

# Addressing the housing crisis through the Recovery and Resilience Facility

## SUMMARY

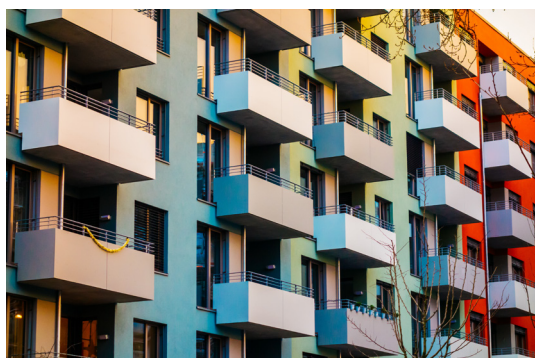
Access to affordable, adequate and energy-efficient housing has become one of the EU's most pressing socio-economic challenges. Rising house prices and rents, limited affordable supply and regional disparities have intensified housing insecurity, especially for low-income households and young people. Although housing policy remains primarily a national competence, it has gained prominence on the EU agenda in response to concerns about affordability, social exclusion and energy poverty.

In December 2025, the European Commission published an affordable housing plan aimed at boosting housing supply, mobilising investment, simplifying permits, and targeting young people and the homeless to facilitate access to affordable housing. Additionally, the Commission provides guidance to Member States on housing issues through the European Pillar of Social Rights and the European Semester.

The Recovery and Resilience Facility (RRF), the main instrument of Next Generation EU, plays a significant role in supporting housing-related reforms and investments through Member States' national recovery and resilience plans (NRRPs); it supports 50 housing-related investments and 21 reforms. Housing-related investments are also supported by traditional EU funding instruments under the multiannual financial framework (MFF), including cohesion policy funds and InvestEU.

The NRRPs cover a wide range of relevant investment and reform measures, including areas such as social and affordable housing supply, energy renovation, urban regeneration and regulatory reforms. An analysis of the 10 plans with the largest share of measures supporting affordability and availability of housing show the different approaches Member States have taken within the RRF framework.

The European Parliament has called for access to decent and affordable housing to be recognised as a fundamental right and put forward a set of recommendations prepared by its Special Committee on the Housing Crisis. Overall, the EU's evolving approach aims to enhance coordination between Member States, increase funding mobilisation and provide clearer policy guidance to tackle the housing crisis.



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## Housing crisis in the EU

Access to affordable, adequate, and energy-efficient housing has emerged as one of the EU's most pressing social and economic [challenges](#). Housing affordability has [deteriorated](#) across the EU over the past decade, as house prices have grown faster than household incomes, increasing housing cost burdens. Between 2019 and 2024, the change in housing price related to income rose particularly in Portugal (27 %), Estonia (22.8 %), Greece (19.3 %) and the Netherlands (15.2 %), reflecting strong demand pressures and limited housing supply. Rising housing prices, shortages in affordable rental supply, and the rising cost of living have intensified housing insecurity, particularly for [low-income](#) households. As a result, a growing share of households are overburdened by housing costs, especially in urban areas where demand is highest.

