C/2025/771

11.2.2025

Opinion of the European Economic and Social Committee

Social housing in the EU – decent, sustainable and affordable

(own-initiative opinion)

(C/2025/771)

Rapporteur: **Thomas KATTNIG**

Co-rapporteur: **Rudolf KOLBE**

Advisor	Thomas RITT (advisor to the rapporteur)
Plenary Assembly decision	15.2.2024
Legal basis	Rule 52(2) of the Rules of Procedure Own-initiative opinion
Section responsible	Section for Transport, Energy, Infrastructure and the Information Society
Adopted in section	14.11.2024
Adopted at plenary session	5.12.2024
Plenary session No	592
Outcome of vote (for/against/abstentions)	134/5/13

1. **Conclusions and recommendations**

1.1. The European Economic and Social Committee (EESC) believes that there has been a market failure in housing. This must be tackled by improving framework conditions like data, coordination, approval procedures and land use planning rules, establishing a fundamental right to housing, providing sufficient funding, implementing the 'Housing First' approach for homeless people [1] and focusing more on the needs of young people and sustainability.

1.2. The EESC believes that the EU's housing policy can only work if it is based on good data. It is therefore necessary to set up and perfect, at EU level, a statistical tool that provides all the significant and operational elements essential for the development, implementation and monitoring of housing policies as set out in 3.6.

1.3. The EESC welcomes the appointment of a new Commissioner for Housing. The Commissioner should be supported by an expert group, including representatives of the EESC and the European Committee of the Regions (CoR). In addition, the EESC asks to be involved in the work of the planed housing committee to be set up under the European Parliament an observer or advisor.

1.4. The EESC calls on the Commission to recognise social housing as an essential and promising tool of active housing policies. In the medium term, the fundamental right to affordable, accessible, decent housing for everyone should be enshrined in EU primary law. The current approach, according to which housing policy should be a programme for

(1) https://housingfirsteurope.eu/wp-content/uploads/2021/s12/HFG_guide-en.pdf.

households with the lowest incomes only, should be rejected and State aid law adapted accordingly in compliance with the services of general economic interest (SGEI) regulation system. The Disability dimension should be mainstreamed in all the housing programmes to ensure that housing is not only affordable and sustainable, but also accessible to all. In addition, housing indicators should be included in the national reform programmes and stability/convergence programmes.

1.5. The EESC calls on the Commission to draw up an action plan with short- and medium-term measures for enforcing the fundamental right to housing and coordinating and implementing national and EU public housing investment plans.

1.6. National and local authorities should increase their funding of social housing projects and simplify access to funds. The EESC welcomes the planned pan-European investment platform for affordable, accessible and sustainable housing. Moreover, non-profit property developers and cooperatives as well as local authorities should be able to obtain 0 % interest rates via this platform or directly from the European Investment Bank for long-term loans.

1.7. The EESC recognises that the housing crisis is caused, among other things, by the insufficient supply of sustainable and affordable housing in relation to need. We therefore need to use every means possible to increase the volume of housing available for purchase or rent. To do this, we need to get all the players on board, both public and private housing.

1.8. The EESC calls on the Commission to support Member States by issuing recommendations to them where appropriate, to set up a toolbox to curb out-of-control rent increases, including, for instance, statutory rent caps, a vacant residential home tax, fiscal incentives for renovating vacant residential home in view of renting them, more social housing, limits to short-term rental permits etc.

1.9. The EESC advocates greater scope for long-term investment in social infrastructure and believes that public investment in accessible and affordable housing should not be subject to the debt rules set out in the fiscal rules under the Stability and Growth Pact (SGP).

1.10. Housing support must prioritise conversions and renovations over new builds and promote climate-neutral and resource-efficient construction methods, collective housing and alternative mobility approaches that improve people's quality of life.

1.11. The EESC calls for an action plan focusing specifically on improving access to affordable housing for young people.

2. **Background**

2.1. The EESC has been raising the issue of affordable social housing for years and draws attention to Europeans' growing concerns about the availability, accessibility and sustainability of decent housing ([2]) and to the report by the High-Level Task Force on Investing in Social Infrastructure in Europe, where the authors call for investment in social infrastructure like affordable housing. Therefore, the EESC continues to advocate the development of a European action plan for housing.

