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## **DRAFT REPORT**

on the housing crisis in the European Union with the aim of proposing solutions for decent, sustainable and affordable housing  
(2025/2070(INI))

Special Committee on the Housing Crisis in the European Union

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## MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

**on the housing crisis in the European Union with the aim of proposing solutions for decent, sustainable and affordable housing  
(2025/2070(INI))**

*The European Parliament,*

- having regard to its decision of 18 December 2024 on setting up a special committee on the Housing Crisis in the European Union, and defining its responsibilities, numerical strength and term of office<sup>1</sup>,
- having regard to the Treaty on European Union (TEU), in particular Articles 5(1) and 5(3) thereof and Protocol No 2 thereto on the application of the principles of subsidiarity and proportionality,
- having regard to the Treaty on the Functioning of the European Union (TFEU), in particular Articles 9, 14, 151 and 153 thereof and Protocol No 26 thereto on services of general interest,
- having regard to the report of 31 May 2021 by the Organisation for Economic Co-operation and Development (OECD) entitled ‘Brick by Brick: Building Better Housing Policies’,
- having regard to Articles 16, 17 and 34(3) of the Charter of Fundamental Rights of the European Union,
- having regard to Regulation (EU) 2024/1028 of the European Parliament and of the Council of 11 April 2024 on data collection and sharing relating to short-term accommodation rental services and amending Regulation (EU) 2018/1724<sup>2</sup>,
- having regard to Commission Decision 2012/21/EU of 20 December 2011 on the application of Article 106(2) of the Treaty on the Functioning of the European Union to State aid in the form of public service compensation granted to certain undertakings entrusted with the operation of services of general economic interest (C(2011)9380),
- having regard to the Commission communication 29 January 2025 entitled ‘A Competitiveness Compass for the EU’ (COM(2025)0030),
- having regard to Principle 19 of the European Pillar of Social Rights,
- having regard to the Commission communication of 1 April 2025 entitled ‘A modernised Cohesion policy: The mid-term review’ (COM(2025)0163),
- having regard to the opinion of the European Economic and Social Committee of 16 September 2020 on ‘Universal access to housing that is decent, sustainable and

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<sup>1</sup> OJ C, C/2025/1982, 11.4.2025, ELI: <http://data.europa.eu/eli/C/2025/1982/oj>.

<sup>2</sup> OJ L, 2024/1028, 29.4.2024, ELI: <http://data.europa.eu/eli/reg/2024/1028/oj>.

affordable over the long term' (own-initiative opinion)<sup>3</sup>,

- having regard to the European Investment Bank Group's Action Plan for Affordable and Sustainable Housing, launched in June 2025,
  - having regard to Opinion 02/2025 (pursuant to Article 322 TFEU) of the European Court of Auditors of 6 May 2025 concerning the Commission proposal of 1 April 2025 for a regulation of the European Parliament and of the Council amending Regulations (EU) 2021/1058 and (EU) 2021/1056 as regards specific measures to address strategic challenges in the context of the mid-term review (COM(2025)0123) and the Commission proposal of 1 April 2025 for a regulation of the European Parliament and of the Council amending Regulation (EU) 2021/1057 establishing the European Social Fund + (ESF+) as regards specific measures to address strategic challenges (COM(2025)0164),
  - having regard to Rules 55 and 213 of its Rules of Procedure,
  - having regard to the report of the Special Committee on the Housing Crisis in the European Union (A8-0000/2026),
- A. whereas a home is more than just a shelter and constitutes the foundation for families and communities to grow and thrive<sup>4</sup>; whereas housing unaffordability is increasingly affecting not only low-income but also middle-income families across Europe<sup>5</sup>; whereas young Europeans are particularly affected, facing increasing difficulty in leaving their parents' home, which, in 2023, was happening at an average age of 26.3<sup>6</sup>; whereas investing in families means investing in the future of Europe;
- B. whereas housing policies fall within the competences of the Member States and the EU is bound to respect the principle of subsidiarity in accordance with Article 5(1) TEU; whereas EU policies can have direct and indirect effects on the drivers of housing supply and demand; whereas a comprehensive and tailor-made approach, opposing a 'one-size-fits-all' principle, is needed;
- C. whereas housing challenges are diverse across the Member States, regions and cities, including rural areas, islands and the outermost regions; whereas the role of local, municipal and regional authorities is key, both in identifying needs and in developing tailor-made measures to address local challenges; whereas promoting a comprehensive urban strategy is essential, particularly in depopulated, rural and insular areas;
- D. whereas the main cause of this crisis is the limited supply of housing stock, both private and public, resulting from insufficient construction and underinvestment over the past number of decades; whereas in 2024, the floor area index saw a further decline of 1.6 %

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<sup>3</sup> OJ C 429, 11.12.2020, p. 93.

