areas to restore, when to restore them and by what means.

As the targets are not site- or sector-specific, there is also no obligation to conduct assessments at project-level or to fulfil specific permitting requirements linked to the NRL.

2. Member States benefit of a significant amount of flexibility and exemptions in the implementation of the law

The NRL provides considerable flexibility in how restoration objectives are implemented at national level, which enables Member States to prioritise housing developments when needed. The National Restoration Plans will identify the measures and areas needed to meet the law's targets and give Member States the space to take account of socio-economic impacts and competing needs when determining how these targets will be achieved.

Regarding urban areas more specifically, Member States have a lot of discretion in setting satisfactory levels, including for urban green space and urban tree canopy, or for choosing which restoration measures to prioritise in the NRPs. In addition, Article 8 explicitly exempts urban ecosystem areas in which the share of urban green space in the urban centres and urban clusters exceeds 45% and the share of urban tree canopy cover exceeds 10%.

There is also significant flexibility in the application of the non-deterioration requirement. This principle requires Member States to ensure that restored habitats, habitats of conservation interest and habitats needed to achieve restoration targets do not deteriorate. This is economically sensible as it would be counterproductive to build on a site that has seen significant public investment and efforts for its restoration. However, if no alternatives exist, Member States can apply the non-deterioration requirement at the level of an entire biogeographical region, rather than site-by-site. This means in practice that Member States can allow the degradation of a habitat area by a specific project, as long as the overall status of that habitat in the region does not significantly deteriorate and compensatory measures are taken. In addition, there can be exceptions from the non-deterioration requirement for projects of overriding public interest where no less damaging alternative exist.

The insufficiently prescriptive character of the uniform format for the development of national restoration plans will also allow Member States additional (unplanned) flexibility. For many sections,

the uniform format requires only general and vague information, risking NRPs being devoid of substantive content. The combination of several optional fields, restrictive interpretations of the provision detailing the contents of the plans, and the absence of geospatial data, will result in an even more flexible framework for Member States than what was foreseen by the law.

In addition, there are also ways of integrating green infrastructure in the design of buildings, such as green roofs and walls, which can contribute to the green space and tree canopy targets.

Birds and Habitats Directives

The **Birds and Habitats Directives**, together known as the **EU Nature Directives**, form the main pillars of the EU's nature conservation law. In addition, to introducing a protection regime for species, they also underpin the Natura 2000 network, the largest coordinated network of protected areas in the world.

- The Nature Directives are key in safeguarding the health and resilience of the environment in which people live. They put in place a framework protecting species and habitats that help maintain natural processes and ecosystem functions, key for the wellbeing of society. As already outlined above, intact nature is essential to build the EU's resilience to climate change and its consequences, such as extreme weather events, including floods and heat waves. The Birds and Habitats Directives should be seen as a key element in the effort to build climate resilience.
- A comprehensive fitness check in 2016 examined the Directives' effectiveness, efficiency, relevance, coherence and EU added value. It concluded that the Directives are fit for purpose, but that Member States need to step up implementation for them to fully achieve their objectives.⁴⁰ The fitness check found that the Directives do not create barriers to investments that are sustainable and not damaging to the conservation values of the site. In addition, the vast majority of proposed projects and plans that had to undergo Art. 6 permitting procedures are authorised. Any delays in permitting procedures result from inadequate knowledge, difficulties in access to data and complex procedures at national level. The benefits of the Directives are estimated at 200-300 billion euros per year which significantly exceeds costs.
- The European Commission is currently carrying out a stress-test of the Birds and Habitats Directives to assess whether they remain relevant, proportionate, and fit to achieve their objectives in a cost-efficient way. With the stress-test being an extensive exercise of gathering evidence and consulting stakeholders, any discussion of the role of the Nature Directives in the housing sector should also take place within this established process. Any parallel discussions would entirely undermine the purpose of this stress-test.
- In addition, several new legislative proposals are currently being negotiated, such as the Regulation on speeding up environmental assessments and Directive on the acceleration of permit-granting, that could already significantly impact the application of Article 6 of the Habitats Directive. It is essential to first assess the impacts of these proposals as they evolve

⁴⁰ https://commission.europa.eu/publications/fitness-check-eu-nature-legislation-birds-and-habitats-directives-directive-2009147ec-conservation_en

throughout the legislative procedure, before advancing further considerations, to ensure the integrity of Natura 2000 areas.