2.2. The division of competencies between the EU and the Member States in social housing is complex and strongly characterised by subsidiarity. In principle, housing construction and rental are autonomous regulatory competencies of the individual Member States. This is reflected in the diversity of governance and housing policy solutions in the Member States, which are tailored to specific local needs and circumstances and take account of demographic developments and social challenges. At the same time, the Commission exerts influence via EU competition law and its exceptions (social state aid law, SGEI) and provides a regulatory framework.

([2]) See, for example, the following opinions: OJ C 275, 18.7.2022, p. 73, OJ C 155, 30.4.2021, p. 73, OJ C 429, 11.12.2020, p. 93, OJ C 290, 29.7.2022, p. 114.

2.3. Access to affordable, adequate, sustainable, accessible, inclusive and resilient housing is both a social need and a social right and is one of the key principles of the European Pillar of Social Rights and is in line with the United Nations 2030 Agenda for Sustainable Development, the UN Geneva Charter on Sustainable Housing, UN Convention on the rights of persons with disabilities and the Charter of Fundamental Rights of the EU. However, this right is being undermined by various recent crises.

2.4. In the EU, rents and residential property prices have increased well above the average disposable income over the last two decades. The concerted European austerity policies following the 2008 financial and economic crisis and associated cuts in public aid and investment severely limited the ability of national, regional and local governments to promote affordable, decent housing and renovate and expand the current stock. This led to a decline in the stock of affordable housing in Europe ([3]). At the same time, mortgage interest rates have increased rapidly since 2022, while construction costs have been rising since 2020 ([4]). Both have made it extremely difficult to build new affordable homes. Adding to these developments, wealthy foreigners are acquiring residential property in attractive areas as second homes, and short-term rentals are increasing, thereby removing these properties from the housing supply for the local population. In general, unaffordable housing is a problem in all Member States, though the specific challenges involved may differ.

2.5. In 2022, the housing cost overburden rate ([5]) in the EU was 10,6 % in cities, compared to 6,6 % in rural areas. For private renters in particular the overburden is above average.

2.6. In the space of 10 years, there was an increase of 30,9 % in real estate nominal wealth in all major European cities, peaking in EU countries, due to the 'financialisation of housing' ([6]). In many Member States this trend is even more extreme (e.g. an increase of 66 % in Austria since 2014). The bundling, securitisation and sale of mortgage loans was a major cause of the 2008 financial crisis ([7]). The subsequent low and zero interest rate periods starting in 2012 in turn strongly fuelled investment in residential property in many countries. The large-scale redirecting of financial assets into property investments has triggered massive increases in land and house prices6. At the same time, housing units have often been converted into stocks, shares and bonds, leading to the globalisation of real estate and ownership, with real estate assets being reconverted into financial assets and ownership becoming less clear-cut. According to the report on *Financialization in 13 cities*, the high level of elastic money creation combined with a limited supply of land is at the heart of this crisis.

2.7. To provide sufficient affordable, accessible and sustainable housing, an active policy is required across the EU to make land available for housing. Equipping the non-profit housing sector with affordable land through active management and a social land and renovation policy is essential to this.

2.8. Land prices account for 80 % of the increase in housing prices between 1950 and 2012 ([8]). This makes it impossible to adequately expand the supply of affordable housing for households in the bottom two income quintiles. Appropriate means of control need to be developed to ensure that a certain proportion of the land is available for non-profit housing e.g. via zoning laws.

2.9. The structural problems described in the previous sections have been further aggravated by short-term developments. Building costs have increased significantly due to supply chain problems, climate regulations and high energy prices (the Russian war against Ukraine), while urbanisation is ongoing.

([3]) https://economy-finance.ec.europa.eu/publications/boosting-investment-social-infrastructure-europe_en.
([4]) https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Construction_producer_price_and_construction_cost_indices_overview.
([5]) Share of the population living in a household where housing costs exceed 40 % of their income.
([6]) https://www.lse.ac.uk/geography-and-environment/research/lse-london/documents/Reports/Rapport-Financialization-Samlet-05.06.pdf.
([7]) https://extranet.greens-efa-service.eu/public/media/file/1/7461.
([8]) https://www.aeaweb.org/articles?id=10.1257/aer.20150501.

