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**COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN
PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL
COMMITTEE AND THE COMMITTEE OF THE REGIONS**

The European Affordable Housing Plan

{SWD(2025) 1053 final}

Introduction

'A home is not just four walls and a roof. It is safety, warmth, a place for family and friends. It is belonging. But for too many Europeans today, home has become a source of anxiety. It can mean debt or uncertainty.' – President von der Leyen, 2025 State of the Union address

Our houses, our homes, are the building blocks of our communities, the foundation of our society and democracy. Housing is not just a commodity, but a fundamental right and a cornerstone of human dignity. But across Europe, there is a palpable feeling of injustice at the sheer unaffordability and unavailability of housing.

What Europe is facing is more than a housing crisis. It is a social crisis. It weakens our cohesion, and it threatens our competitiveness, by limiting labour and educational mobility, thereby exacerbating labour shortages in growth poles. Europe must act decisively to help make housing more affordable for all Europeans. At the same time, efforts to improve affordability should go hand in hand with sustainability and quality. Energy-efficient, resilient homes that are built with the lowest possible carbon footprint reduce maintenance and utility costs while enhancing long-term value, whereas sufficient quality is essential to deliver healthy, safe, and dignified living conditions. Integrating these objectives will ensure that Europe's housing policies deliver lasting social, economic, and environmental benefits.

Today the Commission is proposing a plan to achieve that vision. This first-ever European Affordable Housing Plan presents a series of concrete actions to help tackle the structural causes of this crisis and deliver results for Europeans. It aims to increase housing supply, trigger investment and reforms, and support the people and the areas that are most affected. It also shapes a new way in which EU institutions, national, regional and local governments, financial institutions and stakeholders can work together to address the housing crisis.

Housing remains first and foremost a competence of Member States, regions and cities. The EU will play its full part, but **only through joint action at every level can we ensure that all Europeans have access to the homes they deserve.**

1. Europe's housing crisis: a pressing and shared challenge

Between 2013 and 2024, house prices in nominal terms have increased by more than 60% across the EU, growing faster than household income, while average rents have risen by around 20%, with new rents having become significantly more expensive. Investments in housing supply markedly declined over the last decade. Supply has not kept up with evolving demand due to high construction costs, innovation deficits, shortages of skilled labour and excessive red tape. Residential building permits are down by 22% since 2021 and the existing housing stock is not used to its full potential, with around 20% of dwellings unoccupied.

The Commission estimates that the **EU will need more than two million homes per year** to match the current demand. This means adding about **650,000 homes per year to the 1.6 million** built currently. Delivering those extra housing units would cost about **EUR 150 billion annually.**

The housing crisis is now increasingly affecting a broader segment of society, as a growing number of middle-income households face difficulties in accessing affordable housing. Essential workers – including teachers, nurses, fire fighters or police officers cannot afford to live in the communities they serve. Many young people are forced to drop out of their studies,

refuse job opportunities, delay starting or expanding a family or live in overcrowded and substandard accommodation. The most disadvantaged in our society are struggling the most, given rising rents and limited access to social housing leading to growing risks of homelessness. With living costs continuing to rise, more and more Europeans are having to make sacrifices to make ends meet.

Certain areas feel the crisis particularly sharply. Europe's cities and popular tourist destinations face the strongest pressures. At the same time, depopulating and rural areas including some outermost regions of the EU are facing declining prices and difficulties in accessing essential services – including social services – and infrastructure.

Together with this plan, the Commission presents **an analysis of the key drivers of the housing crisis**¹, which underpins the policy orientation and actions presented.

2. Europe's response: A plan for affordable, sustainable and quality housing

Europe's shared housing challenge calls for a shared response. The EU can and must play a stronger role in supporting, coordinating, and amplifying national, regional and local efforts – not by replacing them, but by providing common ambition and resources. European solutions must reflect the diversity of housing needs, markets and governance systems across the continent while advancing our common objectives.

The actions presented in this Plan are based on broad consultations, including a public consultation that received more than 13,300 replies. The Plan responds to the call of the European Council of October 2025 to present an ambitious and comprehensive plan for affordable housing². It builds upon the work of the European Parliament through its Special Committee on the Housing Crisis in the EU and the Employment, Social Policy, Health and Consumer Affairs Council³. The Commission has also gathered inputs from the European Committee of the Regions, the European Economic and Social Committee, representatives of cities and regions across the EU and a broad range of stakeholders. The plan further draws on the independent recommendations of the Housing Advisory Board⁴.

The European Affordable Housing Plan rests on **four pillars** where action is needed:

- I. Boosting supply
- II. Mobilising investment
- III. Enabling immediate support while driving reforms
- IV. Supporting the most affected

Within these four pillars, this Plan sets out **ten key areas of action** where the EU can add value and support efforts by other public authorities and stakeholders, including a new legislative initiative on **short-term rentals** as part of an **Affordable Housing Act**, a **simplification package** and **mobilising new investments** under this and the next Multiannual Financial Framework (MFF). It also proposes areas where Member States could and should act as a priority. A new **European Housing Alliance** will support these actions with cooperation and sharing of good practice between Member States, cities, regions, other EU institutions and stakeholders.

¹ See Staff Working Document. COM(2025) 1025

² European Council conclusions, 23 October 2025. See: [20251023-european-council-conclusions-en.pdf](#)

³ Presidency Conclusions, 1 December 2025.

⁴ https://housing.ec.europa.eu/document/e8944c5e-6098-495c-8ecd-da7da9738588_en

The European Affordable Housing Plan is presented together with a **revision of State aid rules** on Services of General Economic Interest to better support affordable housing, a **European Strategy for Housing Construction**, and a Communication and proposal for a Council recommendation on the **New European Bauhaus**. It will be complemented in 2026 by a Citizens Energy Package aimed at further lowering energy bills, delivering a just transition, eradicating energy poverty and empowering people and communities.

Pillar I. Boosting supply

Addressing the mismatch between housing supply and demand requires a substantial increase in new homes, especially in high-demand areas. Expanding social and affordable housing is particularly important to support low- and middle-income households.