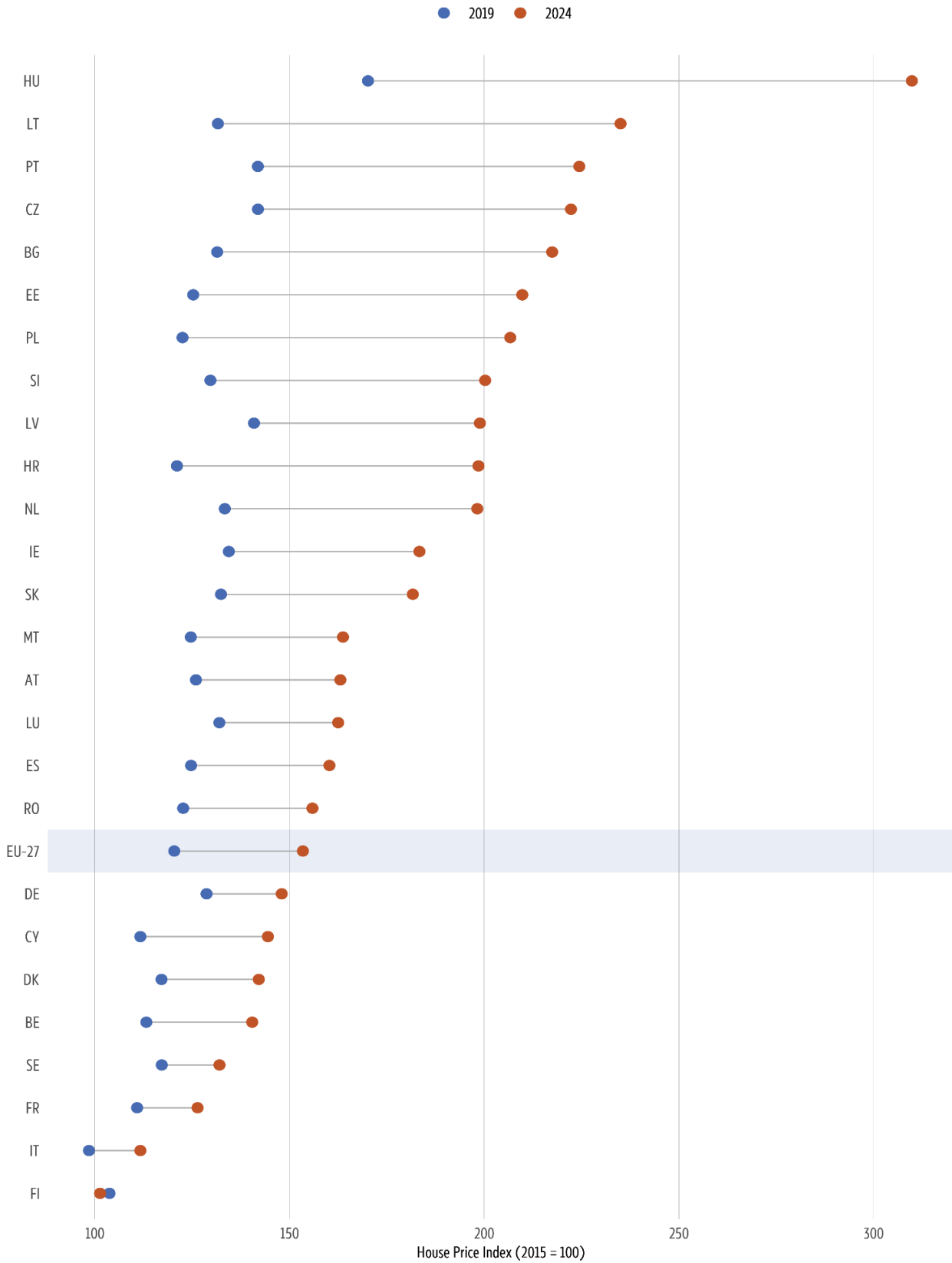
The 2025 [Eurostat publication](#) on housing conditions in the EU highlighted strong disparities between and within Member States, with housing stock being predominantly owner-occupied (68 % of people live in owner-occupied homes) and just over half of the population residing in houses rather than flats. While the average dwelling offers 1.7 rooms per person and 2.3 persons per household, structural issues persist. On the one hand, around 17 % of the EU population live in overcrowded dwellings; in 2024, the highest overcrowding rates were [observed](#) in Romania (41 %), Latvia (39 %) and Bulgaria (34 %), and the lowest in Cyprus (2 %), Malta (4 %) and the Netherlands (5 %). On the other hand, under-occupation also [reflects](#) imbalances in housing allocation across Member States: a significant share of the population lives in dwellings with more rooms than needed, particularly in countries with ageing populations and high home ownership rates such as Bulgaria and Greece (both 19 %), followed by Lithuania and Spain (both 18 %). Another concerning issue is that 9 % of the population are unable to heat their home adequately, with the highest rates in Bulgaria (19 %), Greece (19 %), Lithuania (18 %) and Spain (17.5 %), reflecting both housing quality gaps and energy poverty.

The EU faces a crisis driven by rising housing [costs](#), which are increasing faster than general prices. House prices have risen by 53 % on average since 2015 and rents rose by 25 % between 2010 and 2024, so that households now spend an average of 19 % of their disposable income on housing. However, these increases vary considerably across Member States, and in several countries price growth has been particularly pronounced: for example, house prices have more than doubled in Hungary and Estonia over the past decade, while rents have risen sharply in Estonia, Lithuania and Ireland. In addition, constrained housing supply in major urban markets such as those in the Netherlands, Ireland and Portugal have further pushed up both rents and purchase prices, intensifying affordability pressures in cities. As Figure 1 shows (see below), housing prices rose in all Member States except one (Finland) over the last five years.

This crisis is affecting young people in the EU more intensely. A recent [publication](#) by the European Commission's Joint Research Centre shows that younger generations have experienced growing income challenges and limited access to affordable housing, which is causing a rise in poverty risk and potentially lasting intergenerational inequalities. 'Affordable housing' [refers](#) to a range of housing provision types that is broader than 'social housing', and includes social housing, other low-cost rental housing, and access to home ownership at reduced prices.