<sup>4</sup> European Economic and Social Committee, 'Secure access to social and affordable housing for all', 2024, <https://data.europa.eu/doi/10.2864/8806922>.

<sup>5</sup> European Commission: European Construction Sector Observatory, 'Housing affordability and sustainability in the EU', November 2019.

<sup>6</sup> European Parliament, 'Rising housing costs in the EU: the facts (infographics)', European Parliament website, 17 October 2024.

and the dwelling index stagnated<sup>7</sup>; whereas in 2023, building permits fell by 14.6 % for floor area and by 19.6 % for the number of dwellings, and have significantly decreased since 2021<sup>8</sup>; whereas this downward trend highlights the need for legal certainty and greater efficiency in permitting procedures; whereas the housing affordability crisis presents not only a social challenge, but also a major economic threat to the EU's competitiveness; whereas it is therefore necessary to increase the construction and renovation of dwellings both for sale and for rent;

- E. whereas speeding up land transformation and management processes is crucial to ensure the availability of land for final construction; whereas the current complexity and length of urban planning procedures, which often take over a decade, hinder the development of new housing supply; whereas, according to the OECD, these mismatches in supply and demand stem from geographical constraints and regulatory restrictions in many cities, including those related to land use and zoning provisions<sup>9</sup>;
- F. whereas 10.6 % of EU citizens reported being unable to adequately heat their homes in 2023<sup>10</sup>; whereas key EU legislation has influence in this area, and realistic solutions are needed;
- G. whereas housing is subject to an excessive tax burden, with the marginal effective tax rate<sup>11</sup> on owner-occupied housing accounting for up to 30 % in some of the Member States<sup>12</sup>;
- H. whereas construction costs markedly increased from 2021 onwards, following the COVID-19 pandemic<sup>13</sup>, and were further exacerbated by Russia's war of aggression against Ukraine, leading to supply chain disruptions, higher energy prices, labour shortages and rising interest rates;
- I. whereas, despite some recovery since, construction output in 2019 was still 8.3 % lower than it had been in 2007<sup>14</sup>; whereas productivity, efficiency and cost-effectiveness can be improved via digitalisation of permits and administrative procedures, robotisation, artificial intelligence, modular and offsite construction, and serial and industrial construction, among other measures;
- J. whereas EU citizens have a right to property, as laid out in the EU Charter of Fundamental Rights; whereas 69.2 % of EU households were owner-occupiers in 2023<sup>15</sup>, reflecting the importance of property ownership as a driver of stability; whereas disrespect for property affects communities and especially small property owners;

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<sup>7</sup> Eurostat, 'Building permit index overview', Eurostat website, April 2025.

<sup>8</sup> Ibid.

<sup>9</sup> OECD, *Brick by Brick: Building Better Housing Policies*, OECD Publishing, Paris, 2021.

<sup>10</sup> Eurostat, 'SDG 7 - Affordable and clean energy', Eurostat website, April 2025.

<sup>11</sup> Millar-Powell, B. et al., *Measuring effective taxation of housing: Building the foundations for policy reform*, OECD Taxation Working Papers, No. 56, OECD Publishing, Paris, <https://doi.org/10.1787/0a7e36f2-en>.

<sup>12</sup> Instituto de Estudios Económicos, 'La fiscalidad de la vivienda en España – Una propuesta de mejora', Instituto de Estudios Económicos website, May 2025.

<sup>13</sup> Eurostat: Statistics Explained, 'Construction producer price and construction cost indices overview', Eurostat website, October 2024.

<sup>14</sup> Eurostat, 'Key figures on European business – Construction', Eurostat website, June 2022.