Housing supply is impeded by low productivity, insufficient scale and capacity, and high costs in the construction and renovation industry, as well as a lack of skilled labour. Many and complex rules, at all levels of governance, lead to additional delays and costs. Inspired by the New European Bauhaus, Europe must lead a housing transformation that unites affordability with sustainability and quality to create inclusive, future-proof living spaces. Investment in digitalisation at every stage of housing planning, design, permitting and operation will further support housing supply.

Maximising the efficient use of the existing building stock – avoiding unnecessary demolitions and waste – should be a priority, alongside new construction. This includes renovating inefficient buildings and repurposing them and bringing vacant properties back into use, as well as regulating short-term rentals (STRs) where they compete with long-term housing use. Improving transport links, broadband connectivity, and the provision of essential services, can also make underused housing in rural areas more viable and attractive, helping to relieve pressure on urban markets and supporting balanced, sustainable development across the EU.

Action 1. Strengthening productivity, capacity and innovation of the construction industry

For the last ten years, construction and renovation costs have grown faster than inflation, while the industry's productivity has stagnated. Construction is vital for Europe's competitiveness and it needs to increase its capacity and scale to meet housing demand. More **investment in innovation and technology, a shift to a more circular economy, innovative materials and use of modern methods of construction** enabled by new harmonised standards would save time and costs and improve supply chain resilience.

Spain's Strategic Project for Economic Recovery and Transformation on industrialised construction aims to provide 15,000 affordable, quality and energy-efficient housing units per year, with an investment of EUR 1.3 bn over 10 years expected to mobilise EUR 1.4 of private investment for every public euro.

Labour and skills shortages in the construction sector are now three times higher than they were a decade ago. More than 4 million job openings are expected by 2035⁵. Therefore, careers in construction need to be made more attractive for new talent, including women. While 11% of EU mobile workers and 34% of the mobile self-employed work in construction,

⁵ European Centre for the Development of Vocational Training (CEDEFOP) Skills Forecast.

only 1% of construction services are provided cross-border within the EU. The Fair Labour Mobility Package in 2026 will improve enforcement of EU rules for mobile workers.

A **healthy, well-functioning and competitive market** for construction and renovation is also essential to keep prices down. The Commission will be vigilant with regards to any evidence of anti-competitive activities that may warrant taking action at EU level.

Goal	A stronger industry to boost housing construction and renovation
How	To support the construction industry in stepping up to the challenge of supplying affordable housing, the Commission will: • in close coordination with industry, promote innovation in construction and renovation materials and methods, and support a shift to more circularity and digital processes, through a new European Strategy for Housing Construction presented together with this plan⁶; • ensure that companies and professionals can provide construction services across borders, without lowering labour and social standards, through a Construction Services Act (Q4 2026); • address skills shortages in the construction sector, by rolling out large-scale training and apprenticeship programmes in construction-related professions via the Pact for Skills, New European Bauhaus Academy and Erasmus+, and promoting innovation in construction in curricula, based on the Build Up Skills initiative⁷; • monitor any potential anti-competitive practices in the construction sector, and where necessary take action, in close cooperation within the European Competition Network on cases pursued by its members. Member States are encouraged to make use of the opportunities offered by EU law by supporting investments that can render construction more affordable – including uptake of modern methods of construction and renovation as well as innovative materials, accessibility solutions, and large-scale apprenticeship, upskilling and reskilling efforts – as well as more sustainable – through investments in low-carbon and bio-based European manufacturing, or integration of relevant criteria in public procurement and support schemes.

Action 2. Cutting red tape to accelerate housing supply

Housing supply is subject to many stringent rules that are set at EU, national, regional and local levels, and which aim to preserve our safety and quality of life, promote social and economic objectives, and protect our environment and cultural heritage. These rules take many forms including building codes, land-use and zoning policies, procurement and local

⁶ COM(2025) 991

⁷ The initiative, under the LIFE Clean Energy Transition sub-programme, is being expanded to all Member States.

taxes. But too often they lead to administrative complexity resulting in unnecessary costs and delays, restricting the supply of housing where it is most needed.

The Commission is already taking **action to simplify the EU legislative framework** in ways which will benefit housing supply, and it will continue to do so, including by integrating housing in other relevant simplification actions where appropriate. In July 2025, the Commission adopted amendments to the sustainable finance framework to simplify reporting for the construction sector and to reduce administrative burden, including for the many micro and small and medium-sized enterprises (SMEs) active in construction and renovation⁸. On 10 December 2025, the European Commission presented a Regulation to speed up environmental assessments⁹, accelerating and streamlining permitting processes for strategic sectors including affordable and social housing. There is further scope to simplify EU rules, and make better use of existing flexibilities, to help boost housing supply.

At the same time, **most rules that influence housing supply are set by Member States, including at regional and local levels**, often resulting in complex juxtaposing rules across the EU and within some Member States. Examples include limits on building height or volume, through to imposing minimum plot sizes or numbers of parking spaces, all of which restrict housing density, raise costs and require more land. Project information is often held in separate systems, not all of them digital, that require people to review documents manually.

*With a one-stop-shop portal to check the applicable rules and by shifting from an approach of 'you need a permit, unless' to 'you don't need a permit, unless', the **Dutch** initiative **Omgevingswet** has reduced permitting time from 26 weeks to 8 weeks.*

*The **German 'Hamburg Standard'** is a set of 65 measures designed to reduce the cost of subsidised housing construction to EUR 3,000 per m².*

***Estonia** has a fully digitalised building permit system which is used by all 79 municipalities and processes over 42,000 procedures annually. All authorities evaluate the same project simultaneously online. This saves a significant amount of time and money.*

Simplifying rules and procedures that restrict housing supply therefore requires a **joint effort** by EU, national, regional and local authorities, while respecting wider policy goals, including for our climate and environment.

