Reclaiming our Homes: A people's vision for decent, sustainable and affordable housing in Europe

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Introduction

Europe is going through an acute housing crisis with profound social, economic and environmental consequences. In the EU in 2023[1], for 10.6% of households in cities and 7% of households in rural areas housing costs exceeded 40% of their disposable income (with considerable differences from country to country: for instance over a quarter of Greeks (31%) living in cities had housing costs of over 40% of income, while only around 6% of Slovaks in cities faced the same issue)[2]. Millions struggle to secure decent, stable, and affordable accommodation.[3] Spiralling costs fuel displacement, homelessness, and intergenerational inequity. Critically, the housing affordability crisis is intrinsically linked to energy poverty: 17.9% of Europeans cannot adequately heat their homes[4], while 21.4% struggle to cool them.[5] For many, securing housing is only the first challenge; affording essential utilities forces impossible choices between energy, food, or healthcare. This dual crisis, exacerbated by the low energy performance of homes and the high dependence on volatile fossil fuels of the latter, erodes social cohesion, restricts labour mobility, and damages wellbeing as well as the environment and energy system.

Housing quality directly impacts public health, especially in cities. Inefficiencies such as damp, mould, poor ventilation, low insulation and overcrowding (affecting 17% of Europeans living in inadequate space)[6], drive respiratory illnesses, cardiovascular problems, and mental health issues. Thus ensuring healthy, safe housing for all should be a vital public health objective. Paradoxically, severe shortages coexist with vacancy, thus bringing viable empty properties back into use is crucial. While ensuring that the EU housing needs meet with the appropriate housing supply, the EU is urged to promote and support the roll out of innovative approaches to reuse and optimise existing spaces, which tackle vacancy while curbing urban sprawl, enhancing climate adaptation, and advancing spatial justice by prioritising well-located, affordable and decent homes.

Substantial investment across governance levels, and their activation is imperative to deliver sustainable and affordable housing. Public funding must be prioritised and target those most in need while also leveraging private capital, which must stay contingent on meeting affordability and sustainability criteria. Investment should allow aligning supply with diverse housing needs – including social rental and social housing, energy-efficient retrofits, and reconversion of vacant units to ensure affordability and accessibility for all.

1 https://ec.europa.eu/eurostat/databrowser/view/ILC_LVHO07D__custom_7140801/bookmark/table?lang=en&bookmarkId=411e17fd-9b03-4729-8ad9-ea4844481e08

2 https://www.europarl.europa.eu/topics/en/article/20241014STO24542/rising-housing-costs-in-the-eu-the-facts-infographic

3 https://ec.europa.eu/eurostat/web/interactive-publications/housing-2023#housing-cost

4 https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Living_conditions_in_Europe_energy_efficiency_in_households#Households_unable_to_keep_warm_in_winter

5 https://op.europa.eu/en/publication-detail/-/publication/af533cb3-f7df-11ef-b7db-01aa75ed71a1/language-en

6 https://ec.europa.eu/eurostat/web/interactive-publications/housing-2023

If the EU aims at adequately gearing up the renovation and construction sector, it means that labour shortages and poor working conditions need to be addressed and tackled urgently. Chronic skills gaps in construction and renovation hinder the pace and quality of affordable, sustainable housing delivery.[7] Addressing precarious employment and working conditions, improving re-skilling, and recognition of qualifications are essential to support social cohesion, scale up innovative solutions and meet climate targets. Moreover, what is built today will stand for the next 50 to 100 years. It will be crucial that the construction sector delivers zero-emissions buildings that embrace high energy efficiency levels (including the energy and water nexus) renewables, and circularity, while reducing their whole life cycle environmental footprints, and adopt innovative, climate-sensitive designs.

Inclusive governance is fundamental to the Plan's success. Effective implementation requires multi-level coordination and meaningful engagement with all stakeholders – including local authorities, NGOs, industry, social partners, and crucially, the most vulnerable communities disproportionately affected by the crisis. Mechanisms for public participation and dialogue must be embedded to ensure responsiveness to local needs.

While subsidiarity governs housing policy, the transnational scale and interconnection of these crises – spanning affordability, financing, energy poverty, climate change, health, labour markets, and fundamental rights – demand a robust EU response. The European Affordable Housing Plan (EAHP) is a critical vehicle to mobilise resources, strike complementarity with existing EU legislations (Energy Performance of Buildings Directive, Energy Efficiency Directive, and Social Climate Fund), and catalyse the systemic change needed for decent, affordable, energy efficient, and healthy housing across the Union.

Towards a coherent EU framework for adequate and affordable housing

Access to adequate housing is a core human right and a foundation for individual dignity, social inclusion, and economic participation. It is enshrined in international law through Article 25 of the Universal Declaration of Human Rights and Article 11(1) of the International Covenant on Economic, Social and Cultural Rights. These standards go beyond physical shelter: they demand adequate space, safety, structural integrity, and protection from environmental hazards.

Within the EU, however, definitions of "adequate" or "decent" housing vary significantly across Member States. This diversity reflects historical, cultural, and economic contexts but creates a patchwork of standards that hampers coordinated action. For example, while most national frameworks include elements such as thermal comfort, energy performance, ventilation, and absence of damp, they apply different measurement methods, thresholds, and enforcement mechanisms. This fragmentation reduces comparability, weakens monitoring, and complicates the targeting of EU funding instruments.