Furthermore, [research](#) by Eurofound indicates that young people searching for housing in city centres and popular tourist destinations encounter specific challenges, often forcing them to remain in their parental home even though they would prefer to live independently. Young adults are disproportionately affected by the housing affordability crisis, as they generally have lower incomes and are more likely to be in temporary or insecure employment, making it harder to absorb rising housing costs. As a result, many struggle to rent or purchase housing in the locations where they would prefer to live, particularly in urban areas where the gap between demand and supply is most acute. The report also highlights that these constraints are increasingly shaping young people's life trajectories, delaying household formation and influencing decisions related to education, employment opportunities and family formation.

Figure 1 – Evolution of housing prices in Member States from 2019 to 2024 compared to the EU-27 average



Data source: [Eurostat](#), 2025.

According to a report published in October 2025 by the [Council of the European Union](#), the housing crisis is also closely linked to structural supply constraints and the ageing condition of Europe's housing stock. Residential construction in the EU has been lagging behind for almost two decades. These supply shortages are particularly visible in urban areas, where housing affordability pressures are most acute. Council data [show](#) that around one in 10 residents living in EU cities spend more than 40 % of their disposable income on housing costs, compared with about 6 % in rural areas, highlighting the stronger affordability pressures in metropolitan housing markets. The European Investment Bank (EIB) [suggested](#) that the 2023 construction of new dwellings should have been 70 % higher to meet the additional demand in 2025.

This structural supply constraint is due to several factors. These include the [limited](#) availability of buildable land in high-demand urban areas, shortages of skilled labour in the [construction](#) sector and lengthy planning and permitting procedures which have slowed the delivery of new housing developments. These regulatory and capacity constraints reduce the responsiveness of housing supply to growing demand. At the same time, building new homes at affordable prices has become [increasingly](#) challenging due to rising construction costs, which surged by 56 % between 2010 and 2024, alongside higher interest rates and administrative delays affecting investment and project development. In parallel, much of the existing housing stock is outdated and energy-inefficient, around 85 % of buildings in the EU were built before 2000, and 75 % have poor energy performance ratings, contributing to higher housing-related energy consumption and costs. These structural constraints further limit the availability of adequate and affordable housing across Member States.

The impact of this crisis has wider economic and social implications. According to the [Council](#), deteriorating housing affordability reduces labour mobility and limits access to employment opportunities, as workers may be unable to relocate to regions with stronger labour demand. High housing costs also constrain household disposable income, increasing financial insecurity and reducing spending in other sectors of the economy. In addition, the shortage of affordable housing can affect access to education and delay key life decisions such as household formation, thereby influencing demographic trends. As a result, the housing crisis is increasingly recognised not only as a social challenge but also as a factor affecting economic competitiveness, labour market functioning and social cohesion across the EU.

## The EU policy framework for housing

Although housing remains a national competence, it has gained increasing prominence on the EU policy agenda in recent years in response to growing [concerns](#) around affordability, social exclusion and energy poverty. Under the [European Pillar of Social Rights](#), access to social housing or housing assistance and support for the homeless are recognised as key rights. The implementation of the Pillar, including through the European Semester, has reinforced the monitoring of housing-related challenges across Member States. In this context, the EU addresses housing market risks and affordability through economic governance tools, notably the country-specific recommendations (CSRs), and through financial instruments supporting housing-related investments. These instruments and their role are discussed in greater detail in the following sections.

Recently, the Council and the Commission framed the [housing](#) situation as part of a broader housing crisis affecting affordability and social inclusion. The Commission estimates that more than two million homes need to be built annually in Europe, around 650 000 more than today, and that delivering these extra units would cost around €150 billion per year.

In December 2025, the Commission [adopted](#) the [affordable housing plan](#), which rests on four pillars where action is deemed necessary: 1) boosting supply; 2) mobilising investment; 3) enabling immediate support while driving reforms; and 4) supporting the most affected. Within these four pillars, the affordable housing plan sets out 10 key actions to support Member States' efforts to address the housing crisis (see the annex for more details on the plan).

## European Semester and financing housing-related measures

The [European Semester](#) is the EU's annual framework for coordinating economic, fiscal and social policies. Through this process, the Commission assesses national reforms and economic developments, and issues CSRs to guide Member States' policy priorities. While housing has traditionally been addressed through broader recommendations related to social protection, fiscal sustainability or labour mobility, rising concerns over the impacts of the housing crisis have led to more explicit recommendations regarding housing policy in recent cycles.

For example, a comparison between a snapshot from the [2024](#) Semester cycle and the [2025](#) cycle reveals a significant shift in emphasis. In earlier analyses, housing did not appear as a standalone policy category. By contrast, in 2025 housing accounts for 12 % of the CSRs across Member States. This change reflects the growing recognition of housing affordability as a policy challenge in the EU.

Table 1 presents illustrative examples of CSRs for selected Member States that have received guidance directly related to housing, including measures to reduce pressure on house prices, accelerate housing construction, and support vulnerable households.