What impact do the Birds and Habitats Directive have on housing supply?

1. Permitting delays stem from structural issues and incomplete implementation, not from the Directives themselves

Delays in projects very often stem from an incomplete or incoherent implementation of laws and not from the requirements laid out in the laws themselves.

As outlined above, it is structural issues within public authorities, such as lack of resources, staff and experts, lack of guidance for applications, as well as data and governance fragmentation that slow down permitting processes (for more information, see section on EIA Directive).

Instead of targeting environmental laws, the focus should be on promoting the numerous best practices existing in Member States, showing that permitting processes can be quick and efficient while maintaining the required protection levels.

2. The Birds and Habitats Directives do not impose a general ban on housing developments

In a notice on permitting and EU nature legislation, the European Commission has clearly stated: **“EU nature legislation does not exclude development activities in and around Natura 2000 sites.”**

The Birds and Habitats Directives do not impose a general ban on housing developments. They establish a framework under which individual plans or projects that are likely to have a significant negative effect on Natura 2000 sites undergo an appropriate assessment. As a result of this assessment, projects might be asked to be modified or to identify appropriate mitigation measures. Good upstream and strategic planning can actually help avoid conflicts and make sure that environmental considerations are integrated early on in the process.

It should be noted that the Article 6 appropriate assessment obligation only applies where a project is likely to have a significant effect on a Natura 2000 sites. As a consequence, housing projects are not automatically subject to this requirement and only when the criteria apply.

In addition, many projects assessed under the Habitats Directive can still proceed. What this procedure ensures is that the project is properly assessed regarding its impacts on the site's integrity and that, in case of a negative impact, potential mitigation measures are identified to maintain this integrity.

3. The Habitats Directive provides for flexibility and derogations

The Habitats Directive also includes specific derogations for projects with a harmful impact. If the assessment finds that a project would have a negative impact on the protected site, it can still move forward under the following conditions: (i) absence of alternative solutions; (ii) imperative reasons of overriding public interest is applicable; (iii) compensatory measures are taken.

With regard to this derogation, it is to be noted that the Commission's proposal for a Regulation on speeding-up environmental assessments includes a provision that would empower the Commission to provide guiding criteria for the identification of strategic projects for the housing sector. Co-legislators are currently discussing providing a strategic label for affordable or social building projects as such. Regardless of the merits and risks of the approach of the proposed Regulation as such, this

illustrates how a “public interest” or “overriding public interest” designation could become more common.

Water Framework Directive

The Water Framework Directive (WFD) is a cornerstone of EU environmental law. It aims at (i) preventing further destruction of the EU’s water environment and (ii) achieving good status of European rivers, lakes, streams, wetlands, groundwater, and transitional and coastal waters. In doing so, the law secures the crucial benefits of healthy freshwater ecosystems for the sake of human and environmental health, economic prosperity and climate resilience.

In particular, the one-out-all-out principle is critical for the effectiveness of the WFD as it pushes Member States to identify which quality standards are not complied with, and - crucially - requires them to take measures to address them. Abolishing the OAAO risk leading to underestimation of the actual status of water bodies and Member States cherry-picking which pollutants to act on. One should also remember that each Environmental Quality Standard under the WFD has been derived based on the ecological impact of that specific pollutant, meaning that surpassing it, even for one substance, means a threat to aquatic life.

1. On deterioration, the WFD has already introduced two exemptions for short-term temporary deterioration and water relocation.

In the recent agreement on updated water pollution standards for the EU, two new exemptions have been introduced which allow for the temporary deterioration and the relocation of water without increasing overall loads,⁴¹ giving Member States increased flexibility. This can facilitate permitting and construction.

Ambient Air Quality Directive

According to the EEA, air pollution currently causes around 300,000 premature deaths per year across the EU. This number does not include those related to the exposure to concentrations of air pollution below the WHO Global Air Quality Guidelines, which would make this number even higher. and costs the EU economy up to €850 billion annually. Lower-income urban residents are disproportionately concentrated in high-pollution areas and bear a disproportionate share of those deaths and costs.

In 2023, 34,000 deaths in the EU-27 were attributable to NO₂ concentrations above the WHO guideline level alone. NO₂ is primarily a traffic and combustion pollutant concentrated in dense urban areas. Raising the acceptable limit to ease construction permits in those same areas would extend harmful exposure for existing residents while exposing additional households to avoidable health risks.