7 https://energy.ec.europa.eu/topics/energy-efficiency/energy-performance-buildings/renovation-wave_en#:~:text=With%20an%20estimated%2040%20million,and%20climate%20plans%20(NECPs).

The absence of a shared definition also limits the EU's ability to assess progress towards broader goals, such as climate neutrality, energy poverty reduction, improved public health, and to ensure that funding delivers lasting social and environmental impacts. A common operational definition, closely aligned with the Energy Performance of Buildings Directive's (EPBD) definition of "Indoor Environmental Quality (IEQ)",[8] which would bridge this gap. This would set a baseline for all Member States, ensure policy coherence, and reinforce the EU's role as a standard-setter in housing adequacy, linking it explicitly to climate resilience and affordability.

Housing costs are not determined solely by rent or mortgage payments; energy costs are also critical, recurring expenses, which for millions of Europeans living in poorly performing homes means greater financial stress and health risks. As energy prices remain volatile, inefficient homes expose households to an ongoing affordability crisis and health problems. This dynamic is especially acute for low-income households, who typically live in the worst-performing buildings and have limited or no capacity to invest in upgrades, with 47 million people in the EU having to decide to spend[9] their budget on either heating their home or eating in 2024.

Addressing this requires breaking down silos between housing, energy, and social policy. The EAHP should be designed to align with and reinforce other EU-level initiatives, including the *Citizen Energy Package*, the *Electrification Action Plan*, *Heating and Cooling Strategy*, the first *EU Anti-Poverty Strategy* and the ongoing work of the *Energy Poverty Advisory Hub*. Strengthening housing expertise within these frameworks would help ensure that technical assistance and funding address the root causes of energy poverty, not just its symptoms.

The EU's legislative framework already contains powerful instruments for this task. The Energy Efficiency Directive (EED) sets a public sector requirement and a renovation requirement for public buildings, with explicit provisions to benefit energy poor, low-income households and vulnerable groups (especially if living in social housing). The recast EPBD focuses on the renovation of worst-performing buildings and introduces social safeguards against displacement and rent hikes post-renovation works. To maximise their impact, these Directives must be implemented without loopholes or with no to minimale exemptions, and coupled with targeted financing to ensure compliance is socially fair. Examples from France[10] and Belgium[11] show that well-designed rent controls and/or freezes can protect tenants and trigger renovation activities.

8 EPBD Article 2 point 66) Indoor environmental quality means "the result of an assessment of the conditions inside a building that influence the health and wellbeing of its occupants, based upon parameters such as those relating to the temperature, humidity, ventilation rate and presence of contaminants"

9 https://www.youtube.com/watch?v=HlPQhVJBtJo

10 https://www.apur.org/sites/default/files/rapport_encadrement_loyers_paris.pdf?token=PjjUiVDq

11 https://huurdersplatform.be/vhp/actualiteit-vhp/de-huurmarkt-is-kapot-maar-wij-hebben-de-oplossingen/

Recommendations

- **Create a common EU understanding of "adequate housing" that links high energy performance, climate neutrality and affordability goals:** within the European Affordable Housing Plan, define "adequate housing" based on EU legislation (notably the EPBD) and international standards to ultimately create a common language and spur coordinated action at EU level while respecting the principle of subsidiarity. Reducing energy demand and, decarbonising homes' heating/cooling needs should stay central to deliver climate neutrality, energy system resilience, healthier living environments, and stable housing costs.
- **Ensure policy coherence and complementarity across EU initiatives:** Align the European Affordable Housing Plan with the Citizen Energy Package, the EU Anti-Poverty Strategy (including gender considerations but not only), and strengthen housing expertise in the Energy Poverty Advisory Hub's technical assistance to public authorities.
- **Support robust implementation of the Energy Efficiency Directive (EED) and the Energy Performance of Buildings Directive (EPBD):** the EAHP should help Member States in closing the NECP ambition gap for energy efficiency[12] and reaching or even exceeding the 2030 Energy Efficiency target through renovation measures, especially targeting energy-poor households. Support public bodies to meet the 3% annual renovation requirement, discourage exemptions especially for social housing, and strengthen delivery capacity. Ensure the 1.9% annual public sector requirement benefits energy poor, low-income and vulnerable households, notably via coupling different actions on buildings, including targeting the renovation of public social housing, and their surroundings. Assist with meeting the annual energy savings rate for the energy savings obligation, earmarking the required share for energy-poor, vulnerable, and low-income households. The EAHP should also support Member States in designing and implementing Minimum Energy Performance Standards (MEPS) targeting worst-performing buildings and applying strategic trigger points (e.g., sale, rental, major renovation) to facilitate the take up of renovation actions. Ensuring MEPS are coupled with adequate financing and technical assistance to enable compliance is crucial. Promote robust social safeguards, such as rent caps, rent support schemes, and anti-eviction measures, to prevent displacement or rent inflation following renovations. Encourage exchange of effective national practices, such as France's experimental rent control scheme implemented in 24 cities (including Paris, Lille, Lyon, and Bordeaux) rent control with annual increase limits and/or Flanders' rent indexation freeze for low-EPC ranked dwellings, to protect tenants and vulnerable households while stimulating renovations works.

12 https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52025DC0274&qid=1749138488640

Mobilising investment to deliver sustainable and affordable housing

Recent researches confirm that households strongly link energy costs to housing cost burdens.[13] This means that the energy performance of homes have direct repercussions on the level of affordability of households' housing costs. This means that unlocking investments for more (and deeper) energy renovations (especially for vulnerable households and energy poor), not only can reduce energy demand of homes, increase their comfort levels and support the usage of renewable energy sources to cover heating and cooling needs, but it can reduce overall stress on households' budgets.