<sup>15</sup> Eurostat, 'Living conditions in Europe - housing', Eurostat website, December 2024.

whereas the Member States and public authorities bear responsibility for addressing owners' rights, vulnerable households and families with housing needs;

- K. whereas companies in the construction and renovation sector have reported a lack of skilled workers<sup>16</sup>; whereas the construction workforce is among the five main occupational groups facing labour shortages in Europe;
- L. whereas in 2019, approximately 3.4 million enterprises were active in the EU construction sector<sup>17</sup>, most of them small and medium-sized enterprises (SMEs)<sup>18</sup>, producing EUR 549 billion worth of added value and employing 12.7 million people;
- M. whereas access to housing finance is essential to meet housing needs, as well as to support construction and renovation; whereas improving access to credit, without compromising on macroeconomic prudence, should be part of a balanced response to the housing crisis; whereas access to credit for construction has significantly tightened since 2008, with banks reporting declining loan demand across the EU, particularly in the real estate sector<sup>19</sup>; whereas private developers are well positioned to deliver diverse housing solutions efficiently and sustainably, without requiring extensive state intervention;
- N. whereas social and affordable housing is financed by national, regional, and local authorities, as well as final users of the homes; whereas about 7 % of the EU's Recovery and Resilience Facility (RRF) fund in 2024 was spent on social housing and other social infrastructure; whereas the European Investment Bank (EIB) Group launched its first action plan for affordable housing in June 2025<sup>20</sup>; whereas the EIB action plan includes financial instruments such as debt finance, intermediated loans, equity and counselling services; whereas the EIB underlines that the main challenge of the housing crisis is a lack of supply issue, which affects social cohesion and EU competitiveness;
- O. whereas the Commission's proposal for the mid-term review of the cohesion policy includes the possibility of doubling the funding available for affordable housing, as well as the option for the Member States to voluntarily reallocate part of their current funding programmes; whereas the European Court of Auditors has underlined that this proposal does not include any reference to a gap analysis identifying where EU intervention is most needed<sup>21</sup>; whereas cohesion policy funds should be deployed strategically and with efficient and transparent procedures; whereas cohesion policy alone cannot resolve the current housing crisis as, according to the economic analysis performed for the EIB Report 2024-2025<sup>22</sup>, the investment gap in affordable housing is estimated at EUR 270 billion per year; whereas public funds should be complemented

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<sup>16</sup> European Labour Authority, *Report on labour shortages and surpluses 2023*, May 2024, p. 51.

<sup>17</sup> Eurostat, 'Key figures on European business – Construction', Eurostat website, June 2022.

<sup>18</sup> SMEunited, 'Construction' SMEunited website.

<sup>19</sup> European Central Bank, *The euro area bank lending survey – Fourth quarter of 2023*, European Central Bank website, January 2024.

<sup>20</sup> Koh, P. 'Affordable housing in Europe needs creative ideas to bridge funding gap', European Investment Bank Group website, 3 July 2025.

<sup>21</sup> European Court of Auditors, Opinion 02/2025, May 2025.

<sup>22</sup> European Investment Bank Group, *EIB Investment Report 2024/2025 – Innovation, integration and simplification in Europe*, European Investment Bank, March 2025.

by attracting private investment;

- P. whereas, in 2023, young people across the EU left their parental home on average at the age of 26.3<sup>23</sup>, and in certain Member States almost 70 % of young adults aged 18-34 had no alternative but to continue living with their parents<sup>24</sup>; whereas this delay in leaving their family home prevents younger generations from starting an independent life and forces many citizens to postpone important life decisions such as starting a family;
- Q. whereas there is an ongoing housing crisis in Europe that affects mainly low- and middle-income households<sup>25</sup>; whereas the loss of purchasing power within low- and middle-income households negatively affects the possibility of their acquiring or renting affordable housing; whereas real estate investments guarantee the right to property, as laid out in the EU Charter of Fundamental Rights, and provide a source of additional income for pensioners and families who have invested their hard-earned savings;
- R. whereas affordable housing and social housing lack consistent definitions both in academic literature and in the EU *acquis*, and the criteria for determining them fall exclusively within the remit of each Member State; whereas the new emphasis on housing at EU level has spurred a lively policy debate around suitable pan-European definitions which could facilitate investments; whereas UN-Habitat considers housing to be affordable when net monthly housing expenditure does not exceed 30 % of a household's total monthly income<sup>26</sup>; whereas this approach is compatible with definitions and criteria used in the Member States and different EU institutions and bodies, which have affordable housing policies and regulatory frameworks; whereas Parliament is an active participant in this debate and may adapt, if needed, the basic definitions following further interaction with other EU institutions and bodies, as well as the Member States and other stakeholders;
- S. whereas more data on the housing situation and needs in the Member States is essential; whereas data collection and comparability remain a challenge, as housing policies are deeply rooted in local and territorial contexts; whereas, according to the Commission, more evidence is needed on the impact of short-term rentals on housing market prices; whereas the OECD has emphasised that greater flexibility in landlord-tenant relations, including in the area of rent control, can encourage housing investment, ease supply-demand mismatches and lower barriers to residential mobility<sup>27</sup>;