The European Environmental Agency found that in 2024, 21 Member States met their 2020-2029 national emission reduction commitments for the five main air pollutants (NH₃, NMVOCs, NO_x, PM_{2.5}

⁴¹ See e.g. https://publications.europa.eu/resource/cellar/5187e545-78ab-11e6-b076-01aa75ed71a1.0001.02/DOC_1

and SO₂).⁴² Between 2005 and 2023, the number of deaths in the EU attributable to fine particle matter (PM_{2.5}) fell by 57 - relevant as the main source of PM_{2.5} are residential, commercial and institutional buildings (over 60%).⁴³ This is part of the evidence that strong regulations have a positive outcome regarding people's health and wellbeing.

What is the impact of the AAQD on housing supply?

1. The AAQD does not itself prevent construction – it is the lack of implementation of the AAQD that is.

The barrier to housing is not that air quality standards are too high. It is that not enough is being done to improve air quality in restricted areas to then allow for construction. Support for implementation of policies to improve air quality is the most effective way to improve capacity for construction. The 2024 Ricardo Report on the climate impact of air pollution levels aligning with European Commission's proposed air quality standards demonstrates achieving the AAQD standards by 2030 is feasible under the baseline scenario without the need for a time extension at Member State level, and that Member States can reduce their air pollution emissions even further beyond current policy commitments with targeted sector specific measures to further improve air quality and human health.⁴⁴ At the same time all measures positively contributed to emission reduction of greenhouse gas pollutants.

2. The AAQD already provides flexibility with regard to compliance extensions.

The AAQD already contains flexibility mechanisms in article 18. Member States may request compliance deadline extensions until 2035 or 2040 where specific circumstances apply. The suggestion that the directive needs revision to accommodate housing ignores the flexibility already built into it.

⁴² <https://www.eea.europa.eu/en/analysis/publications/air-pollution-in-europe-2026-reporting-status-under-the-nec-directive>

⁴³ Idem

⁴⁴ <https://eeb.org/en/library/climate-impact-of-air-pollution-levels-aligning-with-european-commissions-proposed-air-quality-standards/>

Building and energy laws

Buildings account for 43% of the EU's final energy consumption and 36% of the EU's total greenhouse gas emissions, yet the sector remains significantly off track on its climate goals, with key indicators such as CO₂ emissions, energy consumption, renewable energy share and renovation investment running over 40% behind the trajectories required for 2030 and 2050.⁴⁵ This shortfall is set to widen rather than narrow. The latest Global Status Report for Buildings and Construction confirms that the pace of new construction is outstripping decarbonisation efforts worldwide, while WorldGBC's own analysis of the EU building stock finds that 35% of buildings are over half a century old and 97% fall short of the energy performance needed to meet future carbon targets - with roughly 80% of the buildings that will still be standing in 2050 already built today.⁴⁶ In other words, the transition will be won or lost on the existing stock, not on new-build standards, yet globally only 15 of the roughly 90 countries with mandatory building energy codes extend those rules to existing buildings at all.⁴⁷ The transition to a sustainable built environment is far from being on track, and deregulating the European legislation that drives it would only widen this gap further.⁴⁸

Delaying this transition is also more expensive in the long term: 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 inefficient⁴⁹, and conversely, space heating accounts for as much as two thirds of residential energy demand⁵⁰, 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 diseases⁵¹, and inadequate housing creates around €194 billion per year in public health costs⁵², with vulnerable households being affected most severely. No less urgent is the cost of inaction⁵³ in addressing the climate, pollution and biodiversity impacts of the building sector, which remains the most environmentally impactful sector within the EU.⁵⁴

This package should be the opportunity to accelerate the renovation and conversion of existing buildings, reducing administrative burdens while maintaining high-quality outcomes. **Procedures for energy renovations**, such as fast-track authorisation for standard energy efficiency upgrades (e.g. insulation, window replacement, heat pumps and rooftop solar photovoltaic installations, could be simplified, particularly where no significant structural changes are involved. Furthermore, a **better integration and coordination between housing, energy and social policies**, would ensure that renovation programmes simultaneously contribute to housing affordability, decarbonisation, improved public health and the reduction of energy poverty.