2.10. Unaffordable housing excludes parts of the population from housing and leads to housing insecurity, problematic housing costs and insufficient housing. These problems harm people's health and well-being, contribute to unequal living conditions and opportunities (especially for women, children and young people) and lead to higher health costs, reduced productivity, environmental damage and negative economic effects due to reduced purchasing power. They also contribute to labour shortages in essential services in geographical areas where housing costs are high compared to income. High housing costs are also an economic problem. Lower available incomes reduce purchasing power and consumer spending.

2.11. A sustainable and cost-effective construction sector needs true-cost pricing that includes maintenance and life-cycle costs, as well as environmental damage such as greenhouse gas footprints, in the project costs.

2.12. Enrico Letta, in his report on the future of the EU single market, states that rising housing prices pose a threat to people's fundamental freedoms. Although housing is not an EU competence, these trends jeopardise the smooth running of the internal market.

2.13. The report therefore calls, among other things, for a revision of the concept of social housing in recital 11 of Decision 2012/21/EU. The concept is too narrow and does not give the national authorities the flexibility they need to implement an appropriate housing policy. The report also proposes setting up an EU task force on housing affordability.

3. **General comments**

Market failure in housing

3.1. The EESC believes that there has been a market failure in housing. This must be tackled by improving framework conditions like data, coordination, approval procedures and land use planning rules, establishing a fundamental right to housing, providing sufficient funding, implementing the guiding principle 'Housing First' ([9]) approach for homeless people and focusing more on the needs of young people and sustainability.

3.2. The market failure means that a new housing policy paradigm is needed at EU level. A housing policy for broad sections of the population is in the general economic interest. The current approach, according to which housing policy should be a programme for households with the lowest incomes only, should be rejected and State aid law adapted accordingly, in compliance with the SGEI regulation system.

3.3. The development of new partnerships and structures, such as cooperative, social and community housing and mixed housing programmes through various partnerships between the cooperative sector, non-governmental organisations (NGOs) and public institutions, has a positive impact on affordable housing and therefore requires an appropriate State aid and support system, in line with the updated SGEI principle, with additional measures for public land and tax exemptions.

3.4. As pointed out in opinion TEN/772 ([10]), the co-creation of services of general interest by civil society organisations and directly by citizens is one of the most effective tools for stimulating participative democracy and bolstering European integration. It is therefore essential to strengthen the role of co-creation in the residential sector.

3.5. Harmonising and simplifying regulations and standards in the construction sector can help reduce housing costs. Any such revision must under no circumstances lead or contribute to the reduction or circumvention of environmental, social or occupational safety rules or even undermine aesthetic architectural values that contribute to the population's well-being.

([9]) https://housingfirsteurope.eu/wp-content/uploads/2021/12/HFG_guide-en.pdf.
([10]) OJ C 486, 21.12.2022, p. 76.

Improved data and coordination

3.6. The EESC believes that the EU's housing policy can only work if it is based on good data. These data should include the house price index, the number and value of house sales, the beneficial owners of real estate, the proportion and type of owners and tenants, the proportion of public and private housing, the volume, quality and environmental impact of housing etc. It is therefore necessary to set up and perfect, at EU level, a statistical tool that provides all the significant and operational elements essential for the development, implementation and monitoring of housing policies, improves transparency and helps combat speculation and money laundering in the housing market, which have been a problem in the last 10 years.

3.7. The EESC thinks that there is an urgent need to set up a dedicated EU housing platform. This could be used to improve data collection in order to provide a better basis for adapting housing standards and regulatory standards and develop and promote innovative ways to manage housing.

3.8. The EESC suggests stepping up the development of interoperable digital platforms for building permit procedures to boost the administrative efficiency and cost-effectiveness of projects.

3.9. The digital transformation is crucial for developing and implementing environmental targets in the housing sector and can improve the sustainability performance of materials, products and buildings.

3.10. The EESC welcomes the appointment of a new Commissioner for Housing given the cross-cutting nature of this issue. This Commissioner should be supported by an expert group comprising housing stakeholder organisations, representatives of tenant associations, homeless people, young people, persons with disabilities, equality advocates, urbanism professionals, representatives of affordable housing providers, representatives of cities, municipalities and regions, as well as the EESC and the CoR. In addition, a special committee on housing is planned to be set up in the European Parliament. This committee will draw up a report on the proposals/solutions to be implemented to tackle the housing crisis. The EESC asks to be involved in the work of this committee as an observer or advisor.