### ***The role of the EU on housing policies***

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<sup>23</sup> Eurostat, 'Age of leaving the parental home steady in 2023', Eurostat website, 30 September 2024.

<sup>24</sup> Eurostat, 'Share of young adults aged 18-34 living with their parents by self-defined current economic status', Eurostat website, July 2025.

<sup>25</sup> Declós, C., 'From market good to social right? Shifting approaches to housing in Europe', Barcelona Centre for International Affairs, 30 September 2021.

<sup>26</sup> UN-Habitat, 'Capacity Development on SDGs Indicators' Monitoring and Reporting – Indicator 11.1.1: Adequate housing and slum upgrading', UN-Habitat website, April 2022.

<sup>27</sup> OECD, *Brick by Brick: Building Better Housing Policies*, OECD Publishing, Paris, 2021.

### *The EU and national authorities*

1. Expresses concern about the housing crisis affecting the EU, in particular its impact on young people and low- and middle-income families; is concerned about the challenges that young people face in leaving their family home and making personal choices that influence their family lives;
2. Welcomes the Commission's task of developing an ambitious new strategy for housing construction and an affordable housing plan, provided that it respects the principle of subsidiarity and is based on data and evidence, taking into account the specific needs of each Member State, region and local authority; calls on the Commission to convene the first EU housing summit;

### *Local and regional authorities*

3. Calls for the EU and its Member States to respect and emphasise the key role of local and regional authorities in identifying housing needs and designing targeted measures for the local population; underlines the importance of promoting integrated urban strategies; calls for it to be ensured that local authorities have direct access to EU housing funds and are empowered to manage them, due to their proximity to the realities of local needs;
4. Calls for promoting simplification and increased capacity building through a multilevel governance approach, including administrative and digital measures, to develop sustainable and affordable housing projects; calls on the Commission to issue best practices, in this regard, focused on depopulated and depopulating areas; calls for the promotion of connectivity projects in rural, cross-border, insular and outermost regions to ensure the right to stay and enable the local population to live in their place of origin; calls for the Commission to issue a specific housing plan for rural, insular and outermost regions as well as for cross-border cooperation, in this respect;

### ***Increasing supply***

#### *Reducing regulatory burdens and promoting simplification*

5. Underlines that the main cause of the housing crisis is the insufficient supply of dwellings; calls on the public authorities to provide urgent measures to boost housing supply by reducing regulatory burdens along the entire value chain, eliminating obstacles and red tape and alleviating bottlenecks in local, national and EU legislation that undermine the competitiveness of the construction and renovation sectors; calls for a horizontal EU regulatory-burden check; in this vein, calls for a joint regulatory audit by the Commission and the European Court of Auditors of EU legislation that may be hindering housing supply; recalls that evidence shows that price controls and stringent interventions are ineffective, often worsening the situation;
6. Urges efforts to improve the availability of building land, particularly in densely populated areas; urges competent public authorities to mobilise publicly owned land and ease zoning processes for the construction of both social and affordable housing; calls on the Member States to adopt integrated approaches that reconcile environmental and economic objectives;



7. Calls on the competent public authorities to ease permitting processes to make them significantly faster and simpler, including through measures such as introducing the principle of positive administrative silence for the issuance of building permits for new construction and renovation works, except in cases involving environmental, heritage or historical protection; calls on the Commission to issue a study evaluating the causes of the excessive time required to obtain permits and undergo licencing procedures;
8. Believes that the EU should maintain a level playing field and ensure the efficient use of public resources; calls for increased efforts to combat energy poverty; calls on the Commission and the Member States to fully integrate the Commission's Renovation Wave strategy into housing policies, ensuring that building renovation is not only focused on energy efficiency, but also on increasing housing supply;
9. Calls on the Member States to promote an efficient and incentive-based tax system for housing policies; considers that the OECD's international standards regarding housing policies, such as tax relief for the consumer, flexibility in landlord-tenant relations and avoiding rent controls, have proven beneficial, encouraging housing investment and helping to curb house price pressures, thereby stimulating supply in high-demand areas;

