



# Conclusions of the EESC Conference on the **Housing Crisis in Europe – the way forward?**



European Economic  
and Social Committee



CONFERENCE

## Housing crisis in Europe: the way forward?

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### CONCLUSIONS

On 20 February 2024 in Brussels, the EESC organised a conference on the *Housing Crisis in Europe – the way forward?* The participants' assessment of the current state of affairs and their recommendations on how to tackle the current housing crisis are as follows:

#### *Introduction*

Europeans as a whole –not just the most vulnerable groups, are increasingly concerned about the growing **lack of affordable housing**. Many households, particularly those on low incomes, are overburdened by housing costs as a result of sharp increases in housing-related inflation rates and energy prices across the European Union. A third of European citizens live in rental housing. Rents are often unaffordable, and the cost of energy in poorly insulated homes has soared. The social housing available has also declined in some countries since 2010, partly due to a fall in public investment in housing and the sale of social housing to tenants in some countries. Rising construction costs resulting from higher prices for raw materials, machinery and labour, more stringent energy efficiency standards and rising interest rates are pushing up development costs, affecting the sustainability of social and affordable housing projects.

**Homelessness**, which is a concern in all EU Member States, has continued to increase over the last decade. The COVID-19 pandemic has further increased the scale of homelessness in the EU.

The impact of the pandemic has been particularly severe for **young people**, who are especially vulnerable in the current housing crisis. New entrants to the market face waiting lists for social housing and high rents. When they do buy, young people face high prices and are now starting

to face more expensive mortgages. Over the last decade, home ownership in the EU has fallen, driven by a decline in home ownership among young people. This is forcing young adults to live longer with their parents because they cannot afford independent accommodation, which has an impact on the creation of families. Young people face a shortage of housing in large cities and are often forced to live in small, non-renovated and energy inefficient accommodation.

However, access to affordable, decent, sustainable, inclusive and resilient housing is both a social need and a social right: it is one of the 20 essential principles of the **EU Pillar of Social Rights**, it is in accordance with the United Nations 2030 Agenda for Sustainable Development and it is in line with the Geneva UN Charter on Sustainable Housing and the Charter of Fundamental Rights of the European Union. However, it is constantly being called into question by the various crises the EU has faced in recent years.

The **EU initiatives** that make up the Green Deal require our economic model to be overhauled and converted into one that is more modern, resource-efficient and competitive. However, the promise of the European Green Deal to leave no-one and no place behind can only be kept if the supply of housing increases to meet urgent social needs and if Europe's housing stock is better adapted to the new requirements of quality, affordability, accessibility and energy efficiency in the face of the challenges of climate change. The EU climate and energy transition objectives translate into the need to mobilise investments at a large scale.

***Key conclusions and recommendations of the conference:***

1. although housing policy remains the competence of the Member States, the shortage of decent, energy-efficient and affordable housing and the rising housing prices in the EU requires a "**European action plan on housing**" accompanied by an annual EU summit on affordable housing bringing together all those involved in implementing the action plan;
2. this "European action plan on housing" should include a comprehensive set of measures which are **easy to understand for European citizens** and respond to local situations. It should help Member States, regions and cities in Europe to sustainably boost the supply of social, sustainable and affordable housing;
3. universal, rights-based access to high-quality public services should be guaranteed, including housing. The EU must ensure that a genuine **universal right to housing** is enshrined in its policies;
4. to address the issue of poverty and the right to housing, **interdependent issues** need to be tackled simultaneously: income adequacy (from work, pensions and also social assistance where necessary), public investment and public policies aimed at optimising EU resources to support decent housing for all;

