European Federation of Building Societies
Fédération Européenne d'Epargne et de Crédit pour le Logement
European Federation of Building Societies

Brussels, 21 September 2026

Position Paper of the European Federation of Building Societies on the Call for Evidence on the European Affordable Housing Plan

As the European Federation of Building Societies (EFBS), we represent the interests of Europe's building societies, which are currently active in many EU countries with around 26 million contracts. In the countries where building societies operate, they play an important role in financing the purchase as well as the energy-efficient or age-appropriate modernisation of private residential property. As the representative body for building societies and special-purpose savings institutions, we are taking part in this call for evidence because we are convinced that private housing finance, lending and the build-up of homeownership are just as decisive for housing affordability as building land, permitting procedures and public funding. The European rules on energy efficiency, banking regulation, sustainability, construction products and lending pursue legitimate aims, yet their cumulative effect can make investment more expensive, tie up capital and significantly constrain lending. The EFBS therefore does not call for blanket deregulation, but for a targeted review and simplification wherever requirements go beyond what is necessary.

I. CRR

Background: The CRR's capital requirements have a direct impact on the cost and availability of housing and mortgage loans. Where mortgage-backed financing is assigned a higher regulatory weighting than its actual risk warrants, credit institutions must hold more capital, which can make financing more expensive or more restrictive. In addition, the asset encumbrance reporting required under Article 443 CRR demands a granular record of all encumbered and unencumbered assets held by a building society or other CRR credit institution, even though the corresponding information on available and unavailable assets can already be derived from other reports, for instance from the recording of high-quality liquid assets (HQLA), meaning that the separate report offers no discernible added value. There is also further duplication within reporting requirements, for example through indicators reported in parallel under COREP reporting and to the resolution authority, the Single Resolution Board (SRB), as well as between EU-law and national outsourcing and ICT third-party provider registers. Such multiple data collection ties up capacity in reporting and compliance that would otherwise benefit the processing of applications for housing finance and renovation loans.

Proposal: The treatment of risk positions secured by residential property should be aligned more closely with actual risk. The transitional arrangement under Article 465 CRR for low-risk residential property financing should therefore be made permanent, and the more favourable risk weighting it provides for should be made permanently available EU-wide wherever the corresponding conditions are met. Asset encumbrance reporting should be merged with existing reports rather than continued as a stand-alone requirement. Redundant reporting channels between COREP reporting and SRB reports, as well as between EU-law and national outsourcing registers, should likewise be consolidated or mutually recognised. The capacity thereby freed up overall could flow directly into lending for housing.

II. Energy Performance of Buildings Directive (EPBD)

1. Energy-related, technical and documentary requirements

Background: The EPBD feed directly through higher energy-related, technical and documentary requirements into construction and renovation costs, financing conditions and investment decisions. This is compounded by the fact that the thresholds for the energy performance classes are each set with reference to national building stocks, which means that the classification of a building remains only partially comparable between member states and makes the consistent assessment of properties and financing more difficult. Where the energy savings achieved do not offset the investment costs within an economically reasonable period, projects risk becoming simply unfinanceable.

Proposal: As part of the planned review clauses, it should be examined whether the additional environmental benefit of individual measures is genuinely proportionate to their costs, with alternative approaches such as standardised and modular construction methods explicitly taken into account.

2. Indirect requirements for credit institutions

Background: The EPBD places indirect requirements on credit institutions, particularly where energy-efficient renovations are to be promoted through loan portfolios. Although these obligations are currently still voluntary in nature, there is a risk that energy policy objectives will, by this route, effectively be delegated to financial institutions.

Proposal: From a regulatory perspective, it must remain clear that responsibility for energy renovation measures rests with property owners and is not effectively shifted onto the financing institutions.

III. EU Taxonomy

Background: With its complex reporting and evidencing obligations, the EU Taxonomy places an equal burden on owners, investors, institutions and private households alike, with rigid criteria failing to adequately account for regional differences and small-scale renovations. Despite rising renovation rates, hardly any private renovation financing is classified as taxonomy-aligned, because customers are unable to provide the detailed evidence required in the course of an ordinary renovation process, meaning that the portfolio is in fact more sustainable than the figures suggest. The minimum safeguards requirements are likewise practically impossible to verify for natural persons, and for new-build projects, privately built single-family homes are so far subject to the same evidence requirements as developer projects.

Proposal: For renovations, a simplified, standardised form of evidence should be introduced, based on typified energy effects of a small number of key measures, with energy performance certificates, national certification schemes and funding decisions accepted as full evidence. For the minimum safeguards requirements, a general exemption should apply for private customers, or failing that, a blanket presumption of compliance. For new builds, a two-tier system should apply, with simplified criteria based on national new-build standards for privately self-built one- and two-family homes, and the existing, more comprehensive evidence requirements retained for commercial developer projects. In addition, standardised proxy indicators such as year of construction and type of measure should be permitted, along with a streamlined DNSH assessment for small-scale measures.