#### *Construction materials*

10. Requests that the Commission issue a report on the EU legislation that affects the price and supply of construction materials, with a view to identifying, reviewing and removing factors that contribute to cost increases;

#### *Productivity and innovation*

11. Encourages the competent public authorities to invest in innovation within the housing sector not only to improve the quality of housing stock, in terms of energy efficiency, acoustic and thermal insulation, structural solidity and affordability, but also to foster productivity and efficiency in the construction process itself, through faster, more cost-effective and less labour-intensive methods, including the industrialisation and digitalisation of building techniques; calls for EU and national funds to strengthen support for innovation in the construction sector, particularly that driven by micro-enterprises and SMEs focused on research into new materials;

#### *Granting legal certainty: the fundamental right to private property*

12. Recalls that EU citizens have the right to own, use, dispose of and inherit lawfully acquired possessions; calls for coordinated policies at EU level to prevent and address all forms of illegal housing occupation, as a key element for ensuring legal certainty, economic stability and security; calls for the establishment of a European register of illegal occupation to support cooperation, data collection and information-sharing between the Member States and to identify patterns of criminally-linked occupation; considers it essential to uphold the right to property and combat illegal occupation, ensuring effective and swift legal mechanisms for the recovery of property;

#### *Tackling specific labour needs: attracting talent and innovation*

13. Is concerned about the labour gap and the lack of competitiveness in the construction

and renovation sectors, and the shortage of skilled workers; encourages construction companies to invest more in vocational education and training (VET) of young people, as well as lifelong learning to upskill and reskill their workers;

14. Urges the Member States and the Commission to effectively use existing tools for matching skills in the construction sector, in line with the Construction Industry Skill Card within the European Centre for the Development of Vocational Training (Cedefop), in order to help regions with severe workforce shortages; welcomes the Commission's proposal for a single digital declaration portal to reduce the administrative burden for the posting of workers<sup>28</sup> and calls for its swift negotiation and implementation; urges the Member States to make use of the voluntary common electronic form for declarations for the posting of workers;

#### *Small and medium-sized enterprises*

15. Calls on the Member States to strongly support micro-enterprises, SMEs and the self-employed in the construction and housing sectors, and stresses the importance of removing regulatory barriers that hinder their competitiveness, talent attraction and market access; recognises the work and effort of the self-employed as the core labour force in these sectors, and calls for special protection for them;

#### *Public housing supply*

16. Acknowledges that the availability and allocation of public housing contribute to increasing the housing supply for vulnerable groups; calls on the Member States to consider projects to rehabilitate public buildings for housing and convert unused public building stock into social housing, where relevant; underlines the importance of providing public housing solutions for targeted groups, such as young people, students or essential workers;

#### *Securing funding and easing investments*

##### *Private investment*

17. Urges the mobilisation of private investment, as the public sector alone cannot address the current lack of liquidity in the market; calls for the Member States and the EU institutions to enable the conditions to attract private investment for the construction of housing for low- and middle-income households; calls for the completion of the Savings and Investments Union as a way to enhance the availability of private capital across borders; notes the review of the EU securitisation framework presented by the Commission on 17 June 2025, with due attention to safeguarding financial stability to incentivise private investment;

##### *Public and private cooperation*

18. Calls for stronger mechanisms for cooperation between the public and private sectors to leverage private sector expertise, offering incentives for companies involved in

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<sup>28</sup> European Commission, 'A new digital platform for declaring posted workers', European Commission website, November 2024.

affordable housing projects, including investment in infrastructure development in rural and depopulated areas; encourages the Commission to ensure that the Renovation Wave strategy creates real investment opportunities for the private sector, facilitating public-private partnerships in large-scale urban renewal projects;