The European Affordable Housing Plan can be an opportunity to support the uptake of deep renovation projects of worst-performing buildings as a way to increase sustainability and affordability levels of operational costs of housing. **The revision of the next Multiannual Financial Framework (MFF) for instance, should be leveraged by the EU to create the needed foundation for the Renovation Wave to finally pick up pace**. As the existing investment gap[14] to decarbonise our building stock remains substantial, Cohesion Funds must be better used and channelled towards building decarbonisation purposes, and ultimately increased within the context of the post-2027 MFF. By strengthening the environmental and social conditionalities for EU funds disbursement, and by gearing up national authorities with the needed technical assistance, which can help them strategically channel funds to support projects and programmes that tackle the decarbonisation and energy efficiency of buildings (with a view to alleviate the current housing crisis), we will be able to support the needed upscaling of deep renovation rates, and those construction activities that are dedicated to the supply of the needed social and affordable housing.

Financing should always be supported and complemented by technical assistance, which can also help Member States in better earmarking funding to prioritise the most vulnerable segments of the society and worst-performing buildings and neighbourhoods. Exchange of best practices across EU countries can help national policy makers and managing authorities in this regard. Managing authorities should also be encouraged to allocate a sufficient share of the renovation budgets to administrative capacity, technical assistance and other priorities such as workforce training (i.e. in municipalities and other entities) that can further support the absorption of funds on the ground and ultimately the proliferation of renovation projects.

13 https://www.researchgate.net/publication/387789442_Addressing_Housing_Affordability_and_Energy_Poverty_A_Dual_Challenge_for_the_EU#:~:text=Abstract%20and%20Figures,of%20their%20income%20on%20housing.

14 275bn EUR per year

Ensuring affordability of housing costs will also link with a successful roll out of the new Emissions Trading System covering GHG emissions of buildings and road transport (EU ETS-2), which will kick off in 2027.[15] The latter will likely increase the energy bills of households, especially those living in very leaky and polluting homes. The creation of the Social Climate Fund (SCF), which aims at mitigating the effects of the ETS-2 on the poorest households, is positive, but not enough for the challenges we will be facing. Therefore, **ensuring that National Building Renovation Plans (NBRPs) are interconnected and complementary with the national Social Climate Plans (SCPs) can help redirect the funds where they are most needed** in the building sector, and advance an integrated socially fair and climate ambitious energy transition in the sector.[16] The interconnection between the two Plans, despite the different timelines, should happen quite naturally as the scope covered in both of them interconnects strongly.[17]

Affordability and accessibility of housing seems, in fact, a shared concern of NBRPs and SCPs. Beyond the crucial need of combating energy poverty, both Plans give the possibility to Member States to explore and promote approaches that support the reconversion/repurposing of vacant buildings into homes or investment in the construction of energy efficient and renewables-based new social and affordable housing for vulnerable people and those affected by energy poverty.[18] [19]

In light of this, the European Affordable Housing Plan should therefore provide support to Member States in leveraging the link between SCPs and NBRPs to ultimately deliver a more coordinated, climate ambitious and socially just approach in decarbonising homes. As part of this work, support in the design of innovative financial incentives and programmes that are better targeted should be included in the work of the EAHP. **A better prioritisation of public funds (and earmark of those) for the least well-off, and promotion of innovative ways to leverage a portion of public funds to increase accessibility levels of private financial products for households** which are not in situations of severe vulnerability needs to be taken into consideration (especially in the context of the pan-European Investment Platform). This would allow for more efficient use of public funds, enabling Member States to focus them to a greater extent to those segments of the population that have no capacity to renovate their homes, while de-risking and increasing accessibility levels of private investments for families with increased financial capacity.

15 Reducing CO2 emissions of homes via renovation activities will mean fewer carbon allowances that will contribute in lowering future ETS2 prices, see CAN Europe position paper on EU-ETS2: https://caneurope.org/content/uploads/2025/08/Position-paper-ETS2-CAN-Europe-August-2024.pdf

16 https://caneurope.org/renovation-wave-nbrps/

17 Ibidem

18 https://climate.ec.europa.eu/eu-action/carbon-markets/eu-emissions-trading-system-eu-ets/social-climate-fund/good-practices-social-climate-plans_en

19 https://circabc.europa.eu/ui/group/8f5f9424-a7ef-4dbf-b914-1af1d12ff5d2/library/bb10b9b2-66b1-4cc1-bcb1-732dfb24985c/details

Promotion of pay-as-you save schemes for instance, can be helpful to help households in situations of non-severe vulnerability to renovate their homes. Recurring funds[20] could also be an option as these consist of renovation subsidies given to households to renovate their home, which have to be paid back when the property changes ownership,[21] recovering the investment made by the administration. This model can be useful to make renovation programmes more viable in the long-term. Another possible example can be Energy Savings Certificates, which are based on the energy efficiency obligations imposed by the public authorities on Obligated Parties. These are electronic documents that guarantee that, after carrying out an energy efficiency improvement, a new final energy saving equivalent to 1 kWh per certificate has been achieved, which can be bought. To ensure genuine private investment and social fairness within these schemes, and to prevent energy efficiency obligation costs from being passed on to customers (especially vulnerable and low-income households), Member States should couple the latter with mechanisms/instruments to ensure consumer protection against any cost increases.