Goal	Faster and simpler administrative procedures for housing supply
How	The Commission will contribute to cutting red tape to facilitate the supply of affordable and sustainable housing where it is most needed by presenting a housing simplification package (2027) including: • a comprehensive mapping of relevant EU legislation and initiatives and their combined impact on housing supply and affordability identifying any opportunities to reduce unnecessary administrative burden particularly for SMEs, accelerate permitting and renovation processes, and improve cost efficiency, while respecting wider policy goals; • support to Member States in the effective implementation of EU rules, including simplification opportunities introduced under the proposal for a Regulation on speeding up environmental assessments and sharing best practices of simplification at national, regional and local level within the European Housing Alliance with a particular focus on

⁸ Commission [Delegated Act amending the Taxonomy Disclosures, Climate and Environmental Delegated Acts](#)

⁹ COM (2025) 984

	digitalisation as an enabler. Member States are encouraged to simplify national, regional and local planning, zoning and permitting rules and building codes as well as increase administrative capacity, including for digitalisation. They are also invited to make use of the flexibilities offered by the Public Procurement Directives to promote the cost-effective and efficient provision of housing, in particular through accelerated procedures and joint procurement.
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Action 3. Combining affordability, sustainability and quality in housing

Increasing the affordability of housing should not come at the expense of sustainability, including resilience, or quality. Energy costs represent a major share of households' overall living costs. In the Affordable Energy Action Plan, the Commission encouraged Member States to lower taxes and levies to incentivise electrification and reduce prices. Simpler contractual terms and more transparency for consumers will boost competition and lower prices. In addition, the construction sector has huge potential to reduce its greenhouse gas emissions, waste and water use by switching to more innovative, decarbonised and biobased materials.

Every euro spent on **energy efficiency in housing** translates into twelve euros in energy savings over the lifetime of the investment. Advancing renovations to increase the energy performance of residential buildings is therefore key to cost reductions. However, people need access to both finance and trustworthy information to take action. Households should also be empowered to produce their own renewable energy, so they can save on their energy bills and generate benefits which can be shared with their neighbours in an energy community.

Sustainability in housing also concerns materials, water, local mobility, exposure to air pollution and noise, and adaptation to a changing climate. Integrating water resilience, sustainable water management and sound flood risk management in housing developments, as set out in the EU Water Resilience Strategy¹⁰, will enable long-term sustainability and affordability.

Social and affordable housing should be of the **quality that Europeans deserve**, with particular attention to inclusiveness, fairness, health, safety, accessibility and adaptability for all generations. Since its inception in 2020, the New European Bauhaus¹¹ has promoted the values of sustainability, quality and inclusivity to improve people's daily lives and shape their neighbourhoods. It supports affordable, sustainable and quality housing by scaling up funding and developing and replicating new solutions for more inclusive, fair and accessible neighbourhoods. Also other initiatives such as the EU Mission on Climate Neutral and Smart Cities and the EU Mission on Adaptation to Climate Change promote the use of innovative and cost-saving solutions for affordability, sustainability, climate resilience and quality in the built environment.

¹⁰ COM(2025) 280 final

¹¹ https://new-european-bauhaus.europa.eu/index_en

Goal	Reduce living costs for Europeans while maintaining high standards
How	The Commission will: • reduce energy bills for households by speeding up renovation through: ○ new Partnerships for Better Homes to overcome practical barriers at local level to delivering finance and achieving scale (2026); ○ guidance on one-stop shop services for the renovation of housing as part of a Support Package for Financing Energy Efficiency; ○ support to Member States in developing comprehensive National Building Renovation Plans (2026); • help communities and households save money and obtain additional benefits from renewable energy by supporting the development of energy communities with practical tools to tackle existing administrative, technical and financial barriers in an Energy Communities Action Plan (2026); • promote the regeneration of neighbourhoods and improve access to funding for community-led solutions for affordable housing via the New European Bauhaus¹². Member States are encouraged to prioritise the renovation and repurposing of existing buildings while avoiding unnecessary demolitions as a way to revitalise neighbourhoods.

Pillar II. Mobilising investment

Overall investment in housing supply, including both public and private funding, has declined in many Member States and remains below the levels needed to boost housing supply. This can be traced back to diminished investment from several key sources such as households, banks and public budgets. Several factors are at play: less public funding available following the great financial crisis, rising land and construction costs, tighter lending conditions. To generate the investment needed to meet the housing gap over the next decade, it will be essential to mobilise more public and private investments.

The EU is supporting this objective by already mobilising at least **EUR 43 billion housing related investment** under the current MFF through Cohesion Policy Funds, InvestEU, LIFE, the Single Market Programme and Horizon Europe as well as through NextGenerationEU. Looking ahead, the Social Climate Fund will finance investments for energy efficiency and building renovation and clean heating and cooling.

¹² COM(2025) 1026 and COM(2025) 1027

But more can and is being done. The **mid-term review (MTR) Cohesion policy Regulation**¹³ now allows Member States and regions to allocate funding for affordable housing on top of the EUR 10.4 billion¹⁴ already planned for energy efficiency and social housing, while also providing them with flexibilities and financial incentives when reprogramming funds towards housing. These regulatory flexibilities and the possibility for a higher Union co-financing rate for housing investments will remain in place until 2029-2030, which will facilitate further re-programming in the coming years. Finally, a new financial instrument model will help leverage Cohesion policy funding with other resources¹⁵.

*As a result of the mid-term review of Cohesion policy, **Croatia** will expand its housing stock for affordable rentals in urban areas. EU funding of EUR 15 million will be leveraged through risk-sharing loans managed by the national promotional bank HBOR. A part of the loans may be written off upon the fulfilment of criteria linked to New European Bauhaus principles.*

New funding possibilities will be unlocked in the **next long-term EU budget for 2028-2034**. In particular, the future National and Regional Partnership Plans include social and affordable housing as one of their specific objectives, allowing Member States to address their specific challenges with housing related investments and reforms¹⁶. The EU Facility also contributes to social and affordable housing while Erasmus+ can provide housing support to students to facilitate and increase access to mobility, volunteering and learning. Moreover, the European Competitiveness Fund includes social infrastructures among its general objectives and it enables supporting the decarbonisation of buildings.

As well as enhanced support at EU level, Member States must also step up investment. That is why the Commission is making it easier for Member States to financially support affordable housing via the revision of State aid rules set out below.