Table 1 – 2025 CSRs: Illustrative examples on housing

Country	CSR
Denmark	CSR5 – Implement measures to improve the <b>affordability of housing</b> .
France	CSR3 – Improve the <b>conditions for housing investments</b> by simplifying regulation and procedures, reviewing rental law and mobilising additional building land, with the concurrent aim of tackling the housing affordability challenges
Hungary	CSR6 – Target <b>support measures in the housing sector to low-income households</b> and increase housing supply, including for social housing.
Ireland	CSR6 – Further <b>increase the supply of social and affordable housing</b> . Tackle capacity constraints in the residential construction sector by improving enabling infrastructure, land management and planning, financing conditions, labour supply and productivity
Latvia	CSR5 – Increase the availability and quality of social and <b>affordable energy-efficient housing</b> , including through renovations.
Portugal	CSR5 – Address <b>housing affordability and availability in high demand areas</b> , by eliminating barriers to renting vacant houses and renovating derelict buildings, and promote efficient public transport connections to reduce the pressure on house prices in urban centres and improve the attractiveness of other territories.

Data source: [European Commission](#), 2025.

In line with more explicit housing-related CSRs, EU financing is expected to play a greater role in supporting housing-related reforms and investments. For example, the Commission [estimates](#) that more than €100 billion in EU funding is expected to support building renovations between 2023 and 2030. The funding of housing-related measures is available from multiple EU sources, including cohesion policy funds, InvestEU, the LIFE Clean Energy Transition, Horizon Europe, the ELENA Facility, the Modernisation Fund, the RRF and lending from the EIB. Additionally, the Social Climate Fund will provide €86.7 billion (from 2026 to 2032) to support vulnerable households with energy renovations and transports as its main focus. Table 2 presents some of the EU funding instruments that support housing-related measures.

Table 2 – Examples of EU funding instruments that finance housing-related measures

Instrument	Housing-related measures financed
Recovery and Resilience Facility (RRF)	The RRF represents the largest single EU fund directly targeting <a href="#">housing</a> affordability and supply, providing €19.6 billion for such measures across 20 Member States. It also backs related reforms to enhance access to quality affordable housing, such as streamlining permitting processes through legislation, establishing social and affordable housing programmes with dedicated financing mechanisms, and reforming tax rules to correct housing market imbalances.
European Regional Development Fund (ERDF) and Cohesion Fund	Under the ERDF and Cohesion Fund (2021-2027), housing infrastructure projects – linked to social inclusion and urban development policies – have €335 million committed and €46.9 million <a href="#">spent</a> so far.
InvestEU programme	InvestEU has mobilised around €7 billion in investment across the EU for social, affordable and sustainable housing. Currently, eight implementing partners <sup>1</sup> are providing or preparing to provide debt and equity financing to support social, affordable and student housing projects through the <a href="#">social investment and skills window</a> .
Horizon Europe	Horizon Europe has contributed to housing-related research, allocating around €540 million so far, including support for the <a href="#">New European Bauhaus</a> initiative. In this context, the New European Bauhaus Facility (2025-2027) promotes the development and scaling-up of innovative solutions to transform neighbourhoods, making them more sustainable, inclusive and accessible.
Social Climate Fund	In the upcoming years, the Social Climate Fund (2026-2032) will provide support to vulnerable households, helping them address the social impacts of the new emissions trading system for buildings and road transport (ETS <sub>2</sub> ). <sup>2</sup> The investments under this fund aim to assist households, particularly those facing energy poverty, in coping with potential energy price increases.

Source: [European Commission](#), 2026, and [EPRS](#), 2025.

Within this broader financing landscape, the RRF plays a particularly significant role due to its strong [link](#) with the European Semester. NRRPs must address a significant subset of CSRs, and payments are conditional on the satisfactory implementation of reforms and investments that respond to challenges identified in the Semester, so housing-related measures in the RRF are key elements to operationalise CSRs. The following section examines how housing-related investments and reforms have been incorporated into NRRPs.

## Housing measures in the recovery plans

The RRF helps to address the CSRs adopted by the Council and, among other priorities, includes housing-related reforms and investments. The RRF, as the centrepiece of Next Generation EU, provides €360 billion in grants and €217 billion in loans to support Member States' recovery from the COVID-19 crisis while advancing structural reforms aligned with the green and digital transitions.

In terms of housing, the RRF has translated into a pipeline of 50 investments and 21 reforms under the NRRPs. According to the Commission's [thematic](#) analysis of May 2025, the total estimated expenditure on measures supporting housing affordability and availability amounts to approximately €19.6 billion,<sup>3</sup> representing around 3 % of the RRF's total allocation, including €6.3 billion in grants and €13.3 billion in loans. The Commission estimates that the full implementation of social housing investments alone could deliver around 147 000 new or renovated dwellings across the EU.

