

# Housing: The European Challenge A new strategy



**BUILD  
EUROPE**  
RESTORING THE PAST, BUILDING THE FUTURE

**Build Europe is the umbrella organisation of national federations of developers and house builders in the European Union, representing thousands of such organisations in 10 Member States. In Europe, Build Europe's Members are responsible for:**



**Access to good quality and affordable housing is vital for all European citizens.** Housing shapes communities and plays a crucial role in building an inclusive and prosperous society. The spiralling cost of European real estate has meant housing is no longer easily accessible or available to all, leading to undue social pressures and inequality of opportunity. Build Europe believes passionately that we all need to work together to resolve this crisis and ensure everyone can access the homes they need and live the lives they wish to live.

The experience of Build Europe's Members as developers, managers, and construction workers throughout Europe reinforces our point of view. This point of view is shared by the millions of EU households who come to us to share their hopes and aspirations and, just as frequently, their fears and anxieties. Everyone wants the chance to enjoy high-quality homes for themselves and their families, and Build Europe is committed to helping them fulfil this aspiration.

In view of the European elections, we would like to present a range of proposals to tackle this central issue: **How can we build sufficient housing that meets the aspirations of European citizens and is also affordable?**

## Housing policy objectives

### **BUILD ENOUGH HOUSING**

If the housing market was based exclusively on the law of supply and demand, it would be enough to build intensively in the most dense areas to see prices fall. In reality, the price of housing, old or new, depends on a wide range of factors. The most obvious of these are the desirability of the location, the availability of employment, and the range and quality of essential public services in the immediate vicinity – chief among these decent schools, high-quality healthcare, and good public transport connections. We must nonetheless remember that, if more housing does not always imply a fall in prices, too little housing inevitably causes their rise.

### **BUILD AFFORDABLE HOUSING**

Housing is considered affordable if it does not place undue stress on household finances. It follows therefore that there are two responses which Member States and public authorities can and should make: improve the ability of households to borrow, and lower prices and rents. The present general trend is to build where there is most need. But it is in dense urban areas and in metropolitan areas that land is most scarce, and therefore the most expensive, given the demographic pressure. We must therefore change the paradigm.

### **BUILD QUALITY HOUSING**

The first priority is to support appropriate densification of neighbourhoods through urban planning that is **considered, sustainable and respectful of citizens and their needs**. A balance needs to be struck between restructuring and the creation of new housing with ergonomic design and well-appointed 21<sup>st</sup> century features.

### **BUILD THE NEW WITH THE OLD**

Revitalisation of urban centres cannot be achieved only through demolition and reconstruction – we must also preserve heritage, atmosphere and landscapes. But this preservation cannot consist solely in the renovation of facades or interior paintings. **There must be renovation of existing housing that can meet current and future standards** while also living up to the expectations of householders.

## **Obstacles to affordable housing markets**

### **Lack of available land at affordable prices**

The European Commission's stated objective of 'no net land take by 2050' can only be achieved if conditions are created to deliver a credible alternative to land take. Other incentives must therefore be created. Delivering more housing units within a finite urban space inevitably means greater housing densification, but densification is likely to be met with reluctance by planning authorities and other local officials.

### **Social attitudes**

European citizens are rightly keen to see the housing crisis resolved. But, conversely, many citizens remain reluctant to permit necessary new housing development to take place in their own communities, with activism aimed at both elected officials and the petitioner themselves. This attitude is also evident amongst policymakers: there is broad consensus that we need to build more housing but, in practice, the agendas of national and local politicians all too frequently militate against promotion of new developments (*eg* through delaying decisions to provide building permits). Public authorities often apply the law restrictively and disproportionately.

### **Increases in construction costs**

A range of elements have made the construction of new housing increasingly unaffordable: normative and regulatory inflation, environmental requirements, superfluous administrative procedures and the emergence of a "gray" right in local charters can all play their part.

### **The weight of taxation and uncertainty about financing**

Housing is *the* major source of public revenues – yet public financial contributions to housing has been halved in 10 years. The diminishment of public funds, and perhaps also private funds, may have resulted from the "Basel 4" criteria, which indicate that the financing of real estate operators would be considered speculative and would require more capital.

In order to solve the housing crisis in Europe, there is no miracle cure but, together, and with the support of the EU's Member States, Build Europe is confident we can reduce costs, improve the size and quality of housing stocks, and enhance the purchasing power of first-time buyers and tenants. Build Europe has developed the following plan to address decisively the crisis in European housing.