### *Public funding*

19. Advocates a strategic and efficient deployment of investments in the housing sector through the use of existing EU funds, such as the Cohesion Fund or NextGenerationEU, and the role of the EIB, where feasible, ensuring that Member State policies are respected and that inflationary pressures are avoided; encourages the Commission and the Member States to include efficient, transparent, inclusive and fair allocation mechanisms for beneficiaries of EU funds and financial instruments, ensuring the economic development of territories;
20. Considers that a modernised cohesion policy should not only boost growth, promote convergence between regions and avoid fragmentation within the single market, but also address urban development and housing challenges; calls for stronger financial support to local entities for the development of affordable public housing, while encouraging the Member States to ensure that EU funding is used efficiently and transparently across all national, regional and local levels of governance; calls for EU investments to respect compliance with accessibility measures for elderly people and persons with disabilities, without putting disproportionate and unnecessary burdens on housing construction and renovation;
21. Endorses the role of the EIB in catalysing public funding and private financing for the affordable housing sector; supports the EIB Group's Action Plan for Affordable Housing and its intention to collaborate with the Commission to address the shared challenges in enabling access to finance for affordable housing, including stimulating investment in innovative construction to reduce costs and construction time; supports the establishment of a pan-European investment platform, together with national promotional banks and institutions, aimed at increasing funding for the housing sector and supporting the Member States to develop enabling policy frameworks where needed, while maintaining the EIB's role as an investment bank and safeguarding its triple A status; welcomes the types of projects financed, such as affordable housing for key professions, student accommodation and residences for the elderly; supports the establishment of the 'More homes. Better homes' online portal as a building block for the pan-European investment platform;

### *Supporting housing demand*

#### *Young people*

22. Emphasises the need to pay particular attention to younger and future generations, especially in areas with low rates of economic independence and where young people take longer to leave their family home; calls on the Member States and local authorities to promote measures enabling young people to access housing credit, including incentives such as reduced transaction rates for young buyers and first-time buyers; calls for exemptions from transaction taxes for first-time buyers who occupy the property for a certain period; supports the provision of low-interest loans for first-

time buyers; urges the introduction of guarantees covering up to 100 % of the investment to facilitate access to credit for young first-time buyers, without compromising the financial stability of households or putting upward pressure on market prices;

23. Invites the Commission and the Member States to promote better access to rental housing solutions, such as student accommodation, particularly to support the national mobility of students relocating to another city, as well as for Erasmus+ experiences, academic exchanges and traineeships;

#### *Low- and middle-income households*

24. Invites the Member States to explore tailor-made programmes, including the provision of affordable housing, to tackle the difficulties in access to housing for low- and middle- income households, paying special attention to strategic and essential workers, such as doctors and nurses, teachers and security officers;
25. Welcomes the Commission's consultation, launched on 5 June 2025, on the revision of the State aid rules for services of general economic interest (SGEI), together with an evaluation of the potential consequences of expanding their scope; underlines the importance of an *ex ante* impact assessment on a country-by-country basis of any proposed changes to the SGEI rules;

#### *Families*

26. Believes that it is necessary to promote a European action plan for the support of families, paying particular attention to large families, single-parent families and families in vulnerable situations; acknowledges the existence of a generational housing gap, as delayed access to housing might be one of the factors that undermines family formation and aggravates Europe's demographic challenges;

#### *Homelessness*

27. Emphasises the existence of the European Platform on Combatting Homelessness and calls for the strengthening of its work; calls on the Member States to take further action to ensure that homeless people can access social housing, and recalls that action on homelessness is part of social policy as a competence of the Member States; calls for the accelerated implementation of the European Child Guarantee to prevent and tackle child homelessness;

#### *Data exchange and analysis*

28. Encourages the use of Eurostat to collect, analyse and share housing data through a newly created dedicated EU digital platform for real-time housing data, ensuring the interoperability of existing data sources and avoiding the duplication of efforts; calls on the Commission to develop an annual European housing report, providing a systematic and comparative overview of housing developments across the EU; encourages complementary periodic reports on the allocation and utilisation of EU housing funds to ensure transparency, accountability and efficiency in addressing housing challenges;

29. Calls on the Commission to carry out a data- and evidence-based impact assessment of the effects of short-term rentals on housing prices, both in macro and micro real estate markets, as well as of the availability of existing housing stock, following the full implementation of Regulation (EU) 2024/1018 on short-term rentals; recognises the difficulties related to system interoperability, as well as the challenges faced by micro-enterprises and SMEs in meeting the obligations of this Regulation; welcomes Commission President Ursula von der Leyen's September 2025 announcement<sup>29</sup> of a legal initiative on short-term rentals to tackle the remaining issues; calls for a balanced approach that reconciles property ownership and sustainable tourism with the need to preserve the availability of housing and liveability in historic city centres;

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30. Instructs its President to forward this resolution to the Council, the Commission, the European Council, the governments and parliaments of the Member States, the European Economic and Social Committee, the European Committee of the Regions and the heads of the EU's regional authorities.