However, the implementation of housing-related investments also highlights structural challenges in the sector. Many housing measures involve complex construction projects requiring planning procedures, permitting processes, land-use changes and sufficient delivery capacity, which typically extend over long time horizons. The tight implementation deadline (31 August 2026) for these measures underscores the [importance](#) of accompanying investments with structural reforms.

Reforms in areas such as rental regulation, permitting and zoning, housing taxation and social housing governance help remove bottlenecks, improve market functioning and reduce uncertainty for investors. By addressing structural barriers, [reforms](#) aim to ensure that lasting improvements in housing affordability and supply, rather than investing in temporary projects with limited impact.

Housing-related investments and reforms are included in every NRRP, although their scope and scale vary significantly across Member States. Twenty countries include dedicated components addressing housing affordability, building renovation, energy poverty, social housing or energy efficiency, while the remaining seven (Bulgaria, Denmark, Estonia, Finland, Germany, Lithuania and Malta) include housing-related projects within broader components. For instance, countries like Bulgaria, Estonia, Germany and Lithuania include measures supporting the renovation of the building stock (residential and non-residential) under components related to energy efficiency. Improving the energy efficiency of buildings can contribute to increasing the quality and usability of the existing housing stock. The Commission [assessed](#) that, overall, 6 % of the total RRF budget is allocated to the renovation of residential housing.

To illustrate how housing affordability and availability priorities under the RRF are being implemented in practice, the following examples highlight housing-related measures included in the recovery and resilience plans of the 10 Member States with the [largest](#) share of measures supporting housing affordability and availability.<sup>4</sup> These measures cover areas such as social and affordable housing supply, energy renovation, urban regeneration and regulatory reforms.

**Belgium's** [recovery](#) and resilience [plan](#) includes housing-related investment [measures](#) distributed across three components: renovation; social infrastructure; and renovation of buildings. Under the renovation component, Belgium supports the refurbishment of a large number of private and social housing, including dedicated allocations for social housing units in the Brussels-Capital Region, the German-speaking Community and the Flemish Region. This measure is linked to three targets, of which two have already been fulfilled.

Under the social infrastructure component, the Walloon Region is implementing an investment of around €140.6 million to expand public utility and low-rent housing and to support vulnerable households, a measure associated with one milestone and three targets; so far, only the milestone has been assessed as fulfilled.<sup>5</sup> In addition, under the building renovation component, €30 million is allocated to improve the energy performance of social housing through the installation of solar panels and heat pumps; this measure is linked to one target, which has not yet been fulfilled. Together, these investments aim to expand the stock of social housing and improve the quality and energy efficiency of existing dwellings.

**Czechia's** [recovery](#) and resilience [plan](#) includes several [measures](#) under the affordable housing component, including both reforms and investments. Among them, a key reform introduces a legal act on housing support aimed at improving access to affordable housing by establishing mechanisms to help applicants find housing and encouraging the use of vacant dwellings. This reform is linked to one milestone. In addition, Czechia has set up two [financial instruments](#) under the loan envelope of its RRF allocation. The concessional loan facility (€207.2 million) provides favourable loans to support the construction, renovation and acquisition of rental housing and is associated with two milestones and one target; so far, only one milestone has been assessed as fulfilled. The subordinated loan facility (€105.3 million) further incentivises investment in affordable rental housing through tailored financing and is linked to two milestones and one target with an expected timeline for completion of Q2 2026.

**France's** [recovery](#) and resilience [plan](#) includes major investment [measures](#) under the building renovation component targeting social and affordable housing. The investment in the energy renovation and major rehabilitation of social housing (€500 million) supports deep renovation of dwellings to high energy performance standards and is associated with two targets. In addition, the *MaPrimeRénov'* scheme (€1 404.5 million) finances energy renovation works in private housing and is linked to another two targets. Both measures aim to reduce energy consumption and improve the energy efficiency of dwellings, and have been assessed as fulfilled by the Commission.

On the reform side, France introduced changes to housing policy, which aimed to improve social fairness, support affordable supply and strengthen energy and carbon performance standards.

**Greece's** national [recovery](#) and resilience [plan](#) includes housing [measures](#) in components 1.2 and 3.4, which aim to improve energy efficiency and expand access to affordable housing. A major investment is for energy renovation of residential buildings, with a total budget of around €1 230 million. The measure supports renovations delivering substantial primary energy savings, promotes digital energy management systems and e-mobility infrastructure, and earmarks funding for energy-poor households. The measure is associated with five milestones and targets, with all but one target having been assessed as achieved. In addition, the affordable housing programme 'My Home II', supported by €1 000 million from the loan envelope, seeks to incentivise private investment and improve access to housing finance through the provision of loans to the private sector; it is linked to four milestones and targets, with implementation extending to Q2 2026. So far, only one milestone has been assessed as fulfilled, regarding the entry into force of the implementing agreement.

