Housing Affordability
from Crisis to Solutions

The Causes of the EU Housing
Crisis in a Nutshell

Reduced Housing Supply
The increase in population has not been accompanied by a directly proportional increase of housing supply.

Increased Land Prices
People tend to move to big cities, where the availability of land suitable for housing development is limited, leading to a shortage of housing supply in urban areas.

Rising Construction Costs
Construction costs have been rising in many parts of the world.

High Interest Rates & Taxation
Rising mortgage rates make it difficult for low-income households to secure financing for housing, which is often taxed throughout its lifetime: production, sale, ownership, lease, and transfer.

Insufficient Income Growth
The rate at which wages increased did not keep pace with the rapid rise in housing prices.

Policy Goals
Objectives in a Nutshell

Build Enough Housing
If housing prices solely depended on supply and demand, building densely would decrease costs. However, factors like location desirability, job availability, and nearby essential services impact prices. While increased housing doesn't always lower costs, scarcity raises them.

Build Quality Housing
After lockdowns turned homes into multi-use spaces for work, life, and study, it's vital that housing meets people's needs in terms of space and functionality. The focus should be on smart urban planning that supports sustainable density while adapting to residents' changing requirements.

Build Housing that is Affordable
Affordable housing should not burden family finances. Member States and EU public authorities have two options: increase household borrowing capacity and/or lower property prices and rents. While the focus now is on constructing in high-demand areas, land in these urban zones is both scarce and expensive.

1 Assist Households, Particularly First-Time Buyers, in Affording Eco-Friendly Housing

To boost the proportion of houses that offer exceptional comfort, design, and environmental efficiency. Green houses need to be affordable for most, not just a select few. Promoting broad access to new eco-friendly housing and financially incentivising deep renovation operations, is vital for societal and environmental health. Additionally, to tackle public sector constraints, EU authorities should urge countries to embrace private financing and operators

2 Mobilise Both Public and Private Resources to Facilitate the Growth of a Housing Supply That Is Affordable

To foster innovative housing solutions. The EU must encourage private investment in affordable rental properties and promote financial tools that decrease housing costs, such as land and building separation, Help-To-Buy schemes, and housing finance alternatives, like tokenisation

3 Make Small and Medium-Sized Cities More Attractive

To move demand to areas surrounding large cities and create a new urban development model. We must develop our territory and invest in equipment, infrastructure, education, and technology in the medium-sized cities, where land and property values are more affordable, in order to strengthen their attractiveness and their vitality in the long run

4 Build New Smart and Green Cities

To create the towns of the future, environmentally-friendly and reduced environmental footprint. Building sustainable cities, close to existing infrastructures, notably with an environmental vision, would allow to build in an affordable way, according to the new aspirations and expectations of the citizens but also of the community

5 Urging Member States to Speed Up Projects and Reduce Red Tape

To reduce waiting times and administrative costs for citizens looking for new homes. Speeding up building permits for residential and urban projects alleviates housing shortages, offering citizens more sustainable and energy-efficient homes at lower costs. Since 32% of administrative burdens stem from national governments over-implementing EU rules, Member States should reduce extraneous regulations

6 Designate an EU Commissioner in Charge of Town and Country Planning and Construction

To initiate a long-term reflection and programming on European country planning. It could guide investment policies and regulatory projects in line with environmental and social objectives

7 Create a European Observatory Body and Introduce Affordability Checks

To formulate policies based on the current housing state of play. Using Member States' statistics and data, the Observatory could draw up country-specific recommendations and work with Member States to lay down the necessary measures to establish a system of housing affordability checks on the basis of essential parameters and indicators such as household income, composition and living conditions, including access to decent housing

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Build Europe is the umbrella organisation for European national federations of developers and homebuilders, representing more than 60% of EU's homebuilding capacities and 17 states.

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MANIFESTO
2024

We hope that the 2024 European elections will emphasise the importance of prioritising policy solutions that support developers and homebuilders in providing EU citizens with decent housing that is affordable

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