To mobilise investments in housing supply, a broad coalition of financial actors is essential. The European Investment Bank (EIB) is advancing this through its Action Plan for Affordable and Sustainable Housing. National and regional promotional banks and other international financial institutions, such as the European Bank for Reconstruction and Development (EBRD) and the Council of Europe Development Bank (CEB), play a critical role in mobilising public and private capital and providing advisory support.

*The **Danish ‘Landsbyggefonden’** National Building Fund is a revolving fund set up in 1967 to support non-profit housing. It is a self-financing scheme financed mainly through a charge on tenant rents at non-profit housing organisations, and its resources are used to renovate, maintain, and build social housing and provide social services.*

*Similar revolving funds exist in other Member States including **Austria, Slovenia, and the Netherlands**, where they are used to support social housing development, renovation, and long-term maintenance, often combining tenant contributions with public financing to ensure long term stability.*

Developing and reinforcing scalable, innovative financing models building on successful examples like revolving funds¹⁷ will further help build synergies between public and private capital.

¹³ Regulation of the European Parliament and the Council amending Regulations (EU) 2021/1058 and (EU) 2021/1056 as regards specific measures to address strategic challenges in the context of the mid-term review.

¹⁴ Including national co-financing

¹⁵ See: [swd-affordable-housing-2025_en.pdf](#)

¹⁶ The impact can be further increased by the use of policy loans to Member States which will be able to support the National and Regional Partnership Plans.

¹⁷ A revolving fund is a financial scheme used to continuously replenish and reuse capital for specific purposes, such as financing projects or providing loans. As the loans get reimbursed, the capital is reloaned for another project, allowing it to be used repeatedly.

Action 4. Mobilising additional public and private investment

Opportunities for investment in affordable and social housing remain too fragmented and often lack the visibility needed to attract investors and project promoters. Private investment is essential, and all mechanisms, including Public Private Partnerships need to be brought to bear. The full potential of Europe's housing investment ecosystem needs to be unlocked. To address this, the Commission, in close cooperation with the EIB Group, national and regional promotional banks and international financial institutions, like the CEB, the EBRD, and other key partners, is developing a new **Pan-European Investment Platform for affordable and sustainable housing**.

In this context, the Commission strongly welcomes that **national and regional promotional banks** will aim to invest **EUR 375 billion in resources** by 2029 into social, affordable, and sustainable housing, including through the InvestEU programme, and that the **EIB Group** has substantially increased its financing for affordable and sustainable housing and aims to further increase it in the next years, extend support across all Member States and leverage EU funds to provide advisory support to Member States, regions and cities. The Commission also welcomes the significant support that international financial institutions such as the **CEB** and the **EBRD** are already providing and will continue to deliver in the coming years.

The Platform will support collaboration between public authorities and private investors to pool resources and scale up investment in housing supply across the EU. It will provide direct access to information about financing opportunities, best practices, case studies, and innovative approaches across Member States. It will help develop scalable and innovative financing models and promote project aggregation through a digital portal, an expert group, and voluntary national financing hubs. The Platform will complement the tools proposed as part of the next multiannual financial framework to make access to EU funds for beneficiaries easier, in particular the Single Gateway¹⁸. It will work in synergy, and when relevant develop joint actions, with the European Energy Efficiency Financing Coalition (EEEEFC), set up in 2024 to mobilise private finance in energy efficiency.

A barrier to investment highlighted by market practitioners is the lack of a reference framework for assessing the social outcome of housing investments, resulting in uncertainty in project evaluations, high due diligence costs and disproportionate reporting requirements for housing providers. Exploring a voluntary, EU-level guidance grounded in market practices could facilitate public-private cooperation and mobilise investments without new labelling or disclosure obligations.

¹⁸ The Single Gateway will become the single access point for consolidated information on funding opportunities for project promoters under next MFF.

Goal	Increase public and private investment for affordable and sustainable housing
How	The Commission will: • improve access to financing opportunities, best practices, and innovative financing approaches to mobilise public and private investment through a new Pan-European Investment Platform for affordable and sustainable housing, including a digital portal, an expert group and national hubs (Q3 2026); • mobilise new investments in housing under this MFF including an additional EUR 10 billion in investment estimated in 2026 and 2027 through InvestEU¹⁹ and at least EUR 1.5 billion in proposals received thus far from Member States and regions to reprogramme Cohesion funds under the Mid-term review²⁰. Additional support will also come from the Social Climate Fund; • offer new opportunities to scale up housing investments under the next MFF, in particular under National and Regional Partnership Plans and the EU Facility, as well as the European Competitiveness Fund and its new ECF InvestEU instrument, building on the successful model of the InvestEU programme; • help Member States develop scalable and innovative financing models for housing investments, such as debt/equity, blending, housing bonds, revolving funds, through sharing best practices and technical assistance, using EU funds where appropriate; • explore developing a voluntary, market-led, investment framework for affordable and social housing to help investors scale up their investments; • provide guidance to Member States to assist them in designing financial and legal solutions to support social and affordable housing, that also takes into account public debt considerations. Member States and regions are encouraged to step up investments to support social and affordable housing, including through taking up financial instruments and blended funding under the current cohesion policy and through their national and regional partnership plans under the next MFF.

Action 5. Enabling faster and simpler public support for social and affordable housing

The Commission is responding to the requests from local, regional and national authorities and stakeholders to review State aid rules to facilitate the funding of affordable housing.

Under the existing EU State aid rules, Member States can support social housing in a flexible manner under the Decision on Services of General Economic Interest (‘SGEI Decision’) to benefit disadvantaged and socially less advantaged groups, including people experiencing

¹⁹ Including thanks to the additional guarantee from the Omnibus amendment.

²⁰ Proposals already received by Member States as of 11 December 2025 including national co-financing.

homelessness. This support does not need to be notified to the Commission, regardless of the amount. Support for affordable housing, however, was capped at EUR 15 million per year, with higher amounts requiring notification²¹.