The reform on social and affordable housing, which aims to increase access to quality housing for low-income households and vulnerable groups through the adoption of a national housing strategy and legislative changes related to the public property reciprocal exchange programme, is associated with two milestones that have not yet been assessed as fulfilled.

**Italy** has one of the [largest](#) (in size of allocation) sets of [measures](#) contributing to housing. Its [recovery plan](#) includes investments such as 'Housing First' and 'Post Stations' (€450 million), which aim to protect and support the inclusion of marginalised people through 'housing first' solutions that provide tailored projects and accommodation to individuals, small groups and families for a period of up to 24 months; this measure is linked to one milestone and one target. So far, only the milestone for the entry into force of the operational plan for the housing projects has been assessed as fulfilled. Other measures include the innovative plan for housing quality, which has a budget of €2 800 million and aims to increase the quality and quantity of housing and to renovate degraded areas through the renovation and expansion of public housing and regeneration or urban spaces. This measure is linked to one milestone and one target.

Another key investment fully under the loan component of Italy's NRRP is the urban integration plan (€1 372 million), which aims to regenerate large degraded urban areas. The investment includes general urban projects, housing solutions for agricultural workers to overcome illegal settlements, and a thematic fund, in collaboration with the EIB, to encourage private investment in urban regeneration initiatives. This investment is linked to three milestones and three targets, with an expected timeline of Q2 2026; so far, only the milestones have been assessed as fulfilled.

**Latvia's** [recovery](#) and resilience [plan](#) includes investment [measures](#) under the reduced inequalities component aimed at increasing the supply of affordable rental housing. The main investment establishes a financing fund for the construction of low-rent dwellings, with a budget of €42.9 million. The measure supports the development of at least 467 approved apartments and the construction of at least 300 new low-rent dwellings, while also introducing clearer rental rules and a housing affordability strategy. The apartments are subject to rent ceilings and quality standards, including high energy performance. This investment is linked to six milestones and targets, with implementation extending to Q3 2026; so far, four of these have been assessed as fulfilled. In addition, a separate loan scheme for real estate developers (€29 million) provides financing to support the construction of low-rent housing and is associated with one milestone and one target.

Moreover, Latvia adopted an administrative territorial reform aimed at improving local governance and public service delivery, including in areas such as housing and infrastructure. The reform, which includes the entry into force of a new Municipality Law, is linked to one milestone that has been already assessed as fulfilled by the Commission.

The **Netherlands'** [recovery](#) and resilience [plan](#) includes [measures](#) under the component 'Improving the housing market and making real estate more energy efficient', aimed at increasing the supply of affordable housing. The investment 'Unlocking new construction projects', with a budget of approximately €538 million, provides financial support to municipalities through a subsidy scheme to facilitate residential construction. The measure is associated with one milestone and two targets, with implementation running until Q2 2026; so far, only one target linked to this investment has been assessed as fulfilled.

In addition, the reform 'Centralised planning to increase housing supply' aims to boost housing delivery by setting binding targets for the number of dwellings to be built or converted in each province. This reform is linked to four milestones, three of which have been fulfilled, and completion is envisaged by Q2 2026.

**Portugal's** [recovery and resilience plan](#) assigns significant resources to housing [measures](#), with around €2 824 million dedicated to housing-related reforms and investments under Component 2. This component helps to address the CSRs issued to Portugal in 2019 and 2020 (notably CSR 2, 2019, and CSR 2, 2020). [Measures](#) span both governance reform and targeted investments. For example, investments include the support programme for access to housing and the national emergency and temporary accommodation grant, which aim to provide housing for families with the greatest needs and most disadvantaged population groups. Across the two measures, there are eight targets to be met, of which five have been assessed as fulfilled. The expected completion deadline is Q2 2026. Additional investments cover new and renovated social housing in Madeira and the Azores, infrastructure for residential land, the expansion of affordable public housing, and the provision of student accommodation at affordable prices.

In terms of reforms, the national urgent and temporary housing plan aims to create a public network to respond to urgent and temporary housing needs, with a view to protecting and empowering identified target groups, and to fostering social inclusion and combating inequalities. This reform is associated with one milestone on the entry into force of the Decree-Law approving the legal framework for the plan; this milestone has been fulfilled.

**Spain's** [recovery plan](#) has a large [component](#) dedicated to the urban agenda and contains several [measures](#) dedicated to housing. The Spanish NRRP places particular emphasis on reforms in this area, notably the Housing Law (C2.R3), which seeks to strengthen the existing public planning, programming and cooperation instruments supporting the right to decent and adequate housing. This reform also aims to increase the supply of affordable and social housing by ensuring compliance with the requirements for nearly zero-energy buildings set out in the Basic Energy Saving Document (DB-HE) of the Technical Building Code (CTE), while avoiding measures that could restrict housing supply in the medium term. It is linked to one milestone that has been fulfilled.