Lastly, increasing the floor area of buildings in high-density areas[22] could provide economic benefits that could be used to cover the renovation work carried out. These additional volumes could be located next to or on top of existing buildings, depending on the building typologies and the urban environment. **In order to support the design of pre-financing mechanisms** and enlarge the pool of financial products at national level that can cater to different needs and capacities of all categories of private investors, the **Pan-European Investment Platform of the EIB, especially via its cooperation with national promotional banks, can oversee this task** in view of the need to upscale the needed private investment in housing decarbonisation.

20 The Flanders region developed the 'Rental and insulation premium' for dwellings inhabited by vulnerable private tenants, which is a collective that is rarely covered by energy poverty programmes. In addition to a flat-rate contribution of 200€, the owner receives 20€/m² for roof insulation; 12€/m² for wall insulation; 85€/m² for high efficiency windows. In addition, an emergency fund was set up for certain target groups who do not have sufficient financial resources to carry out energy efficiency renovations. An interest-free loan of up to 25,000€ can be granted to the emergency buyers, poor owners who are required to purchase a poor quality dwelling. Only when the home is disposed of, or at the latest after 20 years, the loan must be reimbursed.

21 https://www.ecologie.gouv.fr/politiques-publiques/pret-avance-renovation

22 https://cordis.europa.eu/project/id/696126/results

Recommendations

- **Mobilise investments to improve quality of housing and affordability by cutting down energy bills:** the EAHP should be leveraged to make energy performance a key lever for housing affordability, where prioritising deep renovations of worst-performing buildings, especially for vulnerable households and those in energy poverty, can lower energy bills, hence reduce overall housing cost burdens.

- **Leverage and align next MFF with the energy and housing portfolio objectives:** the upcoming Multiannual Financial Framework (MFF) revision should be used as an opportunity to channel more Cohesion Funds towards delivering more sustainable and affordable housing (especially supporting building decarbonisation), with stronger environmental and social conditions for disbursement. Ensure financing is complemented by technical assistance to help Member States strategically target funds, prepare projects, and prioritise vulnerable groups is key. Allocate a portion of renovation budgets to administrative capacity, workforce training, and local implementation support should also be strongly supported.

- **Integrate National Building Renovation Plans (NBRPs) and Social Climate Plans (SCPs)**: Coordinate NBRPs and SCPs to ensure that climate action, housing affordability, and energy poverty reduction are addressed together and in a timely way, especially vis-a-vis the start of the EU-ETS2. Their complementarity is crucial to ensure that the small financial envelope of the SCF (which should remain well-earmarked for the most vulnerable households) gets complemented by other funding streams, including ETS revenues, and incentives to support broader renovation programmes. The use of both plans to support deep renovations and other measures such as reconversion of vacant buildings and targeted construction of energy-efficient, renewables-based social housing should be pursued.

- **Strengthening the earmarking of public funds for the most vulnerable households:** earmark public funds for the least well-off households while using part of these funds to de-risk private investment for households with moderate financial capacity. To do so, the EAHP and its Pan-European Investment Platform could promote innovative financing tools such as: pay-as-you-save schemes to enable renovations with repayment through energy savings; recurring funds where subsidies are repaid upon property sale; Energy Savings Certificates to monetise verified efficiency improvements; additional floor area rights in high-density zones to finance renovations.

Unlocking available housing spaces: activation of vacant spaces, repurposing and smart urban planning

The upcoming European Affordable Housing Plan must offer a framework in order to maximise existing buildings to address Europe's housing crisis all the while addressing the climate crisis. Success hinges on consolidating an available and operational data set encompassing viable vacant/underused assets; leveraging existing binding frameworks to efficiently convert public spaces; and well-targeted incentives with capacity-building activities to drive private innovation in affordable, sustainable housing through the reconversion of vacant spaces. Integrating these pillars would contribute to setting conditions to ensure the EAHP delivers essential homes within planetary boundaries by using existing buildings efficiently.

Better data, monitoring and the creation of a common understanding around vacancies

Current EU vacancy data is not only often insufficient but it **is not always systemised and falls short from being actionable by different actors.** The latest EU level census dating from 2021 reports 47.5 million empty homes,[23] yet it is important to note that the state of monitoring vacancy is quite diverse across the EU and that a variety of definitions and methodologies exist throughout the EU. Furthermore, data often falls to distinguish mobilisable vacancies, with frequently no differentiation made between second homes left vacant (voluntary vacancy),[24] vacancy due to ongoing legal dispute (involuntary vacancy) or even transitional "healthy" vacancy".[25] As the reasons and conditions of vacancy are multiple and of diverse realities across Europe, this underscores the urgent need of an EU framework that empowers relevant public administrations in providing nuanced, systemised, and operational data (tracking vacancy duration, ownership structures, and conversion potential) to unlock housing solutions. This framework should also permit clarity at the EU level in terms of framing and proposing a common language to tackle this.

Across the EU, already existing initiatives may inform action. France's National Vacant Housing Plan[26] exemplifies integrated data-action systems: its **centralised platform** (detailing ownership/vacancy/EPC status) enabled **6,395 long-term vacancy reactivations (2023)** and equipped **64% of municipalities** with targeted tools to contact owners and prioritise energy upgrades – demonstrating scalable technical assistance across governance models. In Poland, Habitat for Humanity's vacancy conversion toolkit [27] identifying **48% of 221 surveyed buildings as adaptably suitable** – provides municipalities/charities with legal/financial guidance to repurpose commercial spaces into social housing, proving community-level technical support unlocks latent potential.

