



Question and answers on the European Affordable Housing Plan

Strasbourg, 16 December 2025

Why is the Commission coming forward with this Plan?

Europe faces an affordability of living crisis, in which **housing costs play a central role**: since 2013, **EU house prices have risen by over 60%**, outpacing income growth and leaving many families behind, while **average rents have increased by around 20%**, with new rents climbing even higher in urban markets. **Housing demand is expected to grow by more than two million units per year**, mainly in urban areas, yet building permits have dropped by more than 20% since 2021. Short-term rentals have surged almost 93% between 2018-2024.

The housing crisis **undermines Europe's competitiveness** and social cohesion by restricting labour and educational mobility, increasing financial insecurity and delaying family formation.

As a matter of fact, it is now increasingly affecting a broader segment of society, with growing numbers of middle-income households facing difficulties in accessing affordable housing. Essential workers – including teachers, nurses, fire fighters and police officers – cannot afford to live in the communities they serve. Many young people are forced to drop out of their studies, refuse job opportunities, delay starting a family or live in overcrowded and substandard accommodation. The most disadvantaged in our society are struggling the most, given limited access to social housing - with **6-7% of the EU housing stock devoted to social housing** - leading to growing risks of homelessness.

The **EU is therefore taking action** to address one of the most pressing needs of its citizens. European action will focus on addressing the underlying causes of the housing crisis, supporting safe, affordable, and dignified housing for all Europeans.

How can the EU bring added value in an area which is governed mostly by national, regional and local competence?

Housing is a very decentralised policy. The primary responsibility lies with Member States, regions and cities. Yet, such a European challenge needs a **European approach anchored in local, regional and national solutions**. The European Council in October called for an ambitious and comprehensive plan to supplement Member States' efforts with due regard for subsidiarity and national competence.

The EU level can and must play a stronger role in **supporting, coordinating, and amplifying** national, regional and local efforts by boosting funding and financing mechanisms, regulating short-term rentals and simplifying rules that restrict housing supply, while promoting the sharing good practices. European solutions will reflect the diversity of housing needs, markets and governance systems across the continent while advancing our common objectives.

With the European Affordable Housing Plan the Commission is stepping up its efforts in a more co-ordinated manner to support Member States in addressing the housing crisis. By launching a **Housing Alliance**, all levels of governance (European, national, regional and local), together with stakeholders, will have a network to support cooperation, mutual learning and sharing of best practices, as well as tapping into local insights and experience on the ground.

How will this Plan speed up the construction of new housing units and stimulate renovations?

Housing supply is not keeping up with demand, particularly in high-pressure urban areas. To bridge the supply-demand gap over the next decade, the European Commission estimates that in the EU we will need to add about 650,000 dwellings per year to the current levels of new supply (around 1.6 million per year). Delivering those extra housing units would cost about €150 bn annually.

Housing supply can take the form of **construction of new dwellings, repurposing existing buildings** into residential and affordable housing, and **renovating the existing housing stock** to create more sustainable and quality dwellings.

As set out both in the Plan and in the [European Strategy for Housing Construction](#), the Commission is taking steps to promote innovation in both construction and renovation. With the goal of increasing productivity. This includes uptake of Modern Methods of Construction, supporting a shift to more circularity and digital processes, facilitating the cross-border provision of construction services, and improving access to skilled labour.

The Commission is also looking at cutting red tape, both at EU level through a new **housing simplification package**, and working with Member States, regions and cities to help them simplify building codes, administrative procedures on zoning, planning, permitting, and to increase their administrative capacity. [More information](#) on the European Strategy for Housing Construction is available online.

How does the Commission intend to address speculation in the European housing sector?

One of the key hurdles in understanding the impact of speculative behaviour on the housing market is the **lack of data**. For example, official government and statistical sources generally do not distinguish between different types of investment or between different types of investors, and there is limited transparency on ownership and key real estate transactions. This is why the Commission will present in 2026 an analysis of housing price dynamics, including available evidence of speculation patterns, data gaps and economic consequences, as well as proposing follow-up actions where needed. It will also work with public authorities to increase transparency in the housing market.

More data and transparency about ownership and transaction prices will allow a better assessment of the situation and enable the potential development of evidence-based policies. Tax policies and other measures can also mitigate the risk of speculative behaviours. **Member States** are encouraged to put in place measures to limit harmful speculative behaviours in the housing market, including by designing effective taxation policies, improving market transparency and dedicating a set share of new housing developments to social and affordable housing, reflecting local housing needs.

How is the EU currently supporting efforts to make housing more affordable and sustainable?