Another key reform (C2.R6) focuses on improving access to financing for renovation activities, including through the establishment of a guaranteed line to partially cover loan risks and facilitate more favourable financial conditions. It is linked to one milestone which has also been fulfilled.

The component includes significant investment measures, in particular the programme supporting the construction of social rental housing in energy-efficient buildings (C2.I2), with a budget of €1 000 million. The measure is linked to one milestone and one target, with an indicative deadline of Q2 2026 for the provision of 17 365 dwellings.

**Sweden's** [recovery](#) and resilience [plan](#) includes [measures](#) under the component 'Investment for Growth and Housing' aimed at increasing the supply of affordable and social housing. A key measure consists of investment aid for rental and student housing, designed to alleviate housing shortages by supporting the construction of new rental dwellings with rents set below those of comparable

non-subsidised housing. This is estimated to cost €296.3 million and is the only investment in the component. There are two associated targets, one of which is still to be assessed as fulfilled.

In addition, Sweden includes a set of five reforms to contribute to increased housing construction and to improve the efficiency of the housing market. An illustrative example is to simplify and improve the regulatory framework for building permits. The reform aims to clarify when permit or notification requirements apply, define the applicable technical prescriptions, ensure that licensing obligations are proportionate, and introduce necessary procedural changes in planning and construction legislation. By streamlining permitting procedures, the measure seeks to facilitate housing construction and improve efficiency in the planning system. The five reforms in the plan are linked to five milestones, four of which have already been fulfilled.

## Expert debate

According to a recent policy [analysis](#) developed by the Organisation for Economic Co-operation and Development (OECD), housing affordability challenges require coordinated structural reforms grounded in robust comparative evidence. Through its [Affordable Housing Database](#), the OECD compiles harmonised indicators on housing costs and the housing market across member countries, enabling cross-country benchmarking and policy evaluation. Drawing on this evidence, the OECD [emphasises](#) that poor housing quality, limited access to developable land and an insufficient supply of affordable and social housing are among the most commonly reported obstacles to improving access. To address housing in a structured way, more than two-thirds of OECD and EU countries report having an explicit national housing strategy in place to tackle these challenges.

The EIB Group action plan for affordable and sustainable housing, launched in June, positions financing as a central lever to address housing supply and sustainability challenges across the EU. The Bank aimed to increase its annual lending for affordable and sustainable housing by 40 % in 2025 compared to the €3 billion yearly average of the previous five years, with a further expansion from 2026 onwards, supporting the construction or renovation of over 1.3 million housing units. Additionally, in December 2025 the EIB [announced](#) that they would double financing to €6 billion for homes contributing to the European Commission's affordable housing plan. At the same time, the EIB [stresses](#) that financing alone is insufficient; policy gaps, regulatory barriers and limited local expertise often constrain investment, which is why advisory support forms a core pillar of their plan.

According to the position [paper](#) of the CEPI ([European Association of Real Estate Professions](#)), improving housing affordability requires regulatory and fiscal reforms that strengthen supply while preserving market incentives. CEPI calls for streamlined planning and permitting procedures, balanced rent regulation that avoids discouraging private investment, reduced transaction taxes, particularly for first-time buyers, and more favourable tax treatment of rental housing. The paper also advocates tackling labour shortages in construction through vocational training and better skills policies, as well as leveraging EU financial instruments such as the European Regional Development Fund (ERDF) and the European Social Fund (ESF+) and lending from the EIB, to increase housing construction in areas with acute shortages.

## European Parliament position

In its January 2021 [resolution](#) on access to decent and affordable housing, the European Parliament called for access to adequate housing to be recognised as a fundamental right at EU level. The resolution urged the introduction of minimum housing quality standards, stronger legal protections for tenants and homeowners, and prioritisation of energy-efficient renovation to reduce emissions and energy poverty. It also called for an EU objective to end homelessness by 2030 and highlighted the impact of rising rents and short-term holiday lettings on housing affordability in urban areas.

In December 2024, Parliament [established](#) a Special Committee on the Housing Crisis in the European Union (HOUS), the first of its kind at EU level. In its March 2026 [resolution](#), based on HOUS's February 2026 [report](#) (Rapporteur: Borja Giménez Larraz, EPP, Spain), Parliament places housing supply and affordability at the core of EU policy responses and sets out a comprehensive

set of political priorities. MEPs note that 'just 7 % of the EU's Recovery and Resilience Facility fund in 2024 was spent on social housing and other social infrastructure', calling for mobilisation of EU investment in housing. The resolution specifically encourages Member States to reallocate unused resources from their NRRPs to financial instruments, managed by local and regional authorities, in order to build and renovate social, public, cooperative and affordable housing units.