23 https://ec.europa.eu/eurostat/web/products-eurostat-news/w/ddn-20230330-2

24 For an overview of different reasons causing vacancy, consult this report.

25 In some cases, vacancy can be considered as "healthy", such as in the cases of renovation works or between exchange of former and new tenants/owners. For more, read this report.

26 https://zerologementvacant.beta.gouv.fr/lutter-contre-la-vacance/la-politique-de-lutte-contre-la-vacance/

27 https://habitat.pl/files/Adaptation_of_empty_spaces_for_available_apartments.pdf

Spain leverages existing EPBD-mandated energy data innovatively, classifying homes as vacant through near-zero electricity consumption metrics[28] showing how operationalized EU frameworks can systematise identification of vacant housing.

The role of the public sector and publicly-owned spaces

Supporting Member States in developing a common methodology to define and classify vacancy, under-occupation, and conversion potential also includes mandating regular monitoring and public reporting on building usage, which can build upon the obligations stemming from the Energy Efficiency Directive. The latter enables the public sector to lead by example when it comes to mainstreaming both energy efficiency and circularity in the built environment (and beyond). Article 5 and 6 require Member States to respectively achieve a percentage of energy savings in the public sector, and renovate 3% of public buildings per year as well as setting up regularly updated public inventories encompassing detailed information on this building segment. **Publicly owned properties represent a strategic opportunity for accelerating affordable and sustainable housing conversion**, given their greater accessibility compared to privately held or speculative properties. The EAHP should build on this by promoting a “Public Exemplarity Framework” that complements existing EU frameworks (e.g. EED Articles 5-6 on public sector) and empowers authorities to systematically repurpose vacant public spaces into sustainable and affordable housing. This requires integrating financing, planning, and conservation expertise, a gap notably bridged by **one-stop shops (OSS)** mandated under the EED and EPBD. The EU should furthermore support Member States through policy coordination, sharing of best practices, tailored guidance and/or make use of already operating platforms (i.e. the EIB’s JASPERS,[29] ELENA[30] etc.) to guide a better usage of existing underutilised/unused spaces by public authorities.

Mobilising private ownership for public benefit

Action in the private ownership domain should be incentivised through targeted financial mechanisms, ensuring renovation and repurposing of vacant properties contributes meaningfully to resolving the housing crisis. Using two complementary sources, namely public and private capital, are essential. Private capital could be mobilized through the Pan-European Investment Platform for Affordable and Sustainable Housing (under the EAHP) and suggest an allocation (e.g., 20%) dedicated to converting vacant private properties into affordable, energy-efficient housing, contingent on strict affordability and sustainability criteria.[31] Public funding must be strategically deployed through programs like Ireland’s Vacant Property Refurbishment Grant[32] (up to €70,000 per unit) and Portugal’s tax incentives under the "More Housing"[33] law, which links subsidies to long-term affordability.

28 https://www.ine.es/prensa/censo_2021_jun.pdf

29 https://jaspers.eib.org/

30 https://www.eib.org/en/products/advisory-services/elena/index

31 https://caneurope.org/public-money-public-benefits-call-for-social-and-environmental-conditions/

32 https://www.gov.ie/en/department-of-housing-local-government-and-heritage/services/vacant-property-refurbishment-grant//

33 https://diariodarepublica.pt/dr/detalhe/lei/56-2023-222477692

The EAHP should systematise these approaches by providing best-practice guidance to scale replicable models, such as Spain's regional initiatives (e.g., Navarre's reactivation of 70+ units)[34] and Germany's coordination hubs (Leerstand-Landau)[35] connecting owners with municipalities and financiers. Regional innovation networks must also further bridge implementation gaps, ensuring incentives align with housing needs while avoiding exclusionary designs seen in past programs.

Smart urban planning: promotion of integrated district/neighbourhood regeneration projects

In order to optimise existing spaces and deliver smart, climate resilient and integrated cities, the EAHP could be an opportunity to scale up integrated regeneration projects, which expand to neighbourhood or district level, that combine renovations of buildings, with broader actions tackling surrounding infrastructures, spaces and even address entire communities, such as for instance:

- Deployment of collective renewable heating and cooling systems;
- Passive cooling and heat island mitigation;
- Public space improvements;
- Socio-economic revitalisation measures prioritising vulnerable populations.

Such strategic urban planning ensures that vacancy reuse and renovations support climate adaptation, energy system efficiency, land protection, and community cohesion. Neighbourhood and district integrated renovation approaches yield enormous social and environmental potential although they require promoting public participation and strong coordination among diverse actors, with local authorities leading and ensuring vulnerable households are included.

Clear objectives, role division, and collaboration (i.e. engineers designing smart systems, municipalities planning regeneration, NGOs engaging communities, developers bundling affordable offers) are all essential elements. Without a unifying framework, efforts risk inefficiency or negative impacts. Across Europe, successful examples, many from the Affordable Housing Initiative[36] and New European Bauhaus,[37] have combined energy efficiency with sustainability, aesthetics, accessibility, and affordability. These "Lighthouse Districts" inspired the 2024 Energy Performance of Buildings Directive (EPBD), which now supports integrated district approaches to improve cost-effectiveness, especially for spatially related buildings. **National Building Renovation Plans must promote such approaches, addressing energy, mobility, green infrastructure, waste, water, and urban planning, using local resources and circularity.**

The EPBD's current transposition offers a chance to scale up innovative, holistic solutions addressing climate, circular economy, biodiversity, and sustainable mobility. Beyond energy and carbon emissions reductions, integrated renovations can strengthen social cohesion, improve liveability, and build climate-resilient, inclusive cities, an especially valuable outcome amid climate change, housing shortages, high living costs, and rising energy poverty.