To facilitate support for affordable housing for low- and middle-income households, including essential workers, households with specific family circumstances, persons with disabilities and students, the Commission has decided to revise the SGEI Decision. While this decision leaves the rules for social housing support fundamentally unchanged, it expressly includes a **new category of affordable housing** among the categories exempted from notification for which there is no maximum compensation cap. In this way, Member States can maintain their existing social housing schemes and create additional affordable housing schemes for other target groups. The revision will also simplify, update, and clarify certain concepts in the SGEI Decision. The Commission services will provide guidance and support on demand to Member States to help them design social and affordable housing SGEIs in line with State aid rules.

Goal	Boost public investment in affordable and social housing
How	Together with this plan, the Commission has revised State aid rules to: • allow Member States to support affordable housing projects without prior notification to and authorisation by the Commission when the conditions outlined in the SGEI Decision are met; • allow them to define the modalities of support, target groups, eligibility criteria, housing price and quality standards for social and affordable housing according to their context and housing needs; • simplify State aid administrative requirements on notification, monitoring and reporting for all SGEIs.

Pillar III. Enabling immediate support while driving reforms

Certain neighbourhoods, particularly in cities but also other tourist hotspots, are experiencing acute housing affordability pressures. In these housing stressed areas, the rapid expansion of short-term rentals (STRs) combined with speculative investment practices may be intensifying competition for limited housing stock which drives up prices. Local residents risk being pushed out of the market due to unaffordable prices and rents while others cannot take up jobs or education opportunities because they are unable to find housing that they can afford. A recent Eurobarometer survey²² has shown that by far the most urgent concern for Europeans living in cities is the lack of affordable housing.

The EU will support areas under housing stress to enhance affordable housing via legislative and non-legislative measures. This will include a framework for public authorities to identify stressed housing areas and clarify what targeted and proportionate actions may be taken to manage STRs and protect and promote housing affordability in those areas, including through faster planning and permitting.

²¹ Support for affordable housing falls under the general category of services of general economic interest ('SGEIs').

²² Public opinion on urban challenges and investment in cities - June 2025 - Eurobarometer survey.

This needs to be complemented by long-term structural reforms to enhance housing affordability in a variety of areas under the control of Member States such as action on vacant properties, developing social housing, local transport, taxation and administrative procedures.

The role that increased financialisation and speculation are playing in the housing crisis overall needs to be better understood, particularly given the absence of data and transparency in this area.

Action 6. Addressing short-term rentals in areas under housing stress

Short-term accommodation booked via online platforms offers many benefits: greater choice, additional amenities for consumers, extra income for hosts, an incentive to invest in renovation, and a boost to tourism, incomes and jobs. But its rapid growth of almost 93% between 2018-2024 has evolved from occasional peer-to-peer services towards a significant commercial activity, which may have limited affordable housing supply for local residents in some areas. In very popular destinations STRs can represent as much as 20% of the housing stock. There is a need to preserve the benefits of STRs while reducing the negative impacts.

National and local authorities need more legal certainty to define appropriate measures. STR service providers also need certainty with regards to what is legally possible. There are concerns that STRs, in particular those run by professional hosts, are competing with traditional accommodation providers, including SMEs, that must comply with stricter national requirements such as safety, liability and consumer protection rules.

The Regulation on Short-Term Rentals²³, applicable from May 2026, will bring more transparency and help public authorities to regulate the market in a proportionate way by requiring compulsory registration of hosts, and sharing of data on actual transactions between digital platforms and national authorities. In addition, it will be important that the Regulation is correctly implemented, including efforts by online platforms to perform random checks and take down notified illegal listings.

Complementing the existing regulation, the Commission will propose a **legislative act** addressing short-term rentals and establishing a coherent, data-driven, clear and predictable EU legal framework to enable and support local authorities in taking targeted and proportionate action particularly in areas of housing stress and supporting sustainable tourism. This will deliver greater legal coherence in the Single Market for national and local authorities to manage STRs, providing them with flexibility in full respect of subsidiarity. It will enable Member States, cities and regions to balance the benefits of STRs against the potential negative effects on housing markets and communities. The initiative would also respond to the Letta Report’s call for sector-specific action in fast-growing service markets to build a more sustainable Single Market.

Goal	Address shortages in areas of housing stress
How	The Commission will: propose a new legislative initiative on short-term rentals to enable public authorities to take a set of justified and proportionate measures, particularly in areas of housing stress, and tackle remaining issues such as consumer protection and distinguishing between professional and non-

²³ Regulation (EU) 2024/1028

	professional hosts; • this initiative will be a central component of an Affordable Housing Act to support public authorities in identifying areas of housing stress, based on publicly available data, and enable them, in full respect of subsidiarity, to take measures to protect and promote housing affordability in those areas, including by simplifying administrative procedures such as planning and permitting (legislative and non-legislative, Q4 2026). Member States are encouraged to monitor data on STRs in their territory and assess their impact on housing affordability.
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Action 7: Addressing speculation in the housing market

Private investment in housing is needed, and a significant share comes from pension and insurance funds, which typically pursue long-term, stable returns. Such investment plays an important role in supplying social infrastructure, including affordable and sustainable housing. At the same time, indications of short-term profit-seeking investments are raising concerns about market distortions, overvaluation and speculative pressures. In many cities and tourist destinations, housing prices are becoming increasingly detached from local incomes. Limited data and lack of transparency on ownership and key real estate transactions hamper public authorities from monitoring market developments. Improving the collection and analysis of such data is a prerequisite to assessing and subsequently taking action to address the extent and impact of speculative behaviour on the housing market.

Increasing the quantity and availability of affordable and social housing and supporting non-profit or limited profit housing providers, including cooperative housing and community land-trusts can help address price volatility by keeping prices affordable on the long term. However, such providers face barriers to scaling up such as a lack of legal recognition and difficulties accessing finance. Tax policies and other measures can also mitigate the risk of speculative behaviours.

Goal	Identify speculative behaviours in the housing market
How	The Commission will: • present an analysis of housing price dynamics, including available evidence of speculation patterns, data gaps and economic consequences, as well as propose follow-up actions where needed (Q4 2026); • promote greater transparency in the residential property market by working with public authorities to shed light on property ownership and transactions in real estate and identify speculative patterns; • facilitate investments in non-profit and limited-profit housing providers by identifying technical and legislative barriers, developing a market-led investment framework for social and affordable housing and mobilising investments under the Pan-European Investment Platform (see action 4); • facilitate peer learning and innovation in tackling housing speculation, building on local and national experiences (e.g. on taxation and measures to address vacant properties).