Energy Performance of Buildings Directive (EPBD)

It is time for delivery of the EPBD, not renegotiation: the legal implementation of the directive (which formally entered into force only in May 2026) is a crucial obligation to achieve the objectives of the

⁴⁵ <https://www.bpie.eu/wp-content/uploads/2025/05/BPIEs-Guide-to-EPBD-Implementation-final-version.pdf>

⁴⁶ <https://globalabc.org/resources/publications/global-status-report-buildings-and-construction-2025-2026>

⁴⁷ <https://worldgbc.org/wp-content/uploads/2026/04/WorldGBC-Building-Retrofits-Apr-2026.pdf>

⁴⁸ <https://www.bpie.eu/publication/eu-buildings-climatetracker-4th-edition/#>

⁴⁹ https://commission.europa.eu/system/files/2020-03/in_focus_energy_efficiency_in_buildings_en.pdf

⁵⁰ <https://ec.europa.eu/eurostat/statistics-explained/SEPDF/cache/58200.pdf>

⁵¹ <https://www.friendsoftheearth.ie/get-involved/projects/health-impacts-of-fossil-fuels/>

⁵² <https://www.birdlife.org/wp-content/uploads/2026/04/Final-report-Nature-in-the-EUs-energy-transition.pdf>

⁵³ <https://eeb.org/wp-content/uploads/2024/11/Open-Letter-The-Cost-of-Inaction-Why-Environmental-Standards-Are-Key-to-EU-Competitiveness.pdf>

⁵⁴ <https://www.eea.europa.eu/en/analysis/publications/addressing-the-environmental-and-climate-footprint-of-buildings>

Renovation Wave and the wider transition to a sustainable built environment. Beyond the environmental benefits of these obligations, it has also been shown that renovating homes can deliver a 75% return on investment through health benefits alone.⁵⁵ The benefits also extends to Europe's energy security, autonomy and resilience: deep insulation of residential buildings could cut EU final energy use for heating and cooling by 44%, reducing natural gas consumption for that purpose by 46%. Economically, the European Commission estimated the Renovation Wave would create around 160,000 green jobs by 2030, with every €1 million invested in renovation generating an average of 18 jobs across the EU.⁵⁶

Rather than reopening these rules, the priority now is basic compliance: the European Commission has already initiated infringement procedures against all 27 Member States for failing to fully transpose the revised EPBD within the deadline, which expired on 29 May 2026, underscoring how far implementation still lags behind the law on paper.⁵⁷ The EPBD provides significant national flexibility, allowing member states to tailor transposition to their own contexts (e.g. defining their national renovation trajectories, setting their own limit values for life-cycle global warming potential of new buildings...). Weakening or renegotiating the Directive would delay the health, security, and economic gains that depend on its implementation, and penalise the Member States and industries who have started planning and investing in the transition.

What impact does the Energy Performance of Buildings Directive have on housing supply?

The EPBD does not constrain the volume of housing construction; rather, it provides a framework for how new and existing homes are designed, financed and renovated, embedding energy performance, climate resilience and housing quality as core design parameters. The Directive grants Member States significant national flexibility, allowing them to tailor transposition to their own contexts, including setting national renovation trajectories and life-cycle global warming potential limits calibrated to local housing markets and construction capacity. Ambitiously applied, this flexibility can also generate broader economic benefits and seek complementarity with affordability and smart urban planning, aligning renovation waves with wider housing and territorial strategies rather than treating energy performance as an isolated technical requirement. Additionally, including requirements such as accessibility for persons with disabilities, the EPBD goes beyond energy sustainability and also promotes social sustainability.

- Cost-optimality principle should allow to protect affordability and quality of the housing supply

Cost-optimality requires Member States to identify the energy performance level that minimises total lifecycle cost, balancing investment, energy, maintenance and replacement costs, and it is this balance that determines whether housing supply remains affordable while still cutting emissions. Correctly calibrated, cost-optimal methodology is an opportunity to prevent under-ambition, which locks in energy poverty, while providing a way to optimise cost so that ambitious performance levels remain compatible with affordable housing supply. The Italian Superbonus illustrates the challenge of getting this wrong: a scheme decoupled from cost-optimal benchmarks and deprived of any prioritization delivered renovations in many buildings that were not among those most in need.⁵⁸ Besides, the combination with lack of social earmarking led to the wealthiest part of the population taking the lion

⁵⁵ <https://www.bpje.eu/wp-content/uploads/2025/05/BPIEs-Guide-to-EPBD-Implementation-final-version.pdf>

⁵⁶ Idem.