34 https://www.sociedadespublicasdenavarra.es/es/nsp-al-dia/nuestras-noticias/record-en-el-alquiler-de-pisos-vacios-traves-de-nasuvinsa

35 https://leerstand-landau.de/

36 https://single-market-economy.ec.europa.eu/sectors/proximity-and-social-economy/social-economy-eu/affordable-housing-initiative_en

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

Recommendations

Better data, monitoring and the creation of a common understanding around vacancies

- Establish a common language to define vacancy and under-occupation, and define conversion potential of vacancies.
- Mandate EU Member States to monitor and publicly report building usage, ensuring full territorial coverage (as seen in NBRPs, and similar to EED Art.6). They should identify in particular vacant buildings, distinguishing the ones that could be repurposed for housing, and the ones for an economic / industrial /commercial activity.
- Provide EU support and technical assistance to relevant public administrations to improve building stock data collection and analysis.

The role of the public sector and publicly owned spaces

- Encourage Member States to establish a Public Exemplarity Framework on tracking and reusing vacant spaces, similar and complementary to the framework mandated by the Art 5 & 6 of the EED.
- Support Member States through policy coordination, sharing of best practices, and tailored guidance via leveraging existing technical assistance and advisory platforms managed by the EIB, to guide a better usage of existing underutilised/unused spaces by public authorities

Mobilising private ownership for public benefit

- Provide financial incentives for private owners for the renovation and repurposing of vacant properties for housing, contingent on meeting affordability and sustainability criteria. (e.g. Pan-EU Investment Platform for affordable and sustainable housing)
- Establish regional/local hubs that connect municipalities, social enterprises, cooperatives, and financial institutions to support private owners in repurposing projects.

Smart Urban Planning: promotion of integrated district/neighbourhood regeneration projects

- Prioritise integrated regeneration approaches at the district/neighbourhood level to maximise environmental, social, and economic benefits. This could be done via:
- Leveraging EPBD, especially usage of National Building Renovation Plans for planning, investment mobilisation and target of most in need areas (e.g. where most energy poor/vulnerable households live)
- Activation of local and regional authorities and usage/ support for the proliferation of OSS that cover topics beyond energy (mobility, social inclusion etc.)
- Inclusive, transparent consultation and co-designed projects to respond to the local needs and spur community engagement.
- Support blending approaches for financing of these projects like public-private partnerships, where the EIB role and pan-European Investment platform could be leveraged.

Building for the future: circular, zero-emissions and climate-resilient housing

While it is crucial to recognise the importance of new sustainable construction in the provision of affordable housing, **increasing the housing supply should generally follow the actual housing needs rather than the housing demand**, as the latter could lead to speculation practices and increased prices, especially in high population density areas. In order to avoid 'boom and bust' cycles in the EU housing market, focussing on the delivery of the needed housing supply, with special emphasis on the supply of social housing will be a crucial task for the European Affordable Housing Plan.

Considering that housing accounts for 52% of the EU's material footprint,[38] new constructions, especially for affordable and social housing, must follow the requirements set by the EPBD when it comes to **zero-emissions buildings (ZEB)**, better mainstreaming **circularity**[39] in construction/renovation practices and **smart urban planning**. This is because unsustainable extraction of resources from nature only aggravates the triple planetary crisis.[40] This also weakens the long-term resilience of European industries by increasing production costs and reducing independence, often at the cost of environmental and social welfare in local communities in the global south where resources are located.[41]

Beyond the importance of delivering highly energy efficient, renewable-based buildings which are also responsive to the needs of our energy system, complying with the new requirements of the recast EPBD means to progressively reduce the whole life cycle (WLC) impact of new constructions, and delivering a building stock that is more and more climate resilient. Today in the EU, while 79% of the whole lifecycle carbon emissions of buildings come from their operational phase, the remaining 21% relates to embodied carbon emissions.[43] These are generated by the manufacturing of materials, transportation, construction, maintenance and their deconstruction.[44] Mainly due to a more ambitious EU policy framework that spurs more energy efficiency and renewable-based technologies in buildings (i.e. EPBD, EED, RED etc.), projections indicate that this could increase embodied carbon emissions up to 66% of building-related emissions by 2050.[45] **These prospects further highlight the importance of a life cycle assessment of technologies and construction products**, and the need to reduce their environmental impact to ensure that buildings play a crucial role in achieving Paris-Agreement compatible climate neutrality goals.[46]

38 https://www.eea.europa.eu/en/analysis/publications/material-footprints-in-european-policy-making

39 Circular approaches in the main industrial sectors such as steel, construction (as well as renovations) and plastics could reduce EU annual emissions by 34% by 2050 relative to 2018 (see here)

40 Resource use is responsible for 64% of greenhouse gas emissions, 40% of air pollution health impacts and almost all biodiversity loss, see here

41 https://caneurope.org/content/uploads/2025/02/Clean-Industrial-Deal_CAN-Europe-Position_Feb2025.pdf

42 EPBD 2024, Article 7 para 5) requires Member States by 1 January 2027, to publish and notify to the Commission a roadmap detailing the introduction of WLC limit values of all new buildings and set targets for new buildings from 2030, considering a progressive downward trend, as well as maximum limit values, detailed for different climatic zones and building typologies