The resolution further supports the expansion of the European Affordable Housing Initiative under InvestEU, in cooperation with the EIB, including the creation of dedicated financing windows, notably guarantees, within its pan-European Investment Platform to support social and affordable new-builds and renovations, subject to clear affordability and energy-efficiency benchmarks. It further calls for the strategic use of existing EU instruments, including cohesion policy funds, the RRF and the Social Climate Fund, to strengthen investment capacity in the housing sector.

## EUROPEAN PARLIAMENT SUPPORTING ANALYSIS

Pape, M., [A coordinated EU approach to housing](#), EPRS, European Parliament, May 2025.

EPRS, [EU recovery instrument](#), infographic, updated weekly.

EPRS, [National Recovery and Resilience Plans: Latest state of play](#), blog, updated October 2025.

## OTHER SOURCES

Eurostat, [Housing in Europe - 2025 edition](#), website.

Housing Europe, [State of Housing in Europe 2025](#).

OECD, [OECD Affordable Housing Database](#), website.

## ENDNOTES

- <sup>1</sup> The implementing partners are the European Investment Bank (EIB), the [European Investment Fund](#) (EIF), the Council of Europe Development Bank (CEB), the European Bank for Reconstruction and Development (EBRD), [Cassa di Risparmio di Padova e Rovigo](#) (CRP), [Istituto di Credito di Padova](#) (ICP), [Bank Gospodarstwa Krajowego](#) (BGK), and [Caisse des Dépôts et Consignations](#) (CDC).
- <sup>2</sup> [ETS2](#) refers to the EU emissions trading system for buildings and road transport, which addresses CO2 emissions from fuel combustion in buildings, road transport and additional sectors.
- <sup>3</sup> Data are based on the Commission's Recovery and Resilience Scoreboard – Thematic Analysis on Housing (May 2025). Following the June 2025 [simplification](#) process and the subsequent NRRP amendments, figures may have evolved.
- <sup>4</sup> The examples used to illustrate housing measures across NRRPs are not exhaustive.
- <sup>5</sup> Data regarding the fulfilment of the different milestones and targets can be found on the [CID Dataset](#) published by the Commission on 26 January 2026.

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## Annex – The affordable housing plan

Table 3 – Overview of the key actions in the affordable housing plan

Action	How?
<b>Pillar I: Boosting supply</b>	
Action 1: Strengthening productivity, capacity and innovation of the construction industry	Member States are encouraged to make use of the opportunities offered by EU law by supporting investments that can render construction more affordable.
Action 2: Cutting red tape to accelerate housing supply	Member States are encouraged to simplify national, regional and local planning, zoning and permitting rules and building codes, and to increase administrative capacity, including for digitalisation. They are also invited to make use of the flexibilities offered by the Public Procurement Directives to promote the cost-effective and efficient provision of housing, in particular through accelerated procedures and joint procurement.
Action 3: Combining affordability, sustainability and quality in housing	Member States are encouraged to prioritise the renovation and repurposing of existing buildings while avoiding unnecessary demolitions to revitalise neighbourhoods.
<b>Pillar II: Mobilising investment</b>	
Action 4: Mobilising additional public and private investment	Member States and regions are encouraged to step up investments to support social and affordable housing, including taking up financial instruments and blended funding under the current cohesion policy and through their <a href="#">national and regional partnership plans</a> under the next MFF.
Action 5: Enabling faster and simpler public support for social and affordable housing	Member States can maintain their existing social housing schemes and create additional affordable housing schemes for other target groups.
<b>Pillar III: Enabling immediate support while driving reforms</b>	
Action 6: Addressing short-term rentals in areas under housing stress	Member States are encouraged to monitor data on short-term rentals on their territory and assess their impact on housing affordability.
Action 7: Addressing speculation in the housing market	Member States are encouraged to put in place measures to limit harmful speculative behaviours in the housing market, including 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.
Action 8: Driving forward Member States' structural reforms	Member States are encouraged to implement ambitious and comprehensive reforms focused on affordability, making full use of the data-sharing, mutual learning and technical

	assistance opportunities available, including within the European Housing Alliance.
<b>Pillar IV: Supporting the most affected</b>	
Action 9: Housing for young people	Member States are encouraged to develop and implement targeted schemes to improve access to housing for young people, including affordable rental options and support for shared or co-living arrangements.
Action 10: Addressing homelessness and supporting tenants and households in vulnerable situations	Member States and regions are encouraged to step up their support to homeless and other groups in vulnerable situations, including through their national and regional partnership plans under the next MFF.

Source: [European Commission](#), December 2025.