

HOUSING CRISIS IN THE EUROPEAN UNION

The housing crisis is a growing problem in Europe. In fact, 10% of EU households are spending over 40% of their income on housing. While housing policy is primarily a national competence, the EU's role in internal market, social, cohesion and environmental policy underpins EU action in this sector. The European Pillar of Social Rights and the Renovation Wave strategy sanctioned more EU action to specifically tackle homelessness and ensure affordable and decent housing and living conditions.

LEGAL BASIS

Article 3(3) of the Treaty on European Union (TEU), and Articles 9, 14, 148, 153, 160, and 168 of the Treaty on the Functioning of the European Union (TFEU). Protocol No 26 to the TEU and to the TFEU on services of general interest.

The Charter of Fundamental Rights of the European Union, particularly Article 34(3) on social security and social assistance which stipulates that 'to combat social exclusion and poverty, the EU recognises and respects the right to social and housing assistance so as to ensure a decent existence for all those who lack sufficient resources'.

OBJECTIVES

Article 3(3) TEU states that within the establishment of an internal market, the EU must 'promote economic, social and territorial cohesion', 'combat social exclusion', and ensure a 'high level of protection and improvement of the quality of the environment'. While housing policy remains a national competence, these principles provide a basis for EU action in the housing sector.

Articles 9, 14, 148, 153, and 160 (TFEU), establish the EU's varying responsibilities regarding the promotion of employment, guaranteeing social protection and fighting social exclusion. Access to decent housing is fundamental in this regard and therefore important at EU level. Article 168 (TFEU) specifies that EU action should be directed at enhancing public health, preventing both physical and mental illnesses and eliminating threats to physical and mental well-being. Good housing conditions are essential for ensuring people's physical and mental health and are therefore relevant to the public health context.

Protocol No 26 to the TEU and TFEU on services of general interest (SGIs) emphasises the EU's commitment to ensuring that SGIs, many of which are relevant for providing decent housing, are issued effectively and respect both the roles of various authorities and the diverse needs across the EU.

ACHIEVEMENTS

A. The European Pillar of Social Rights and its action plan

The [European Pillar of Social Rights](#) (EPSR) (2017) sets out 20 principles ([2.3.1](#)) on citizens' rights. Under Chapter III on social protection and inclusion, Principle

19 establishes the right to housing and assistance to the homeless. This principle lays down vulnerable individuals' rights to social housing, quality housing assistance and protection against forced evictions. It also stipulates homeless people's right to adequate shelter and services. Though the EPSR is not legally binding, it encompasses legislative and soft law measures, such as recommendations or opinions, to promote fairness and inclusivity in the EU.

In March 2021, the Commission presented the [EPSR action plan](#), which offered concrete actions and proposed headline targets for the EU to reach by 2030 in order to implement the EPSR and bring it into operation. The [European Platform on Combatting Homelessness](#), one of the deliverables of the EPSR action plan, was launched through the June 2021 [Lisbon Declaration](#). The aim of the platform is to catalyse the eradication of homelessness by 2030 under the wider target of reducing poverty in the EU by at least 15 million by 2030. The platform does this by establishing common objectives to eradicate homelessness and by enabling and bringing together actors, including Member States and civil society, to exchange knowledge and practices. The European Social Fund Plus and InvestEU are among the EU funding mechanisms available to support actions against homelessness.

Another deliverable of the 2021 EPSR action plan was the revision of the [Social Scoreboard](#). It aimed to update and improve the indicators that monitor progress towards the implementation of the EPSR principles. The revised Social Scoreboard came to include a headline indicator of 'housing cost overburden' and maintained the secondary indicator of 'severe housing deprivation (owner and tenant)' in order to more comprehensively measure social protection and inclusion. Developments in the housing sector are now better included in employment and social policy coordination in the context of the European Semester ([2.6.4](#)).

B. Renovation Wave strategy

As part of the European Green Deal, the Commission launched its [Renovation Wave strategy](#) on 14 October 2020. Its aims are to improve energy efficiency, boost the economy and deliver better standards of living. For instance, as buildings in the EU are responsible for 40% of the energy consumption in the EU, 75% of which exhibit poor energy performance, the strategy aims to improve those values. To deliver on EU climate targets, it works to double the annual rates of energy renovations in public and private buildings by 2030 and achieve a fully decarbonised building stock by 2050. Additionally, the Renovation Wave addresses energy poverty and aims to ensure that all households, including persons with disabilities and older people, have access to safe and healthy housing.

The [New European Bauhaus](#) (NEB) initiative was launched in 2021 under the Renovation Wave strategy to accelerate the green and digital transformation in various sectors, such as the construction sector. It facilitates renovation projects that contribute to the sustainability, inclusivity and aesthetic of European living spaces. Balancing both social inclusion and economic interests, the NEB engages with grassroots communities, providing them with guidance and tools for building renovations, as well as targeted policy advice. The NEB also grants access to EU funding for sustainable renovations, most notably through the NEB facility. The

Commission's Political Guidelines 2024-2029 (see section C below) are committed to an enlargement of the NEB community in the coming years.

The [affordable housing initiative](#) (AHI) is a flagship of the NEB. The AHI pilots the renovation of 100 lighthouse districts (working models of affordable, decent homes) by 2030. It ensures that social and affordable housing facilities also benefit from the Renovation Wave strategy by helping local social and affordable housing projects to access the technical tools and innovations they need.