43 https://eeb.org/wp-content/uploads/2024/10/Briefing_-Exposing-the-invisible-_-lifecycle-policies-for-climate-neutral-buildings.docx-1.pdf

44 https://ec.europa.eu/commission/presscorner/detail/en/qanda_24_1966

45 https://caneurope.org/content/uploads/2024/10/Briefing_-Exposing-the-invisible-_-lifecycle-policies-for-climate-neutral-buildings.docx-1.pdf

46 Ibidem

Great potential is yielded in upcoming initiatives such as the European Strategy for Housing Construction (ESHC) to address all of the above. Complementarity and alignment needs to be struck between the latter and existing legislations on top of the EPBD, such as the Construction Product Regulation (CPR), the Ecodesign for Sustainable Products Regulation (ESPR), (green) Public Procurement rules, the EU Taxonomy and broader initiatives such as the Clean Industrial Deal and the Circularity Action Plan. To ensure the latter is fulfilled, the EU should:

- Reduce the consumption of primary materials and increase secondary-use rates of key materials by up to 70-80% through more circularity, as shown in our Paris Agreement Compatible (PAC) energy scenario.
- Leverage demand-side measures as a key driver for the timely decarbonisation of heavy industry, especially through product policy, such as ecodesign, and other solutions higher up the waste treatment hierarchy than just 'recycling' (e.g. direct reuse in construction). The inclusion of intermediary products within the scope of the Ecodesign for Sustainable Products Regulation (ESPR) was a good step in the right direction, which needs follow-up through secondary legislation setting ecodesign rules, prioritizing iron and steel products, which can boost competitiveness and spur innovation in the sector.
- Review public procurement rules to maximize the impact of the 14% of GDP spent by public authorities, prioritizing best-in-class products and services from both social and environmental perspectives.
- Introduce resource use targets in sectoral plans, to give companies the direction of travel needed for long-term investment perspectives.

Moreover, the EAHP and its ESHC should support Member States in making a **better use of existing tools such as National Building Renovation Plans** (NBRPs) to plan construction (and renovation/repurposing) activities in meeting their national housing needs, the EU energy and climate targets as well as preparing the construction value chain in a timely manner and mainstreaming circularity in the sector(s). NBRPs have clear requirements that could support Member States in better preventing and treating construction and demolition waste (CDW), maximising the benefits of renovations and/or repurposing of vacant spaces to further reduce the impacts of the WLC, and designing policies and measures to promote modular and industrialised solutions for construction and building renovation. Such approaches can reduce embodied carbon, minimise material waste, and improve circularity by enabling reuse of prefabricated components. They can also enhance data reliability for WLC assessments and help systematise their use (beyond construction activities, also for renovations).[48]

Lastly, but most importantly, **NBRPs are the perfect opportunity to evaluate the capacity of the construction, energy efficiency and renewable energy sectors vis-a-vis their national building/housing stocks' needs**. This point is particularly important to leverage to ensure that Member States assess properly the barriers and capacities of the latter sectors, especially if related to workforce, supply chain and materials.

47 https://www.pac-scenarios.eu/fileadmin/user_upload/PAC/PAC_documents/202408_PAC20_Technical_Summary.pdf

48 https://www.bpie.eu/wp-content/uploads/2022/07/BE_WLC_FINAL.pdf

Recommendations

- **Prioritise housing needs over housing demand:** the EAHP and its European Strategy for Housing Construction should ensure that construction of new housing supply matches actual EU housing needs and prioritises the delivery of affordable and social housing to ultimately avoid speculative demand, market volatility and price inflation in high-density areas. Embedding social housing targets (i.e. planning social housing construction based on the current or projected housing needs and setting up targets for the share of social housing in the local housing stock) in the EAHP to safeguard affordability and prevent speculation-driven "boom and bust" cycles.
- **Integrate zero-emission buildings standard and scale up circularity in new construction, renovation activities and smart urban planning:** in line with the EPBD recast, all new housing supply (especially affordable and social housing) must comply with ZEB standards. Because of the great material footprint of the sector in the EU, strengthening of life-cycle assessment of new constructions and planning a progressive reduction of whole-life carbon emissions, implementation of strategies to reduce embodied carbon and promotion of innovative approaches that can reduce primary material use and increase secondary material use through reuse, recycling, and modular construction are needed.
- **Strengthen alignment and complementarity across legislations and initiatives:** Ensure complementarity between the European Strategy for Housing Construction and existing frameworks: EPBD, CPR, ESPR, Green Public Procurement, EU Taxonomy, Clean Industrial Deal, Circular Economy Action Plan.
    - Reviewing Green Public Procurement rules could boost market transformation via maximising the sustainability impact of 14% of GDP spent by public authorities and prioritise best-in-class, low-impact products and services, using strong environmental and social criteria rather than voluntary labels.
    - EAHP and the European Strategy for Housing Construction should give impetus to set ambitious ecodesign requirements for high-impact construction materials, starting with iron and steel, under the ESPR, which will drive innovation and competitiveness in sustainable construction products.
- **Leverage existing planning tools to prepare the construction and renovation sectors on time:** EAHP and the European Strategy for Housing Construction should support Member States in making better use of NBRPs not only for renovation but also for planning new construction and repurposing activities in line with housing needs and EU climate goals. NBRPs should be used to develop and integrate measures for CDW prevention and treatment, as well as supporting modular, industrialised, and off-site construction approaches to improve efficiency and reduce emissions. Assessing sectoral capacity in construction and renovation sectors is crucial especially in view of addressing workforce, supply chain, and materials bottlenecks.