3.11. The EESC calls on the Commission to start producing annual reports, in the European Semester, on the state of housing in the EU including detailed Member State-specific data on available housing, housing needs, vacant properties, and prices, affordability and sustainability in the sector provided by the Member States, to be approved by the Parliament, the EESC and the CoR.

3.12. The EESC strongly underlines the call made in the Liège Declaration for the Commission, to organise an annual European summit on social and affordable housing in cooperation with the European Parliament, the EESC and the CoR. This summit would gather all stakeholders involved in the implementation of Member States' housing actions, on the basis of a multi-level approach and best practice exchange, respecting subsidiarity.

Fundamental right to housing

3.13. The EU must ensure that a genuine universal right to housing is guaranteed. To this end, the principles and conditions for the provision, construction and financing of affordable and decent housing must be laid down in accordance with Article 14 of the TFEU relating to SGEI using sector-specific regulations as per the ordinary legislative procedure.

3.14. Increasing the supply of social housing is essential for solving the structural housing problems in the EU. The EESC calls on the Commission to recognise social housing as an essential and promising tool of active housing policies. National initiatives should be supported and should be called for in Member States with particularly inadequate housing policies, by highlighting models of best practice.

3.15. The EESC calls on the Commission to draw up an action plan with short- and medium-term measures for enforcing the fundamental right to housing and coordinating and implementing national and EU public housing investment plans.

3.16. In the medium term, the fundamental right to affordable, decent housing for everyone should be enshrined in EU primary law. The Disability dimension should be mainstreamed in all the housing programmes to ensure that housing is not only affordable and sustainable, but also accessible to all. In addition, housing indicators should be included in the national reform programmes and stability/convergence programmes.

3.17. The EESC calls on the Commission to support Member States by issuing recommendations to them where appropriate to set up a toolbox to curb out-of-control rent increases, including, for instance, statutory rent caps, a vacant residential home tax, fiscal incentives for renovating vacant residential home in view of renting them, more social housing, limits to short-term rental permits etc. Useful best practice examples of such measures can be found in several Member States.

3.18. Due to the negative effect of short-term rentals ([11]), the Commission should recommend that Member States introduce registration obligations, create time limits and ensure fair competition between short-term rentals and the rest of the hospitality industry.

3.19. In the medium term, a realistic EU goal also needs to be set for constructing new homes/the use of housing in need of renovation or vacant housing in 2024-2029. To this end, Member States must, among other things, make a sufficient proportion of land available for non-profit housing. Such goals – including monitoring – would further provide an insight into whether the initiatives of the new housing commissioner set out in the mission letter are having the desired effects.

3.20. The EESC believes that making it easier for everyone to access affordable social housing, as set out in point 2.13, is an important step towards implementing the fundamental right to housing.

Ending homelessness

3.21. The EESC calls for a strategy based on the European Platform on Combating Homelessness, with an operational budget and a work programme for 2024-2029, and for a Council recommendation on ending homelessness.

3.22. The EESC recommends that all Member States introduce the 'Housing First' ([12]) programme for homeless people and support non-profit or local players that are already implementing it so that they can expand their offer. In doing so, it is important to focus on different types of housing and different lifestyles to enable social and age mixing.

Sufficient funding

3.23. The EESC advocates greater scope for long-term investment in social infrastructure and believes that public investment in affordable and accessible housing should not be subject to the debt rules set out in the fiscal rules under the SGP. Investment programmes for social housing should ensure that obligatory accessibility requirements for the built environment are met.

3.24. National and local authorities should increase their funding of social housing projects and simplify access to funds. The EESC welcomes the planned pan-European investment platform for affordable and sustainable housing. Moreover, non-profit property developers and cooperatives as well as local authorities should be able to obtain 0 % interest rates via this platform or directly from the European Investment Bank for long-term loans.

3.25. The EESC recommends increasing public investment in housing by including revised and well-adapted indicators of housing cost overburden and energy poverty in the European Semester and financial structural plans, in particular about gender and disability inequality, and by setting a quantitative national public investment target for public, social, accessible and affordable housing in all Member States, with sanctions for failing to achieve the target.

([11]) https://www.sciencedirect.com/science/article/pii/S0094119020300498.
([12]) https://housingfirsteurope.eu/wp-content/uploads/2021/12/HFG_guide-en.pdf.