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<sup>29</sup> European Commission, '2025 State of the Union Address by President von der Leyen', European Commission website, 10 September 2025.

## EXPLANATORY STATEMENT

Access to housing in the Union has become a crucial challenge of our time, and one of the main concerns of our citizens. Over the past eight years, house prices in the Union have risen by an average of 48%, while rents have increased by 18%, often representing up to 40% of a household's monthly income<sup>1</sup>. When housing becomes unaffordable, it disproportionately affects young people and undermines the stability of families. This is why guidance and support from the European institutions can provide added value in addressing this emergency, making this report particularly important.

While housing policy remains a national, regional, and local competence according to the principle of subsidiarity, a pattern of shared root causes, some anchored in EU legislation, is emerging across Member States. This calls for a multi-level governance approach based on tailor-made housing policies, recognising that a 'one-size-fits-all' principle has no place in this context, thus respecting the specificities of each EU housing market. The Union cannot and should not replace Member States in managing housing policy. However, it must act as a catalyst by removing barriers, unlocking investment, and creating enabling conditions, so that all citizens, families, and future generations can have access to a place they can call home.

The primary driver of the rise in housing prices is the persistent imbalance between housing demand and supply forces, with demand remaining at historically high levels while the housing stock continues to be rigid and unresponsive to market signals. Therefore, effectively addressing the housing shortage and appropriately incentivizing market forces is of paramount importance. Evidence indicates that price controls and stringent market interventions are ineffective, as they create uncertainty, discourage investment, and deter those who could work effectively across all levels of governance to help expand supply. Similarly, squatting, including both empty properties and those occupied by the owner or a person with a legal right, and the phenomenon of non-payment of rent by tenants who violate their obligations, are an attack on private property, our fundamental values and rights, given the impossibility for owners to recover their home, which in turn generates legal uncertainty and leads to a decrease in supply.

This housing crisis must be addressed through a two-step, sequential approach to ensure that each phase effectively builds upon the previous one. First, housing supply needs to be significantly boosted to alleviate the structural imbalance in the market; otherwise, demand-side pressures risk exacerbating prices and limiting affordability. Second, housing demand must be supported to ensure that those in most need, particularly young people and low- and middle-income families, can access affordable housing by providing financial support mechanisms that do not distort the market and that respect a level playing field.

### ***Boosting housing supply***

The Union faces a critical shortage of housing units, coupled with an urgent need to modernise and upgrade its existing housing stock. Residential construction declined by 5.7%

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<sup>1</sup> <https://www.europarl.europa.eu/topics/en/article/20241014STO24542/rising-housing-costs-in-the-eu-the-facts-infographics>

in 2024, following a 2.6% drop in 2023<sup>2</sup>, posing a significant challenge to the sector's competitiveness and underscoring the urgent need to restore its capacity to respond effectively to market demands. To address this situation, it is essential to accelerate both the pace and scale of new construction and renovation efforts, and, to do so effectively, this Report aims to put forward concrete solutions to tackle the root causes of the current decline.

Several factors help explain the insufficient construction and underinvestment observed over the past decades. These include limited availability of land for development, lengthy processes for issuing building permits, legal uncertainty, the impact of EU legislation in areas such as energy compliance, an excessive tax burden on housing construction, and rising material prices, which have further contributed to increased construction costs. To incentivise housing construction, key areas for action include the factors mentioned above, as well as securing property ownership, significantly boosting productivity and innovation, attracting and retaining skilled labour, and strengthening support for small and medium-sized enterprises (SMEs) in the sector.