	Member States are encouraged to put in place measures to limit harmful speculative behaviours in the housing market, including by designing effective taxation policies, improving market transparency and dedicating a set share of new housing developments to social and affordable housing, reflecting local housing needs.
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Action 8: Driving forward Member States’ structural reforms

To increase housing affordability, Member States need to implement structural reforms across various policy areas. The Commission will support these efforts through a variety of tools and through strategic guidance under the European Semester.

Reducing national, regional and local red tape, and mobilising investment in administrative capacity and digital solutions is key for increasing the supply of affordable and social housing. Public authorities also need to ensure that there is appropriate land available for housing development and make better use of the existing building stock.

Reforms should support both urban areas facing shortages as well as rural and remote territories experiencing demographic decline. In housing stressed areas, this means increasing supply through new buildings as well as renovation, repurposing and urban densification, ensuring that these projects benefit from simpler and faster administrative procedures. In less pressured areas, this means support for the ‘right to stay’ by supporting the renovation and upgrading of local housing in places with economic potential alongside investment in transport, infrastructure and services, in line with EU cohesion policy.

Taxation is a key supporting tool to address housing affordability. For example, taxes are a major component of housing costs, including during purchase.

Social housing needs particular attention as its provision in the EU has declined in recent decades. While recognising the divergent situation and traditions of Member States, there is a need to reverse the current trend where according to the OECD the average share of social housing today represents only roughly 6-7% of the EU housing stock²⁴.

*In **France** 18% of households (over 10 million people) live in social housing. The comprehensive state-regulated system is mainly based on long-term financing from savings accounts (Livret A) and contributions from employers through the Employer Contribution to Construction Effort (PEEC).*

*In **Austria**, under the Vienna model, one in four Viennese residents lives in one of the municipal, cooperative, or limited-profit housing units that have been developed over the last century. Nearly 70% of dwellings have the highest Category A standards.*

***Czechia and Poland** are building social housing systems to house low-income families and reduce homelessness while incentivising private landlords to lease through social renting agencies.*

²⁴ For the purpose of OECD statistics, “social rental housing” is defined as residential rental accommodation provided at sub-market prices and allocated according to specific rules rather than market mechanisms (Salvi Del Pero et al., 2016).

Goal	Increase housing affordability and resilience of housing markets through structural reforms
How	The Commission will: • help Member States design effective reforms for affordable and social housing through stronger monitoring and targeted recommendations under the European Semester; • foster European statistics related to housing to further strengthen evidence-based and data-driven policymaking in view of better allocation of resources for housing and establish an EU-level access point for housing data and analysis; • work with Member States, including in the context of the Housing Alliance, to identify on the basis of the above data and analysis where EU policy and funding can have the biggest impact to improve the functioning of housing markets; • support Member States to design taxation policies that promote housing affordability by assessing the impact of housing-related taxes on housing markets, issuing practical guidance and facilitating the exchange of good practices; • provide technical and financial support to Member States, regions and cities to carry out reforms through the European Housing Alliance, through the Technical Support Instrument²⁵ and under the next MFF. Member States are encouraged to implement ambitious and comprehensive reforms focused on affordability making full use of the data-sharing, mutual learning and technical assistance opportunities available, including within the European Housing Alliance.

Pillar IV. Supporting the most affected

The housing crisis does not affect all people equally. Some groups are disproportionately impacted by rising housing costs and limited access to affordable homes. Lack of affordable housing prevents **young people**, particularly from disadvantaged backgrounds, from taking up education, traineeship, apprenticeships and employment opportunities, with far-reaching economic and social consequences²⁶. It delays family formation. **Students and apprentices** are particularly exposed to high housing costs, which may discourage them from pursuing studies, participating in mobility programmes such as Erasmus+, or completing their education.

Ensuring access to affordable housing for **essential workers** – such as healthcare staff and care professionals, teachers or emergency services personnel among others – is vital for maintaining resilient and inclusive communities. These workers often encounter housing shortages or high costs, particularly in urban areas where their services are most needed. The revision of State aid rules for affordable housing presented by the Commission will help

²⁵ Within the 2027 Technical Support Instrument call.

²⁶ EU statistics on income and living conditions (SILC) suggests that on average 42% of young people aged between 16- 29 who are at risk of poverty spend more than 40% of their income on housing.

Member States facilitate support to affordable housing for low- and middle-income households, including essential workers.

In 2021, all Member States committed to a shared goal of working towards ending **homelessness** in Europe by 2030. Despite the efforts made to date, homelessness is on the rise with more than one million people, including 400,000 children, homeless in the EU, as well as about 80,000 sleeping rough²⁷. We must take immediate action to change course.

Low-income groups are particularly impacted by the housing crisis. Groups in situation of disadvantage also include older people with low pensions, single parents and families with children at risk of poverty, LGBTIQ+ people, victims of gender-based violence, Roma and other marginalised minorities, migrants, and other groups at risk of exclusion or discrimination – who face specific challenges in accessing housing. In addition, persons with disabilities confront limited availability of accessible housing, which increases the risk of institutionalisation.

Tenants encounter increasing risks of housing insecurity due to rising rents and, in some Member States, insufficient legal or social assistance where needed.

Poor housing quality and energy performance make it difficult to maintain adequate indoor temperatures and air quality and contribute to **energy poverty**. Some 42 million Europeans cannot afford to heat their homes properly²⁸.

Action 9. Housing for young people

Access to affordable housing is increasingly out of reach for many **young people**, limiting their independence and participation in society and in the economy. Addressing this challenge requires a comprehensive approach combining increased investment into student housing, targeted measures that expand affordable rental and ownership opportunities specifically for younger generations and support to innovating housing models such as co-living spaces and intergenerational living. Several promising approaches ensuring quality and affordability have already emerged in some countries and these can serve as models to be scaled up and replicated across the EU.