Sustainability

3.26. The Commission's New European Bauhaus initiative combines sustainability with building culture and inclusion and based on these principles, promotes affordability, a good quality of life and a sense of belonging for inhabitants, paying careful attention to the upward convergence of the inhabitants.

3.27. Housing support must prioritise conversions and renovations over new builds and promote climate-neutral and resource-efficient construction methods, collective housing and alternative mobility approaches that improve people's quality of life. Yet, conversion and renovation of the buildings must include mandatory accessibility requirements to meet the needs of wide variety of societal groups, including persons with disabilities, older persons, families with children, etc.

3.28. The EESC supports the EU's renovation wave and points out that the residential sector accounts for 40 % of the EU's energy consumption and 36 % of greenhouse gas emissions in Europe. In light of this, carrying out socially fair and publicly acceptable thermal and energy renovations or replacing heating systems with sustainable energy systems is key to achieving the climate goals.

3.29. The EESC calls for a combination of mandatory and supportive measures to ensure fair climate actions. Support tools are needed to enable everyone, regardless of financial situation, to carry out thermal and energy renovations and necessary water and sanitation improvements. Simultaneously, obligations for property owners, especially landlords, are necessary. Tenants must be protected from excessive rent increases due to cost pass-throughs. Transparent contracts, clear language, the ability to challenge unfair terms and free rental dispute resolution are essential for tenant protection.

3.30. The EESC believes that it should be easier to access the EU's 19 existing support tools and funding streams – with clear conditions linked to social criteria – by creating a transformation fund that harmonises all existing tools and can be used yearly to fund renovations that are fair to individuals.

Focus on young people

3.31. The EESC points out that 47 % of Europeans aged 18-34 live with their parents – many of them out of necessity – and only 17 % of students and young people have access to student accommodation. The EESC calls for an action plan focusing specifically on improving access to affordable housing for young people and young families.

3.32. The EESC calls on all Member States with the support of the Commission to include the Housing First for Youth (HF4Y) principle and to devise specific programmes to make more affordable housing available for young people

Brussels, 5 December 2024.

The President

of the European Economic and Social Committee

Oliver RÖPKE

ANNEX

to the EESC opinion

The following amendments, which received at least a quarter of the votes cast, were rejected during the discussion:

AMENDMENT 3 **TEN/841** **Social housing in the EU - decent, sustainable and affordable** **Point 3.23** **Amend as follows**	**Tabled by:** DE MÛELENAERE Robert DIAMANTOUROS Konstantinos HENDRICKX Luc MASTANTUONO Alena MINCHEVA Mariya

Section opinion	Amendment
The EESC advocates greater scope for long-term investment in social infrastructure ***and believes that public investment in affordable housing should not be subject to the debt rules set out in the fiscal rules under the SGP.***	The EESC advocates greater scope for long-term investment in social infrastructure.

Reason

The recently decided reform of the SGP will enable EU countries in difficulty to restore their public finances while preserving the investments needed to meet major challenges, in particular the ecological and digital transition. As such, it allows for rules that are better adapted to the specific situation of each country. At this stage, it is not opportune to ask the SGP for further adjustments.

Outcome of vote

Votes in favour:	51
Votes against:	87
Abstentions:	9

AMENDMENT 6 **TEN/841** **Social housing in the EU - decent, sustainable and affordable** **Point 1.8** **Amend as follows**	**Tabled by:** DE MÛELENAERE Robert DIAMANTOUROS Konstantinos HENDRICKX Luc MASTANTUONO Alena MINCHEVA Mariya

Section opinion	Amendment
The EESC advocates greater scope for long-term investment in social infrastructure ***and believes that public investment in affordable housing should not be subject to the debt rules set out in the fiscal rules under the Stability and Growth Pact (SGP).***	The EESC advocates greater scope for long-term investment in social infrastructure.

Reason

The recently decided reform of the SGP will enable EU countries in difficulty to restore their public finances while preserving the investments needed to meet major challenges, in particular the ecological and digital transition. As such, it allows for rules that are better adapted to the specific situation of each country. At this stage, it is not opportune to ask the SGP for further adjustments.

Outcome of vote

Votes in favour:	51
Votes against:	87
Abstentions:	9