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

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PR

European Commission Presents First European Affordable Housing Plan

Dear Sir or Madam,

Attached, we are sending you the communication on the first European Affordable Housing Plan, which was presented by the European Commission on 16 December 2025.

The European Council had explicitly called on the Commission in October 2025 to submit such a plan. In the document, the Commission acknowledges that housing policy fundamentally remains the responsibility of the Member States, regions, and cities. Its approach therefore does not aim to centralize competences at the EU level, but rather to coordinate and support national and local efforts through EU assistance.

According to the Commission, the plan builds on the work of the European Parliament's Special Committee on the Housing Crisis (HOUS), although the committee's deliberations are not yet complete.

The document identifies a structural imbalance between supply and demand as the core problem. The Commission estimates the annual demand at over 2 million homes, while currently only around 1.6 million new units are being built, resulting in an annual shortfall of approximately 650,000 homes. Closing this gap would require annual investments of around €150 billion, according to estimates.

However, the crisis is not only a matter of availability but also of affordability: Between 2013 and 2024, house prices in the EU rose by over 60 percent, while building permits have declined by 22 percent since 2021. Young households, low-income earners, and essential workers such as teachers or nurses are particularly affected, as they can barely afford housing in urban areas. At the same time, rural regions are suffering from depopulation and vacancy.

The plan is structured around four pillars of action:

1. Increasing supply,
2. Mobilizing investments,
3. Providing immediate relief and structural reforms,
4. Supporting particularly affected groups.

Under each pillar, the Commission announces legislative proposals to be published in the coming months and years. Still this year, the Commission intends to present revised state aid rules for affordable housing. Previously, Member States could only support social housing without prior notification. In the future, this will also apply to other forms of affordable housing for low- and middle-

European Federation of Building Societies, Rue Montoyer 25, 1000 Brussels
Phone: +32 (0) 2 231 03 71, E-mail: info@efbs-bausparkassen.org

income households, students, and essential workers. This is intended to make it easier for Member States to invest in rental housing without lengthy Commission approval procedures.

For the fourth quarter of 2026, the Commission plans a legislative package on short-term rentals as part of an "Affordable Housing Act". This will enable municipalities in "housing-stressed areas", such as tourist hotspots or major cities, to enforce mandatory registrations for providers and introduce data-based restrictions to reduce pressure on the rental market.

Also in 2026, a "Construction Services Act" is to be presented, aimed at facilitating cross-border services in the construction sector without compromising social or labour standards. Additionally, the Commission intends to more closely examine anti-competitive practices in the construction industry, as productivity in this sector has stagnated for years, while costs are rising faster than inflation.

In 2027, a "Housing Simplification Package" will follow, reviewing EU regulations for their impact on housing construction and promoting digital one-stop shops for permit procedures. The Netherlands serves as a model here: Through a central digital platform, the processing time for building permits was reduced from 26 to 8 weeks.

On the financial level, the plan continues to focus on mobilizing private and public funds. The centrepiece is the pan-European investment platform for affordable housing (from the third quarter of 2026), supported by the European Investment Bank (EIB) and national promotional banks. By 2029, a total of €375 billion is to be channelled into social and affordable housing through public guarantees and blended finance. The EIB has already announced that it will significantly increase its commitment in this area. Existing EU funds such as InvestEU, the Cohesion Fund, and the Social Climate Fund are also to be used more intensively for housing projects.

While the announced legislative initiatives demonstrate a certain degree of determination, they generally do not go beyond empowering national authorities. The plan will be accompanied by the first EU Housing Summit in 2026. The Commission shall present a progress report before the end of its term.

We will closely monitor further developments and keep you informed about relevant steps. Should you have any questions, we are, of course, at your disposal.

Yours sincerely,



Christian König
Managing Director
European Federation of Building Societies

Annex

European Federation of Building Societies, Rue Montoyer 25, 1000 Brussels
Phone: +32 (0) 2 231 03 71, E-mail: info@efbs-bausparkassen.org