IV. Mortgage Credit Directive (MCD)

1. Creditworthiness assessment for energy renovations

Background: Before granting a renovation loan, building societies must carry out an affordability assessment under the MCD, which evaluates income and expenditure but is silent on whether

energy-related savings may be counted as an income benefit. This gap means that such savings are barely taken into account across Europe, causing pensioners and young families in particular to fail the creditworthiness assessment, even though the renovation would reduce their household costs and the loan cannot be granted despite its economic viability.

Proposal: The Directive should clarify that demonstrably expected energy cost savings may be included in the affordability assessment as a flat-rate income benefit, in order to improve access to renovation loans for lower-income and older households across the Union, without weakening the principles of responsible lending.

2. Pre-contractual information requirements

Background: Information requirements within the Directive have become increasingly dense, and the resulting burden is reflected in processing costs and timescales. Advertising under Article 11 MCD, for example, must include extensive details together with a representative example that carries little informative value before a creditworthiness assessment has taken place, while the information required under Article 13 MCD largely duplicates the European Standardised Information Sheet (ESIS) under Article 14 MCD, which, according to the Commission's 2021 evaluation, leads to information overload and is in part redundant. The obligations relating to intermediaries and advice under Articles 15 and 22, as well as those for contract amendments under Article 27a MCD, likewise persist alongside these without any discernible added value.

Proposal: Advertising disclosures should be limited to the key parameters needed for comparison, the remaining information requirements reduced to core details, and duplicate disclosures eliminated, so that the resulting freed-up capacity could flow into faster, more cost-effective lending, particularly for specialised products such as contract savings for housing (Bausparen).

3. Prohibition of tying practices

Background: The ongoing review of the MCD is also addressing, among other things, the design of tying and bundling practices. A particular concern here is the possibility that the exemption from the tying prohibition under Article 12(2)(a) MCD, which allows product combinations provided they are functionally linked to the credit granted, for instance through savings mechanisms, collateral or different financing components, could be restricted or removed. The Commission has not so far put forward a concrete proposal on this point, but should this exemption be dropped in the course of the revision, it would simultaneously remove the legal basis for residential consumer credit agreements in the form of building society loans as well as for building societies' pre-financing loans.

Proposal: The exemption from the tying prohibition under Article 12(2)(a) MCD should be expressly preserved in the course of the current revision, so that long-term, plannable financing options can continue to contribute to the affordability of homeownership in future.

V. Construction Products Regulation (CPR)

Background: With progressing harmonisation and growing certification and evidencing obligations, the CPR is making construction processes more complex and increasing costs, with SMEs and regional developers particularly affected. New documentation requirements, above all the digital product passport, which has not yet been rolled out across the board, also carry the risk of duplicate requirements during the transitional phase.

Proposal: The EFBS calls for the swift, prioritised implementation of the first working plan for harmonised technical specifications for the period 2026 to 2029, published by the Commission on time on 8 January 2026, so that the product families concerned obtain legal certainty as quickly as possible. In addition, proportionate requirements should apply for SMEs, along with lean, one-off digital documentation. Standardised components, modular construction methods and

industrialised processes should be actively supported through funding instruments as well as accelerated standardisation and approval procedures.

VI. Moratorium on new documentation requirements

Background: In recent years, financial institutions have been subjected to numerous new EU regulations, such as the CSRD, the EBA's supervisory disclosure requirements and the EU Taxonomy, which call for the collection of highly detailed data points, for example the exact CO2 emissions of every financed building. Because this data is frequently not available in digital form, considerable administrative burden arises within institutions' IT systems. This is compounded by the fact that new documentation requirements are not always aligned in time with the underlying substantive requirements: the EU Taxonomy, for instance, already requires evidence from 2027, whereas the corresponding requirements under the EPBD do not have to be implemented until 2030.

Proposal: The EU should commit to introducing new documentation requirements only in duly justified exceptional cases, and to reducing the administrative burden progressively by phasing out existing, equivalent reporting obligations, an approach that would go beyond the Commission's existing 'one-in, two-out' approach and should be identified as a separate, more ambitious demand in its own right. In addition, new documentation requirements should be aligned with the implementation deadlines that actually apply, so that Taxonomy evidence is not required from 2027 for matters that only become mandatory under the EPBD in 2030.

VII. Rome I Regulation and cross-border competition

Background: Despite the minimum harmonisation sought by the MCD and the CCD, considerable differences remain between member states in the practical implementation of information requirements, which hampers cross-border competition in the internal market for consumer loans.

Proposal: Within the framework of the Rome I Regulation, consideration should be given to whether consumers could be given the option to knowingly waive the application of the consumer protection law applicable at their habitual residence, in order to facilitate cross-border market access.