5. the financing of affordable and sustainable housing is crucial, and **investment in social and affordable housing** should increase. This would have the dual benefit of protecting low-income and vulnerable households, mitigating the risk of homelessness and social exclusion, directly increasing housing supply and easing upward pressure on property prices;
6. comprehensive financing frameworks should be developed, removing upfront costs and linking them to energy performance (i.e. energy savings) through **a combination of financial instruments, subsidies and technical assistance**. These financing frameworks should be sustainable and predictable in the medium and long term, and should be implemented on a large scale, in order to achieve massive savings. They should enable Member States to make their national contribution to the EU's energy efficiency objective by using public resources effectively and efficiently, and by making the transition to zero energy affordable for all;
7. Europe must create a system that is easy to understand, accessible and coherent for project promoters but above all easy to understand for European citizens, who are the final beneficiaries; ,
8. the EU should step up its financial contribution to the social, cooperative and public housing sector to achieve the ambitious objective of the Green Deal and to keep the promise of leaving no one behind. Therefore, a "**European fund for investment in affordable, decent and suitable housing**" should be created;
9. it is estimated that the total **public funding** in the EU can only amount to 10% to 20% of the investment needed for the energy transition. The impact of the EU and national public support for energy efficiency need to be maximized by making the most cost-effective use of public resources to leverage private investments;
10. the European institutions and the Member States should **cooperate with the construction industry** to create more favourable conditions for the rapid delivery of new housing. The impact of EU policies should be systematically assessed on construction costs; on the economic framework conditions for new housing construction and the achievement of a cost-optimal balance between investment in new housing and compliance with new environmental and energy efficiency legislation; on the financial situation of households, in particular low-income households; on the administrative burden on businesses, in particular SMEs in the construction sector, and on employment and skills;
11. **energy efficiency in residential buildings** is essential for reducing energy poverty, combatting climate change and improving population health and wellbeing. Providing financial incentives for property owners, ensuring legal protections for tenants, and

establishing coherent legal frameworks to encourage renovation are essential steps in this direction;

12. **one-stop shops** (OSS) are key tools to promote building renovation. The revision of the Energy Performance of Buildings Directive (EPBD) requires Member States to ensure that technical assistance facilities are set up covering the entire country. This is a tall order, especially since the development and maintenance of OSS is resource-intensive and requires significant investment and constant support. For OSS to become self-sustaining in the long term, long-term public financial support is needed;
13. it is crucial to recognise that there are different housing support systems and funding gaps in Europe. These need to be tailored with different solutions and **InvestEU** can help with wider guarantee coverage, in some markets, for higher social value low-income housing;
14. multilateral banks like the **Council of Europe Development Bank** (CEB) need to work with aggregators, usually at regional or national level, in order to be effective. Where such actors are not present in a country, it may be necessary to develop them: the InvestEU Hub could be useful here;
15. to address the lack of investment in social and affordable housing, the EU competition rules must be designed to promote housing for a broader section of the population, the EU's economic governance framework must facilitate long-term public investment in social housing and **EU funds and EIB financing** must be channelled directly and more specifically into cities;
16. European cities need long-term and innovative financing schemes deployed at EU level to support the **retrofitting** of social and municipally-owned housing stock;
17. European stability policies should make it possible to safeguard investment in social housing. The possibility of having decent housing at a fair price could improve Europe's capacity for **asylum and inclusion for migrant workers**, attracting quality migration. A good and widespread social housing policy is essential to counteract the environmental degradation of large cities and the social degradation of many suburbs, which also brings enormous costs for safety;
18. although the majority of Europe's population live in urban areas, it is also important to take into account the needs of **rural areas**, which require specific strategies and policies;
19. **revolving funds** can help take a long-term systemic approach to investing in affordable and social housing, serve as a platform for collaboration across levels of governments and between government and non-government actors, and put the social housing sector on a more stable footing;

20. an **EU homelessness strategy** should be developed that fully integrates the European Platform and allows for the inclusion of national homelessness policies in the **European Semester** exercise. Such a strategy should be underpinned by a Council Recommendation on homelessness;
21. **young people** are especially vulnerable in the present housing crisis. To be truly competitive and genuinely inclusive, cities need affordable housing for the younger generations. **Cooperative housing** can be one of the active solutions for providing affordable housing for students, be it national or international, and young workers, and for engaging them in active intergenerational projects that are cost-effective and promote new forms of community;
22. policy measures should look beyond housing, providing better-**connecting sub-urban areas** with low-cost public transport and cycling infrastructure;
23. Member States should work in **cooperation** with regional governments, EU institutions, local authorities, the private sector and civil society organisations.



## European Economic and Social Committee

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