⁵⁷ <https://build-up.ec.europa.eu/en/news-and-events/news/commission-calls-progress-transposition-energy-performance-buildings-directive>

⁵⁸ <https://www.eca.europa.eu/en/publications/SR-2026-20>

share of the economic support: this shows how weak cost discipline erodes value for money while missing the opportunity of improving housing quality or affordability.

- National building renovation plans should be mobilised as a tool to turn bottlenecks into sequenced opportunities for affordable and sustainable housing supply

NBRPs give Member States a single strategic instrument to map the current state of the building stock, investment needs, workforce and skills gaps, and building stock conditions, directly linking renovation planning to the pace at which sustainable and affordable housing can realistically be delivered. Used well, NBRPs are an opportunity to sequence renovation waves around actual construction-sector capacity, preventing skills shortages from becoming a bottleneck to both new supply and renovation targets

- One-Stop Shops networks should allow implementation ensures the delivery and activation of affordable and sustainable housing supply

The EPBD provides for Member States to establish or facilitate access to one-stop shops offering technical, administrative and financial advice on building renovation, and a network of OSS carefully designed and staffed according to local needs can be leveraged as a go-to approach to accelerate renovation of the built environment at scale, thus contributing to the objective of sustainable housing. Through its implementation, Member States may also further leverage this network coordinating it with other relevant actors, such as administrative departments responsible for housing, planning and energy, and with social rental agencies, so that vacant housing stock can be actively identified and reactivated as affordable, renovated homes rather than left outside the renovation effort.

In Central and Eastern Europe, where 60% of people live in multi-family apartment buildings governed by homeowner associations, one-stop shops must explicitly address collective decision-making support, enabling groups of co-owners to act together on renovation decisions. Current EU OSS guidance treats renovation as an individual household decision, missing the most common building typology in CEE. Closing this gap is a simplification opportunity that requires no lowering of standards.

Through PNRR and REPowerEU frameworks, Romania is establishing One-Stop Shops (Ghișeul Unic RePowerEU) at county council level, offering single-point assistance for technical audits, grant applications, permitting navigation and contractor selection. Designed specifically for energy-vulnerable citizens and single-family homeowners, these centres streamline execution and shorten lead times while fully enforcing mandatory energy performance and environmental regulations. This confirms that administrative simplification and high-performance standards are compatible and mutually reinforcing.

- Sufficient and adequate financing and strong social safeguards should protect affordability of the housing supply

Article 17(18) requires Member States to ensure that financing measures for compliance with minimum energy performance standards do not disproportionately burden vulnerable, low-income or energy-poor households, and to provide adequate, accessible funding alongside tenant protection safeguards. Well implemented, this provision would contribute to sustainable, affordable and accessible homes, while also expanding effective housing supply if financing is directed at bringing vacant and underused buildings back into use rather than solely upgrading occupied stock.

- Participation guarantees in national renovation planning should be preserved

National building renovation plans must be subject to public consultation before submission, with the explicit involvement of local and regional authorities, civil society and organisations working with vulnerable households. Far from being a source of delay, this requirement is what allows plans to incorporate the social safeguards the Directive calls for and to reflect the actual conditions of the

housing stock and the households living in it. The Spanish experience is illustrative: Spain completed a participatory process for its national building renovation plan and is nonetheless among the first Member States to submit a draft to the Commission, which shows that consultation and timely delivery are compatible.

The main challenge now lies not in revisiting the EPBD but in ensuring its effective implementation, backed by sufficient investment and robust enabling frameworks that can turn legal obligations into tangible renovations, affordable homes and healthier living conditions. If Member States fully deploy the Directive's tools – cost-optimal standards, ambitious national renovation plans, one-stop shops and socially targeted financing with social safeguards – the transition to a sustainable building stock can simultaneously deliver climate resilience, economic gains and a more affordable, accessible housing supply. It is also important to keep in mind that many aspects of the EPBD will only be fully effective and show their benefits in years to come – it should not be about short-term savings but long-term investment and saving costs in the future. For instance, making a building accessible for persons with disabilities during a renovation will enable older persons to stay in their apartment for longer while living independently, reducing cost for future assistance and care.