Strengthening the housing workforce: skills, jobs and fair working conditions

The EHAP, particularly within the framework of a future ESHC mentioned above, must ensure that the expansion of renovation and construction activity to meet affordable housing needs is not achieved at the expense of job quality, safety, and attractiveness in the sector. Public support to private companies, whether via State Aid or EU funding, should be conditional on strict social criteria, with clear monitoring and enforcement mechanisms to sanction non-compliance.

Sustained social dialogue with trade unions, social partners, and civil society organisations at all governance levels is essential to secure decent working conditions (encompassing safety and risk prevention), creation of sufficient direct jobs, fair wages, and inclusive recruitment. This will also enable targeted measures to address gender imbalances, attract young people into the sector, and protect workers' rights, including the right to unionise. By embedding such principles, the EAHP, and the ESHC can maximise the social benefits of the transition in the built environment.

To address the construction sector's skills and labour shortages, the Plan and Strategy should prioritise large-scale upskilling and reskilling along the housing value chain. This includes digital technologies, advanced manufacturing methods, promoting sustainable and circular industrialised renovation/construction methods, the integration of renewable energy systems and energy-efficient solutions. Improving occupational safety, including the removal of hazardous substances, enhanced ergonomics, and safer working methods, should also remain a core priority.

In tackling labour shortages, EU action should also focus on improving the recognition of professional qualifications across Member States, strengthening the enforcement of EU labour law, providing equal opportunities, protecting free movement, and supporting robust social dialogue between employers and employees. Such measures can create a more attractive and competitive construction sector capable of delivering on both the EU's housing and climate ambitions.

Recommendations

- **Disbursement of public support should remain contingent to high social standards:** Make public funding for housing construction and renovation conditional on compliance with robust social standards, including decent wages, safe working conditions, gender equality, sufficient direct jobs, and union rights, with effective monitoring and sanctions.

- **Social dialogue and workers' participation needs to be strengthened:** the EAHP and EU Strategy for Housing Construction should facilitate and support continuous engagement between government authorities, trade unions, social partners and civil society at all levels of governance. Workers' rights must be protected, including the right to unionise and access to collective bargaining supported.

- **Construction jobs need to become more attractive, inclusive and safe:** investment in upskilling and reskilling should be prioritised and progressively include digital technologies, sustainable and circular construction methods and renewable energy integration and energy efficiency building solutions. More importance should also be given to training on occupational safety, ergonomics, and the removal of hazardous substances, as this can improve the health and wellbeing of workers. Within the sector it is also crucial that the gender imbalances are tackled, as well as youth employment. The latter should be boosted through apprenticeships, mentorship programmes and career pathways. The integration of all of the above is a foundational step to deliver a strong European Strategy for Housing Construction that ensures that the transition in the built environment benefits both the people and the planet.

- **Labour shortages need to be tackled via an EU level action:** Strengthening EU labour laws, supporting cross-border recruitment while ensuring non-discriminatory, inclusive hiring practices can protect fair competition and workers rights. Therefore, the EAHP and its Housing Construction Strategy, should give impetus to initiatives that could improve the mutual recognition of professional qualifications across EU countries.

Inclusive governance for housing policy

To effectively address the housing crisis, **the EAHP should foster structured dialogue and multi-level governance that enable innovative and inclusive approaches to be scaled up.** Unlocking available housing spaces, targeting vulnerable regions or better identifying local housing needs requires governance mechanisms that connect all levels of decision-making with those closest to the housing reality on the ground.

This can be achieved by establishing **ad hoc observatories at local and regional level to monitor affordable housing needs, track renovation activities, and identify opportunities for bringing underused stock into the market** (particularly in congested housing areas). Where possible, these should build on existing structures such as one-stop shops, regional housing hubs, or integrated renovation platforms that coordinate access to housing and accelerate energy renovations.

Active stakeholder engagement, which needs to include NGOs, progressive industry, social partners, and citizens, should be systematically embedded into housing policy design, such as through the framework of NBRPs and other EU-level fora. Cities, as the closest tier of government to residents, hold unique knowledge of local needs and challenges, from housing shortages to renovation bottlenecks, and are best positioned to rally stakeholders towards tailored, widely supported solutions.

A stronger multi-level governance framework would ensure that national and EU-level housing strategies prioritise the most vulnerable group (i.e. homeless persons, low income tenants, and low-income owner-occupiers), especially those in the worst-performing homes, while addressing intersecting factors such as gender, age, ethnicity, disability, migration status, and family circumstances. **Empowered local authorities, equipped with adequate resources and embedded in regional cooperation networks, can lead inclusive planning and drive forward policies that both alleviate the housing crisis and advance the EU's energy transition goals.**

Recommendations

- **Establish and fund local and regional housing observatories, and hubs and/or one-stop shops** to monitor needs, coordinate renovation and activation of underused housing stock, and connect stakeholders in implementation. Promote and expand proactive "go-to" schemes across Europe to identify vulnerable households and support improvements to their homes in terms of energy efficiency, comfort, and overall living conditions.[49]

- **Embed structured, permanent consultation mechanisms with local authorities, civil society organisations, and social partners** in the governance of the European Affordable Housing Plan to ensure solutions are tailored, inclusive, and widely supported.

49 Example: the "Les Slime" programme in France https://www.lesslime.fr/

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