In December 2021, the Commission published the proposal for a revised [Energy Performance of Buildings Directive](#) (EPBD). The final act was signed on 24 April 2024 and entered into force in May 2024. The Directive sets the standard that all new buildings in the EU must be zero-emission by 2030, with new public buildings required to meet this standard by 2028. The set EU-wide minimum energy performance standards aim to improve living conditions in the worst-performing buildings, with Member States required to support compliance, particularly for the most vulnerable, through funding, assistance and social impact monitoring. Together with the revised [Energy Efficiency Directive](#) from 2023, the EPBD facilitates targeted investments in the building sector, while simultaneously combating energy poverty and supporting vulnerable social groups.

C. Political Guidelines 2024-2029

In its [Political Guidelines for 2024-2029](#), presented in July 2024, the Commission highlighted the housing crisis as an issue and outlines prospective actions to address it. As such, for the first time, a Commissioner has been appointed with the responsibility for housing, combined with that for energy. This role includes putting forward the first-ever European Affordable Housing Plan, which the Commissioner announced would come in early 2026. To support the Commissioner's work, a new Housing Task Force has been set up. Additionally, a [Commissioners Project Group on Affordable Housing](#) has been set up which will see the collaboration of various Commissioners on the topic of affordable housing for at least one year.

In accordance with the Political Guidelines, on 6 March 2025, the European Investment Bank and the Commission jointly laid the foundations for the [pan-European investment platform](#). The platform should offer new financing opportunities for affordable and sustainable housing throughout Europe. Moreover, on 1 April 2025, as part of the [Communication on a modernised Cohesion policy](#), the Commission committed to 'enabling Member States to double the planned cohesion policy (3.1.1) investments in affordable housing'. In the current 2021-2027 programming period, the cohesion policy already allocates EUR 7.5 billion to improving the EU's housing sector.

The Commission further intends to revise its State aid rules, as affirmed in its Political Guidelines. Housing is subject to EU internal market and competition rules, thereby limiting the support that the Member States can offer the sector through State aid (2.6.12). The new revisions will allow for increased housing support measures within the realms of affordability, energy efficiency and social housing. The Social Climate Fund will play a significant role in providing assistance to the housing sector.

ROLE OF THE EUROPEAN PARLIAMENT

Parliament's [resolution of 17 September 2020 on maximising the energy efficiency potential of the EU building stock](#) set the groundwork for the revised 2024 EPBD. The resolution focuses on four key areas of building policy:

1. integrating communities into building plans to tackle energy poverty;
2. ensuring that vulnerable groups have access to financial support for energy efficiency through public-private partnerships;
3. allowing the Member States flexibility in construction materials and technologies;
4. tracking improvements with a renovation passport to promote better standards and healthier buildings.

Parliament's [resolution of 21 January 2021 on access to decent and affordable housing for all](#) called on the Commission to propose an EU framework for national homelessness strategies. It also called on the Member States to provide homeless people with housing as a means to reintegrate them into society. As many EU citizens live in precarious, low-quality housing conditions, Parliament emphasised the need to provide adequate and hygienic living conditions for all. Parliament further expressed the urgency of tackling the housing overburden rate, as almost 10% of all EU households spend 40% or more of their income on housing. Moreover, the resolution points out that the 'expansive growth of short-term holiday rentals is removing housing from the market and driving up prices'. It therefore calls for a regulatory framework for short-term accommodation rentals within the Digital Services Act.

On 7 November 2022, the Commission published its [proposal for a regulation on data collection and sharing relating to short-term accommodation rental services](#). Parliament and Council reached an agreement in November 2023 and signed the final act on 11 April 2024. The new regulation harmonises requirements on how data related to short-term rental services should be collected and shared. The enhanced harmonisation should increase transparency in the sector and allow local policymakers to accurately assess the impact of short-term rentals on local economies and thereby implement proportionate policy measures.

On 18 December 2024, Parliament voted to set up a new [Special Committee on the Housing Crisis in the European Union](#) (HOUS) for a 12-month period. The special committee is tasked with presenting a final report at the end of its term. Its objective is to propose solutions for decent, sustainable and affordable housing in Europe. The special committee has numerous responsibilities, such as mapping current housing needs, analysing the existing relevant housing policies, and assessing barriers affecting the construction sector. The recommendations in the final report of the HOUS Special Committee will be considered in the Commission's European Affordable Housing Plan in 2026.

Revisiting the issue of short-term rental platforms, in December 2022, the Commission presented the [VAT in the Digital Age package](#). According to the new rules, platforms offering short-term accommodation services will be responsible for collecting and remitting VAT to tax authorities when their users do not. The new rules aim to put an end to unfair competition by ensuring fair taxation of both traditional

and online short-term accommodation services. Parliament was consulted under the special legislative procedure and adopted its [legislative resolution of 12 February 2025 on the draft Council directive amending Directive 2006/112/EC as regards VAT rules for the digital age](#). The package was then formally adopted by the Council in March 2025.

Parliament is preparing a [report on the role of cohesion policy investment in resolving the current housing crisis](#). Work on the report is being led by the Committee on Regional Development (REGI). The draft report was presented in committee on 6 March 2025 and will go through the committee vote later in 2025. The report highlights the need for the housing crisis to be addressed in the updated cohesion policy for the period 2021-2027 and beyond.

For more information on this topic, please see the website of the [Special Committee on the Housing Crisis in the European Union](#).

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