Best practice examples of implementation

- One-Stop-Shops (Bulgaria, Hungary, Lithuania): The ComActivate project, implemented by Habitat for Humanity in Bulgaria, Hungary and Lithuania, demonstrates how OSS-style Resource Centres can support residents of multi-apartment buildings to navigate complex renovation processes without reducing performance standards.⁵⁹ In Burgas, Bulgaria, the Resource Centre assisted over 4,000 visitors and contributed to 213 renovation applications. The key barrier was not the energy performance requirement but the complexity of collective decision-making in multi-owner apartment buildings — a governance challenge absent from current EU guidance on OSS frameworks.
- Adaptive Reuse as EPBD-compliant affordable housing: ESTHer⁶⁰ (Empty Spaces to Homes), implemented by Habitat for Humanity across Poland, Hungary, Croatia and Great Britain, demonstrates that re-using vacant buildings for affordable housing can simultaneously meet EPBD energy performance standards and deliver faster, lower-carbon housing supply than new construction. The project has developed a life-cycle carbon assessment methodology aligned with EN 15978 and the EU Taxonomy, providing evidence that renovation of existing vacant buildings reduces whole-life carbon emissions by 62–73% compared to equivalent new construction. The EPBD's flexibility provisions — including national renovation trajectories and cost-optimality methodology — provide the framework within which adaptive reuse can be scaled, but implementation is hindered by fragmented vacancy data, unclear ownership structures, and the absence of EU guidance on collective decision-making in multi-owner buildings.
- Romania's National Thermal Rehabilitation Programme demonstrates that strict energy efficiency standards directly enhance housing affordability rather than undermining it.

⁵⁹ <https://www.habitat.org/emea/about/what-we-do/residential-energy-efficiency-households>

⁶⁰ <https://www.habitat.org/emea/empty-spaces-to-homes>

Thermal retrofits of multi-family residential blocks in Bucharest, Cluj-Napoca and Braşov routinely reduce household energy consumption for heating by 40–60%.⁶¹ For low- and middle-income households, these operational savings significantly reduce total living costs and provide protection against volatile energy prices. Enforced performance standards serve as a social safeguard against energy poverty — not a financial barrier.

- Plan Vive (Region of Madrid): In Spain, the Plan Vive of the Region of Madrid illustrates how new affordable rental housing can be delivered faster without lowering energy or accessibility standards.⁶² Public land is made available to developers through long-term surface rights (50-year concessions), and 100% of the dwellings are built with industrialised, off-site manufactured components, which the regional government and developers report cuts construction times by up to 30% and construction waste by around 60% compared with conventional methods. This acceleration is not achieved by relaxing requirements: the promotions are delivered with the highest national energy rating (class A), centralised aerothermal (heat pumps) heating and domestic hot water, photovoltaic generation and BREEAM sustainability certification, and they are let at rents set 20% to 40% below market levels, with eligibility rules linked to household income and priority for young people, older people, persons with disabilities and women survivors of gender-based violence. The lesson for simplification is that the time and cost savings came from standardisation, off-site production and a single integrated procurement route, not from weaker performance requirements, which shows that ambitious energy standards and affordable supply are compatible when the administrative and industrial process is streamlined.

Public Procurement Directives

Affordable, sustainable and quality of housing are all equally important when it comes to public financing of housing. One of the ways to improve all the three factors is to ensure that sustainability criteria are made mandatory in public procurement and other EU funding options under the funds of the Multiannual Financial Framework.

The housing strategy as shared by the Commission largely banks on the simplification of procedures in the upcoming revision of the public procurement directives. While process simplification is important and the Commission is working on it, a rather straightforward simplification is to ensure that green public procurement is not optional, but mandatory, at least for residential investments and renovations.

Contrary to popular opinion, the cost of sustainable housing with low-carbon products (steel and concrete) is not very high and is in the range of 0.2 to 0.5 %⁶³, while the reduction in carbon footprint of a building from those materials could be easily up to 20% and in many cases up to 40%. As buildings move towards net-zero operational energy, the share of embodied carbon emissions in buildings approaches 100% of the emissions and is locked for the rest of the building's lifetime. This

⁶¹ <https://infoconstruct.ro/en/article/programele-de-reabilitare-termica-impact-economic-si-beneficii-pentru-consumatori-uMQ6nNXZ>

⁶² <https://www.comunidad.madrid/plan-vive>

⁶³ Brussels School of Governance, 2024, [Public procurement of Steel and Cement for construction](#) 0.2- 0.5%

initial carbon footprint can and should be reduced and a case study of 72 projects show that almost 15%⁶⁴ of embodied carbon of EU buildings can be reduced with no additional cost.