*Out of its allocated EUR 2.7 billion RRF budget for the provision of social and affordable housing, **Portugal** launched its Affordable Student Housing (EUR 375 million) that is providing 18,239 beds, 11,795 of which are new, which will increase the existing offer. Refurbishing the current network of student accommodation will result in 6,444 beds.*

Goal	Improve access to housing for young people, students, apprentices and trainees
How	The Commission will: • help build more student housing by mobilising investments through the InvestEU programme, the Pan-European Investment Platform and by supporting Member States and regions in allocating their cohesion policy funding in this direction; • help students, trainees and apprentices find housing on the private

²⁷ OECD Affordable Housing Database, HC3.1 People experiencing homelessness. Harmonised data does not yet exist.

²⁸ Eurostat

	rental market by assessing the feasibility of a guarantee scheme²⁹ to reduce or eliminate the need for a security deposit; • identify and disseminate innovative accommodation models for students and young people; • launch a pilot scheme under Erasmus+, partnering with cities across the EU and relevant stakeholders, to increase availability of affordable and innovative housing solutions for mobile students from disadvantaged backgrounds. In addition, the Commission will work with Member States to encourage the use of European Social Fund+ to further support affordable housing solutions for disadvantaged students. Member States are encouraged to develop and implement targeted schemes to improve access to housing for young people, including affordable rental options and support for shared or co-living arrangements.
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Action 10. Addressing homelessness and supporting tenants and households in vulnerable situations

Homelessness is a persistent and complex challenge to be addressed through housing-led solutions (including ‘Housing First’ solutions)³⁰, accompanied by integrated approaches to combat poverty and exclusion. The **EU Anti-Poverty Strategy**, to be adopted in 2026, will take a person-centred, multidimensional approach to tackle the root causes of poverty. It will address homelessness as one of the most severe forms of social exclusion, reinforce prevention, and promote integrated tools to reduce inequality, poverty, exclusion and improve access to essential services, social protection and the labour market.

In Finland, following the launch of Housing First in 2008, the number of homeless people decreased by 30%, and the number of long-term homeless people by more than 35% until 2024. The government is developing a new plan to eradicate homelessness by 2027.

Increasing the availability of **social housing** is essential to achieve long-term pathways out of homelessness and prevent social exclusion and precarious housing situations. Access to social housing and assistance to the homeless are underlined as one of the 20 principles of the European Pillar of Social Rights. Reinforcing housing related services such as debt counselling and mitigation measures are instrumental for preventing evictions.

Promoting a social mix and **intergenerational solidarity** within neighbourhoods prevents segregation, fosters inclusion, and ensures that vulnerable tenants are part of thriving, diverse communities. As part of the just transition and efforts to eradicate energy poverty, there is also a need to protect the most disadvantaged groups, who are often living in housing with the worst energy performance, from being disconnected from their energy supply.

²⁹ By EIB Group under InvestEU Advisory Hub

³⁰ Housing-led approaches prioritise providing stable, permanent housing as quickly as possible to people experiencing or at risk of homelessness, offering support services after they move in rather than requiring them first to meet certain conditions.

Goal	Promote housing solutions that protect and empower people in vulnerable situations
How	The Commission will: - propose a Council recommendation on fighting housing exclusion to support vulnerable persons in precarious housing situations and to prevent and address homelessness. It will aim to promote the design and implementation of policies based on a person-centred, housing-led and integrated policies approach. The initiative will be presented in the context of the forthcoming Anti-Poverty Strategy and build upon the work of the European Platform on Combatting Homelessness; mobilise new investment in social housing and housing-led solutions for homeless people by establishing a dedicated workstream within the Pan-European Investment Platform, including potential cooperation initiatives with philanthropic organisations and private actors to expand financial and in-kind support; - identify models and share good practices combining the protection of property rights of owners with tenant security and support research and exchanges of good practices³¹; - support households fighting energy poverty and protecting disadvantaged people from disconnection from the energy supply, as part of the upcoming Citizens Energy Package (2026). Member States and regions are encouraged to step up their support to homeless and other groups in vulnerable situations, including through their national and regional partnership plans under the next MFF. Additional support could be envisaged under the EU Facility supporting social and affordable housing. They are also encouraged to foster access to accessible housing for persons with disabilities. Member States, regional and local authorities are encouraged to increase transparency of rental agreements for example by requiring rental services providers to publish average rent costs and/or the last rental price of a property.

3. A European Housing Alliance to strengthen cooperation across the EU

‘A European effort, anchored in local realities.’ President von der Leyen, 2025 State of the Union address

EU-level cooperation on housing policy has so far been limited, leaving opportunities to coordinate actions, share best practice, and progress towards common objectives largely untapped. A new **European Housing Alliance** will unite all levels of government – from cities and regions to national and European institutions, together with key housing stakeholders – to drive forward a shared commitment to ensure affordable, sustainable and quality housing for all. The Alliance will serve as a hub for cooperation, mutual learning, and

³¹ For example, through the follow-up of the TEN-LAW project, a comprehensive EU-funded comparative study conducted in 28 European countries, examining national tenancy laws and broader rental protection frameworks, including the balance of rights and duties between tenants and landlords.

the exchange of best practice across Europe, shaping a new way of working on housing at EU level and connecting with the grassroots. It will foster synergies and cooperation in particular with the EU Agenda for Cities³², the New European Bauhaus, the European Platform for Combating Homelessness and the High-Level Construction Forum. The European Commission stands ready to step up its cooperation with the Council and the European Parliament on this topic.

President von der Leyen announced in the 2025 State of the Union the first-ever **EU Housing Summit**. This will be organised in 2026 by the Commission, together with the European Council, bringing together all key actors on housing at the highest level.

Goal	Strengthen cooperation and mutual learning between all levels of government and stakeholders
How	The Commission will: • organise the first EU Housing Summit (2026); • set up a European Housing Alliance (Q3/2026) to: ○ facilitate cooperation on housing with and across Member States and different levels of government, including with cities and regions, key housing stakeholders, the European Parliament, the European Committee of the Regions and the European Economic and Social Committee; ○ share knowledge and good practice between Member States, regions and cities through a new multi-level governance mutual learning programme on housing.