Therefore, the Union must reduce administrative burdens in the Single Market, streamline permit procedures, and cut unnecessary red tape. A comprehensive audit of the regulatory framework for construction is needed to identify and remove the legal bottlenecks holding back the sector. Moreover, the protection of property rights must become a cornerstone of the European housing debate as a fundamental value of the European Union, as ensuring legal certainty and protection for families and individuals is not only a matter of justice but also a prerequisite for market stability and investor confidence. Furthermore, the self-employed in the EU are mainly in the construction sector, representing 17% of the total<sup>3</sup>, and micro-enterprises, as well as small and medium-sized enterprises, which account for up to 95% of the construction, architecture and civil engineering firms<sup>4</sup>, are the core labour force in the sector and are key to the sector's competitiveness. Therefore, they cannot be neglected and require special protection.

### ***Securing funding and easing investments***

Mobilizing private investment is essential, as the public sector alone cannot address the liquidity shortage in the market, including in the construction of social housing. To enable this, Member States and EU institutions must establish conditions that attract private capital, for example by strengthening the EU's financial architecture through initiatives such as the completion of the Savings and Investments Union, or the use of securitisation, which will enhance cross-border private capital flows toward housing investments.

Moreover, European funds should be deployed more efficiently to promote the crowding in of private capital to finance housing investments through public or private housing companies, municipalities, regions, and public-private partnerships (PPPs), while facilitating large-scale urban renewal projects that can revitalise urban areas and expand the housing stock, with the European Investment Bank playing an enabling role through its financing and advisory activities. In order to make the most of available public funds, it is paramount to guarantee efficient, transparent, inclusive, and equitable allocation mechanisms for the beneficiaries of EU funds, ensuring that resources are directed where they are most needed and can have the

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<sup>2</sup> <https://build-up.ec.europa.eu/en/resources-and-tools/publications/eu-construction-faces-decline-and-challenges>

<sup>3</sup> [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Self-employment\\_statistics](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Self-employment_statistics)

<sup>4</sup> [https://single-market-economy.ec.europa.eu/sectors/construction\\_en](https://single-market-economy.ec.europa.eu/sectors/construction_en)



greatest impact. Finally, while public investment remains a crucial component of the overall solution, it will never be sufficient, and attracting private capital is needed.

### ***Supporting housing demand***

The population in urban centres is growing, increasingly concentrated in large and medium-sized cities, while rural areas continue to face depopulation. At the same time, needs are evolving, as families are becoming smaller<sup>5</sup>, the population is ageing<sup>6</sup>, and migration pressures are adding to demographic shifts<sup>7</sup>. In this context, it is crucial to support young people seeking to start an independent life, including through targeted housing schemes and mortgage support mechanisms, such as guarantees for young first-time buyers.

Moreover, essential workers, such as doctors, teachers, hospitality staff, or security officers are increasingly unable to afford housing in the very areas where their presence is most needed. To address this, we must support families by exploring tailor-made housing-related policy measures, including tax incentives. Many people, despite participating in the labour market, cannot afford to leave their family homes or live independently, which is not always a matter of personal choice.

### ***Final remarks***

Finally, better evidence is key to understanding the link between housing access, economic productivity, and competitiveness, which is why the collection and use of comparable data and robust indicators at the European level must be improved. Without reliable and granular data, sound policymaking will remain out of reach. For complex challenges, targeted solutions are needed, which should be evidence-based and respectful of local and regional competences, grounded in the principle of subsidiarity and the bottom-up approach.

Housing is, throughout Europe, not a secondary issue but the foundation upon which stability, family, and the future of our citizens are built. Tackling the housing crisis means giving young generations and families the confidence to build their future. Citizens rightfully expect solutions. It is our responsibility to rise to this challenge, set aside ideological dogmas, and work together to deliver tangible improvements in people's lives. Failing to do so threatens our values, democratic societies, and the competitiveness of our continent.

All Europeans should have the possibility to access a place to call home, as it is the first step towards a future of dreams, justice, and, most of all, freedom. The future of Europe, including its economy, well-being, and competitiveness, depends on creating the right conditions to make this possible.

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<sup>5</sup> [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Young\\_people\\_-\\_family\\_and\\_society](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Young_people_-_family_and_society)

<sup>6</sup> [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Population\\_structure\\_and\\_ageing](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Population_structure_and_ageing)

<sup>7</sup> [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Migration\\_to\\_and\\_from\\_the\\_EU](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Migration_to_and_from_the_EU)