Likewise, other funding streams of the EU, like the MFF and cohesion funds should be made conditional to green criteria. The example (referred in the communications of the affordable housing plan) of using the core values of the New European Bauhaus, covering sustainability, aesthetics and inclusion, as conditions for a part of the Croatian social housing projects are excellent examples of how EU money can be directed towards affordable, sustainable and quality housing while driving decarbonisation in strategic European industries. This should be made into a policy rather than a voluntary practice adopted by the discretion of a Member State.

The same reasoning applies to social criteria. Where public money finances housing construction or renovation, mandatory requirements on labour standards, wage floors, apprenticeships, and accountability along subcontracting chains would improve outcomes on the same terms as environmental criteria. This can also address the well-established delivery constraint of labour shortages, which are a genuine bottleneck in the sector given widespread fatal accidents, undeclared work, and exploitation of migrant workers in the EU economy. Simplification that thins procurement conditions displaces risk further down subcontracting chains and makes the shortage harder to resolve.

Directive 2014/24/EU

Public procurement of housing has to reconcile the sound management of public resources with the control of the externalities generated by construction. The newly proposed framework provides for both, and its core guarantees should be maintained. The proposed Public Procurement Act (PPA) has placed the EU's strategic goals on public procurement and has made quality (Best Price to Quality Ratio, BPQR) as the only parameter for awarding contracts. The ability to reject abnormally low tenders continues to be present as a safeguard of construction quality and working conditions alike.

The proposed PPA retains the flexibility of what the term "quality" means within the meaning of BPQR, providing room to widen the margin available to contracting authorities so that housing tenders can better serve their intended social purpose. While circularity and life cycle costing (LCC) are included as optional criteria, better guidance from the Commission on specific aspects would allow contract authorities to incorporate these better, such as on transport emissions and supply chain traceability.

⁶⁴ https://shiftingparadigms.nl/projects/eu_embodiedc/

Capital Requirements Regulation and Directive, and EU Taxonomy

On the Capital Requirements framework and the EU Taxonomy, we would caution against simplification that further reduces reporting on the social dimension of residential investment. Institutional investors hold a very substantial residential portfolio across Europe, and disclosure on what that investment does to affordability and security of tenure remains minimal. Without it, neither public authorities nor investors themselves can establish whether regulatory easing and public support are producing affordable homes or asset appreciation. Market practice is moving ahead of regulation here: GRESB's residential component now includes indicators covering the fair attribution and affordability of housing, and other frameworks are following. Retaining and developing affordability and tenure metrics is therefore an easy way to improve the evidence base on which any future simplification would have to rely.

The Taxonomy's technical criteria for buildings also leave outside the perimeter a set of investments that social housing providers routinely make and that carry both environmental and social value. The criteria for the acquisition and ownership of buildings require the asset to already hold a top energy performance rating at the time of purchase, which excludes the operation of acquiring low-efficiency housing in order to renovate it and allocate it to affordable rental. This is precisely the type of operations accessible to non-profit providers, who access the lowest-priced and therefore worst-performing stock. Recognising purchase and renovation as a single aligned activity, with provisional recognition at acquisition and definitive recognition once the energy target is met, would bring this investment within reach of sustainable finance.

A second gap concerns smaller interventions. The renovation criteria require a substantial reduction in primary energy demand within a single operation, while the criteria for individual efficiency measures are framed as the activity of the installer rather than of the owner. A social housing provider financing heat pumps, window replacement or passive cooling measures across its portfolio therefore cannot report that investment as aligned, even though the aggregate savings across a large stock are significant and the households concerned are those least able to bear energy costs. Allowing such interventions to qualify when carried out on social and affordable housing, without a per-dwelling threshold, and reviewing the list of eligible measures to ensure that passive heat adaptation is covered, would correct this.

Any such extension must be paired with safeguards against speculative use. Acquiring under-performing housing for refurbishment is not socially neutral: depending on who carries it out and on what terms, it may result in rent increases or displacement of residents, and an extension designed without limits would allow operations that aggravate the affordability problem to be reported as sustainable. Confining the new eligible categories to social and affordable housing as defined under the services of general economic interest framework, so that they apply only to operators bound by a public service obligation and by affordability and permanence commitments, would tie the environmental classification to the social outcome that justifies it, and would in turn generate exactly the kind of tenure and affordability evidence that the previous paragraph calls for.