Conclusions

Putting affordable, sustainable and quality housing at the top of our agenda means addressing one of the most pressing everyday concerns of Europeans. High housing costs are at the heart of the cost-of-living crisis, shaping people's choices, opportunities and well-being. Ensuring that every European can afford a decent home is not only about fairness, but also essential for Europe's competitiveness, enabling people to access jobs, contribute to the economy and build stable futures.

This Plan sets out a vision and a series of actions to increase supply, unlock investment, deliver immediate support while advancing lasting reforms, and supporting those most affected. It marks the beginning of a collective effort that will need to be sustained. Progress will require collaboration and action at all levels: from European institutions to Member States, cities and regions, from stakeholders to society at large. The Commission looks forward to further input from the European Parliament through its forthcoming report and to cooperation with the Council in the run-up to the first-ever EU Housing Summit in 2026 – a key moment to ensure that housing remains high on the political agenda and that policy measures are effectively being implemented on the ground.

Before the end of this mandate, the Commission will present a report on progress made under this Plan.

³² Notably through the EU Cities Platform that will give cities simplified access to EU support such as funding instruments, knowledge resources and technical assistance, including from the EU Facility.

ANNEX: SUMMARY OF ACTIONS AND TIMELINE

This table summarises the actions proposed in this document, including the policy orientations put forward as encouragements for consideration by Member States.

What	Who	When
Pillar I. Boosting supply		
Action 1. Strengthening productivity, capacity and innovation of the construction industry		
European Strategy for Housing Construction	EC	Q4 2025
Construction Services Act	EC	Q4 2026
Large-scale training programmes, promoting innovation in construction curricula	EC, MS, industry	
Monitor and where necessary take action against any potential anti-competitive practices in the construction sector	EC, MS	
Support investments in low-carbon and bio-based European manufacturing, integration of sustainability criteria in public procurement and support schemes, uptake of modern methods of construction and renovation, and large-scale apprenticeship, up- and reskilling efforts.	MS	
Action 2. Cutting red tape to accelerate housing supply		
Housing simplification package	EC, MS	2027
Simplify national, regional and local planning, zoning and permitting rules and building codes, increase administrative capacity including for digitalisation and make use of the flexibilities offered by the Public Procurement Directives	MS	
Action 3. Combining affordability, sustainability and quality in housing		
New Partnership for Better Homes, guidance on one-stop shop services for renovation, support to comprehensive National Building Renovation Plans	EC, MS	2026
Energy Communities Action Plan	EC	2026
Regeneration of neighbourhoods through the New European Bauhaus	EC, MS	2026 onwards
Prioritise the renovation/repurposing of existing buildings, avoid unnecessary demolitions	MS, reg. and local authorities	
Pillar II. Mobilising investment		
Action 4. Mobilising additional public and private investment		
Pan-European Investment Platform for affordable and sustainable housing	EC, EIB, NPBI, IFIs	Q3 2026
Support new investments in housing under current MFF	EC, MS	2026-2027
Opportunities to scale up housing investments under the next MFF	EC, MS, regions	2028 onwards
Help develop scalable and innovative financing models	EC, MS	2026-2027
Voluntary, market-led investment framework for social and affordable housing	EC, market players, public authorities	
Guidance to Member States on designing financial and legal solutions to support social and affordable housing taking into account public debt considerations	EC, MS	
Step up ambition to support social and affordable housing investments	MS, regions	
Action 5. Enabling faster and simpler public support for social and affordable housing		
Revised State aid rules	EC	Q4 2025
Pillar III. Enabling immediate support while driving reforms		
Action 6. Addressing short-term rentals in areas under housing stress		
New legislative initiative on STR as part of an Affordable Housing Act	EC	Q4 2026

Monitor data on STRs, assess their impact on housing affordability	MS	
Action 7. Addressing speculation in the housing market		
Analysis of housing price dynamics including available evidence on speculation patterns, data gaps and economic consequences	EC	Q4 2026
Promote greater transparency in the residential property market	EC, MS	
Facilitate investments in non-profit/limited-profit housing providers	EC, MS	
Peer learning and innovation in tackling housing speculation	EC, MS, reg. & local authorities	
Put in place measures to limit harmful speculative behaviours reflecting local needs	MS, reg. & local authorities	
Action 8. Driving forward Member States' structural reforms		
Stronger monitoring and targeted recommendations under the European Semester	EC	From 2026
Fostering European statistics related to housing and establish an EU-level access point for housing market data and analysis	EC, MS	
Identifying where EU policy and funding can have the biggest impact to improve the functioning of housing markets	EC, MS	
Supporting Member States in designing taxation policies that promote housing affordability	EC, MS	
Providing technical and financial support to Member States, regions and cities to carry out reforms	EC	From 2026
Implementing ambitious and comprehensive reforms focused on affordability	MS	
Pillar IV. Protecting the most affected		
Action 9. Housing for young people		
Mobilising investments for student housing	EC, MS	
Assessing the feasibility of a guarantee scheme to reduce/eliminate the need for a security deposit	EC, EIB Group	
Identify and disseminate innovative accommodation models for students and young people	EC, MS	
Pilot scheme under Erasmus+ for mobile students from disadvantaged backgrounds	EC, cities	
Develop and implement targeted schemes to improve access to housing for young people	MS	
Action 10. Addressing homelessness and supporting tenants and households in vulnerable situations		
Council recommendation on fighting housing exclusion	EC, MS	2026
Mobilise new investment in social housing and housing-led solutions for homeless people through the Pan-European Investment Platform	EC, EIB, NPBI, IFIs	Q3 2026
Identify models and share good practices combining the protection of property rights of owners with tenant security	EC	
Fighting energy poverty and protecting vulnerable people from disconnection through the Citizens Energy Package	EC	2026
Step up support to homeless and other groups in vulnerable situations, including through national and regional partnership plans under the next MFF	EC, regions	
Increase transparency of rental agreements	MS, reg. & local authorities	
A European Housing Alliance to strengthen cooperation across the EU		
EU Housing Summit	EC, Council, MS	2026
European Housing Alliance	EC	2026
Multi-level governance mutual learning programme on housing	EC, MS, regions, local authorities	Q3 2026