Under the current 2021-2027 budget, the EU already mobilises substantial funding for housing renovation and construction, housing research projects and local project development. It has mobilised so far at least €43 billion of housing-related investment. In particular:

- The [Recovery and Resilience Facility](#) supports housing **investments and reforms** for a total of €19.6 (€6.3 billion of grants and €13.3 billion in loans).
- Under [Cohesion Policy](#) €10.4 billion are already planned for energy efficiency and social housing. The European Social Fund + (ESF+) also finances a number of activities for a total of €4.4 billion.
- The [InvestEU Fund](#) fosters public and private investment through an EU budget guarantee (around €7 billion mobilised so far) and provides local project development support (€25million so far), via the InvestEU Advisory Hub.
- The [LIFE](#) programme has devoted €138 million so far for market uptake and capacity building activities.
- The [Horizon Europe](#) programme has invested €540 million so far for research and innovation.

How will the Commission mobilise additional public and private investment?

The Commission will mobilise **new investments in housing** under this MFF including an additional **€10 billion** in investment estimated in 2026 and 2027 under **InvestEU** and at least **€1.5 billion** from proposals from Member States and regions to reprogramme **Cohesion funds under the Mid-term review**. Additional support will also come from the Social Climate Fund for investments for energy efficiency and building renovation and clean heating and cooling.

New funding possibilities will be unlocked in the [2028-2034 Multi-annual Financial Framework](#). In particular, the future **National and Regional Partnership Plans** include social and affordable housing as one of their specific objectives, allowing Member States to address their specific challenges with housing related investments and reforms. The EU Facility also contributes to social and affordable housing while Erasmus+ can provide housing support to facilitate and increase access to mobility, volunteering and learning.

The **European Competitiveness Fund** includes social infrastructures such as “affordable social housing” among its general objectives and supports the decarbonisation of buildings.

Furthermore, with the **revision of State aid rules on Services of General Economic Interest (SGEI)**, the Commission is responding to the requests from local, regional and national authorities and stakeholders to review State aid rules to facilitate the funding of affordable housing. Finally, the Commission is setting up a **Pan-European Investment Platform**, to mobilise resources from a broad coalition of financial actors - including the EIB, CEB, EBRD and national and regional promotional banks and institutions- and scale up investment in housing supply across the EU. The Commission strongly welcomes the [announcement by national and regional promotional banks that they aim to invest €375 billion](#) in resources by 2029 into social, affordable, and sustainable housing, including through the InvestEU programme. Likewise, the Commission strongly welcomes that the **EIB Group** has substantially increased - and aims to further extend - its support.

Why has the Commission revised State aid rules on Services of General Economic Interest, and what has changed?

The revision was needed because **current State aid rules are insufficient** for Member States to effectively tackle housing affordability issues, in the context of the ongoing housing crisis in Europe. While the previous rules enabled flexible support for social housing without the need for notification to the Commission, this was primarily targeted at disadvantaged households. Nowadays, an increasing number of citizens – not only the most vulnerable, but also lower-middle-income households – face growing difficulties to access quality housing at an affordable price. It is against this backdrop that the [revision of the SGEI Decision](#) seeks to facilitate support for affordable housing, while also simplifying support for social housing.

The revised Decision expressly **includes a new category of affordable housing** among the categories exempted from notification for which there is no maximum compensation cap. This allows Member States to support affordable housing projects without prior notification to and authorisation by the Commission when the conditions outlined in the SGEI Decision are met, while maintaining their existing social housing schemes.

Under the new rules, affordable housing SGEIs mainly concern households that are not disadvantaged but are also not able, due to market outcomes and notably market failures, to access housing at affordable conditions. Nevertheless, affordable housing SGEIs may also include a share of disadvantaged households. Member States will be able to define the modalities of support, target groups, eligibility criteria, housing price, quality and accessibility standards, according to their context and housing needs. Moreover, the revision simplifies, updates and clarifies other elements in the SGEI Decision. These changes will facilitate investments in affordable housing at all levels, complementing efforts to scale up financing through the Pan-European Investment Platform and the Mid-Term Review of cohesion spending. [More information](#) is available online.

How is the Commission tackling issues related to the boom in short-term rentals?

Short-term accommodation booked via online platforms offers many benefits: greater choice, extra

income for hosts, an incentive to invest in renovation, and a boost to tourism and jobs. Yet, its **rapid growth of almost 93% between 2018-2024** has contributed to limiting affordable housing supply for local residents, especially in highly popular destinations where they can represent as much as 20% of the housing stock.

There is a need to preserve the benefits of short-term rentals for citizens while reducing negative impacts. Certain neighbourhoods, particularly in city centres but also other tourism hotspots, are experiencing acute housing affordability pressures. In these **stressed housing areas**, the rapid expansion of short-term rentals combined with speculative investment practices is intensifying competition for limited housing stock which drives up prices.