We believe we should set a course for this new policy for a Europe that is not only one of metropolises, but integrates all its territories. Housing needs to be reflected in the face of disruptions in employment, education, mobility, new technologies and more. We need to think in the long term and work differently. This can be achieved if we:

**1 Designate a European Commissioner to be in charge of town and country planning and of construction EU-wide**

In order to create a strategic vision agreed the EU priorities for delivering affordable and sustainable housing supply across Europe, Build Europe proposes the creation of a dedicated Construction Council (see proposal no.9 below). This could guide investment policies and regulatory projects in line with environmental and social objectives and work in close conjunction with the European Commissioner.

**2 Create a European observatory body**

It is not possible to develop sensible policy without understanding what the current position looks like and implies. By involving the EU Member States and the wealth of statistics available to them, this observatory could quantify objectively and exhaustively the amount

of land supply needed and, within the framework of the European Semester, draw up country-specific recommendations

**3 Align and unify environmental protection with housing need**

It is vital that we ensure that the necessary protection of the environment does not have the unintended consequence of making land capable of development unavailable and unaffordable, and prevent the EU meeting its goal of providing affordable housing for all. It is also vital that local politicians are given the appropriate fiscal incentives to deliver their urban planning policies in an effective and sensible manner.

**4 Encourage urban transformation**

We need to take back control of our cities with appropriate levels of public investment, alongside

Europe. It is essential to promote a mix of uses and, in particular, to ensure that housing should be in commercial areas on the outskirts of cities where necessary infrastructure is already built.

## **5 Make medium-sized cities more attractive**

To prevent the accidental creation of large and soulless mega-cities, we must be passionate in developing sites with infrastructure, technology and thoughtful planning and land use in Europe's medium-sized cities, where the land is cheaper, in order to strengthen their distinctiveness, attractiveness and sustainability in the long-term.

## **6 Create new smart and green cities**

We should build new cities where land is cheap but still reasonably close to existing infrastructure. These new cities, could be designed and built with present objectives in mind: diversity, controlled energy consumption, production of renewable energy, sustainable development and reduction of the ecological footprint. These smart cities would be connected, with high architectural quality, and favouring short circuits, sharing concepts.

## **7 Support public communications campaigning to meet housing needs**

Thoughtful public information campaigns would provide the best

possible means of educating EU citizens and elected officials about the housing issues and attitudes that currently impede construction of necessary new dwellings. Such campaigns would draw attention to the fundamental dichotomy between the urgent need to increase housing supply and the fact that too many communities want new housing built elsewhere.

## **8 Accelerate the delivery of new homes**

To combat abuses of planning appeal processes, by communities that want to prevent any new homes from being built, we offer two solutions: simplifying urban planning laws, accelerating appeal processes, which would benefit from accelerated legal treatment.

## **9 Create a new European Construction Council**

This dedicated new body should include professionals and construction sector stakeholders. It would work in close consultation with EU institutions (see proposal no.1 above) on new regulations that have a direct or indirect impact on the cost of housing, and involve proposals to mitigate such costs.

## **10 Declare a 5-year moratorium on all new European regulations on new housing**

## **11 Encourage Member States to stop gold-plating EU Directives and actively engage in deregulation**

32% of administrative burdens on housebuilders result from excessively robust application of EU rules by Member States' governments. They should adopt objectives to reduce such bureaucratic excess that reduces incentives to build.

## **12 Make country-specific recommendations on key issues related to housing**

Country-specific recommendations should include indicators such as land prices, construction costs and the ratio between household incomes and housing costs. This would dramatically improve understanding of potential problems, in which countries these problems occur, and make those countries clear on their responsibilities.

## **13 Remove the production of new housing from the provision relating to real estate speculative activity of the 'Basel IV' agreements**

There is no single model that delivers sound and sustainable financing in the real estate sector across Europe. The EU must take this into account by transposing the 'Basel IV' reforms, so as not to unduly strain access to credit by real estate professionals and individuals

in a way that ultimately hits existing and prospective homeowners.

## **14 Make the open system the benchmark for European social housing**

'Closed' systems, in which social housing can only be provided by a limited number of public or semi-public operators, prevent private operators from producing, owning and managing social housing. All sources of public and private funding must be mobilised to build more affordable housing to meet all needs.

## **15 Build an EU-wide coalition of support for the case for affordable housing for all**

Housing policies remain too compartmentalised (*eg* social housing and owner-occupied rental and purchasing). The public and private sectors need to work together to meet the critical needs of the EU's citizens. Together we can solve the EU's housing crisis. Failure is simply not an option.

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**Our proposals are more fully developed in the long version of this Manifesto – see in particular the examples of best practice already put in place by the Member States.**



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