The **Regulation on Short-Term Rentals**, applicable in May 2026, will bring more transparency by requiring compulsory registration of hosts, and sharing of data on actual transactions between digital platforms and national authorities. However, remaining issues need to be addressed. There are concerns that short-term rentals, in particular those run by professional hosts, are competing with traditional accommodation providers, including SMEs, that must comply with stricter national requirements such as safety, liability and consumer protection rules.

The Commission will therefore propose next year a new legislative initiative on short-term rentals which will establish **a coherent, data-driven, clear and predictable EU legal framework** enabling local authorities to take targeted and proportionate measures to address short term rentals, particularly in areas of housing stress.

How will this plan help students and other young people have access to affordable and decent housing in Europe?

The Commission will mobilise investments through the InvestEU programme, Cohesion Policy Funding and the Pan-European Investment Platform to **help build more student housing**. By assessing the feasibility of **a guarantee scheme** to reduce or eliminate the need for a security deposit, the Commission will help students, trainees and apprentices find housing on the private rental market.

Moreover, the Commission will **identify and scale up innovative accommodation models for students and young people** by launching a pilot scheme under Erasmus+, partnering with cities across the EU and relevant stakeholders to increase availability of affordable and innovative housing solutions for students from disadvantaged backgrounds enrolled in a course of study outside country of origin.

Together with the European Affordable Housing Plan, the Commission is presenting a revision **of State aid rules** to allow Member States to invest more in affordable housing, including for students, and to facilitate investment in mixed neighbourhoods.

How will this plan help tackling homelessness in Europe?

In 2021, all Member States committed to a shared goal of working towards ending homelessness in Europe by 2030. Despite the efforts made to date, homelessness is on the rise with more than one million homeless people, including 400,000 children, in the EU. We must take immediate action to change course.

The Commission will propose in the framework of the 2026 Anti-poverty Strategy a **Council recommendation on fighting housing exclusion**, to prevent and address homelessness. It will aim to promote the design and implementation of policies based on a person-centred, housing-led and integrated policies approach. The initiative will build upon the work of the European Platform on Combatting Homelessness.

Increasing the availability of social housing and assistance to the homeless is essential to achieve long-term pathways out of homelessness and prevent social exclusion and precarious housing situations. Reinforcing housing-related services such as debt counselling and mitigation measures are instrumental for preventing evictions, while respecting property rights. The Commission will mobilise new investment in social housing and housing-led solutions for homeless people by establishing a **dedicated workstream within the Pan-European Investment Platform**.

How does the New European Bauhaus (NEB) contribute to the Affordable Housing Plan?

The [New European Bauhaus](#) (NEB) contributes to the Affordable Housing Plan by providing tools, knowledge and practical solutions that help deliver more affordable, sustainable and high-quality housing across Europe.

As part of the Package, the Commission has published a [Communication](#) and a [proposal for a Council Recommendation on the NEB](#), presenting the key objectives and actions to scale-up the NEB and to strengthen its role as an enabler of the clean transition and of innovation in Europe and beyond.

Housing is increasingly exposed to the impact of climate change and extreme weather events like heatwaves, floods, wildfires or earthquakes. The Commission's actions and toolboxes of the NEB are focused on making people's homes better adapted to climate change and risks by making better use of resources and circular practices, for example to increase water management and recycling of construction materials. The NEB will support the **sustainable and efficient use of the built environment**, helping communities, professionals and authorities design and replicate effective, resilient, and affordable housing models, notably through a NEB Lab, a **digital catalogue** of good practices and blueprints on affordable housing, and a pilot with cities.

What is the NEB Academy and how will it be expanded?

Launched in April 2024, the [NEB Academy](#) aims to upskill and reskill the construction sector for the green and digital transitions by creating a network of training hubs across Europe, with a focus on sustainable, bio-based, and circular construction. Currently led by a 14-partner consortium (the NEBA Alliance), it provides accessible, high-quality training for all levels of the construction ecosystem, connecting education providers with industry needs.

Looking ahead, the Academy will expand into a central hub for knowledge and research, safe experimentation, innovation and skills development. It will strengthen capacity building by supporting workforce upskilling and reskilling, generate knowledge through evidence-based design and experimentation. It will also foster business development by providing sandboxes and support for SMEs and start-ups developing solutions aligned with NEB values.

For more information

[Press release](#)

[Factsheet](#)

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Press contacts:

[Anna-Kaisa ITKONEN](#) (+32 2 29 57501)

[Cristiana MARCHITELLI](#) (+32 2 29 89407)

General public inquiries: [Europe Direct](#) by phone [00 800 67 89 10 11](#) or by [email](#)