



Affordable sustainable housing in the EU

EXECUTIVE SUMMARY



European Economic
and Social Committee



Study on “Affordable Sustainable Housing in the EU”

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Foreword

By Séamus Boland

*President of the Civil Society Organisations' Group
European Economic and Social Committee*



Within the **Civil Society Organisations' Group**, we have placed the **fight against poverty**, as well as ensuring a just transition, at the centre of our activities. For many Europeans, **housing and energy are the first and biggest household expenses**. Arguably, they should be a priority when it comes to fighting poverty and preventing homelessness.

In addition, **access to decent and affordable housing has become a major concern** in recent years. Fuelled by rises in construction costs, mortgages and short-term rentals, both housing prices and rents have increased in almost all Member States¹. According to Eurostat, in 2023, more than 10% of households in cities and 7% of households in rural areas spent more than 40% of their disposable income on accommodation. At the same time, the question of **sustainability warrants our attention**, as we will need to continue mitigating the climate crisis through sustainable housing, as well as preparing our homes for increasing environmental hazards.

Therefore, **our Group took the initiative to request an EESC study on affordable and sustainable housing**, which comes at a time of growing awareness of the situation. In her political guidelines 2024–2029, Ursula von der Leyen has committed to urgently "addressing the housing crisis" and designated a Commissioner for Energy and Housing.

In this context, it is with great pleasure that **I commend to you this study on *Affordable Sustainable Housing in the EU***, which was commissioned by the European Economic and Social Committee and carried out by the Center for Social and Economic Research (CASE).

Within the field of affordable and sustainable housing, this research focuses on two very specific and distinct topics, closely related to the work of many members of our Group: firstly, **the state of play and potential of digitalisation**, and secondly, **the role played by social economy entities when it comes to the provision of housing**. On the basis of case studies in six Member States, the authors explore innovative policy solutions in these fields, with a view to determining their potential to contribute to affordable and sustainable housing in the EU.

Ahead of the new political mandate, this study delivers valuable insights on the potential scalability of these initiatives and their relevance at European level. Against this background, I would like to highlight the study's recommendation for a **joint approach at European level**, supporting Member States in tackling the housing crisis. Furthermore, in this context, let us look at housing in its broad sense, encompassing **habitability and comfort, community and connectivity, economic accessibility, resource efficiency and circularity, as well as resilience and adaptation**, as proposed in this study.

Finally, let me thank my vice-president Rudolf Kolbe, leading on the topic of housing within our Group's presidency and co-rapporteur for the EESC opinion on *Social housing in the EU*. My hope is that this investigation will support **policymakers and practitioners** such as liberal professionals, social economy housing providers and civil society organisations alike, and serve as a call and foundation for further research into the topic.

¹ European Parliament, [Rising housing costs in the EU](#), October 2024.

Abstract

This study explores policy solutions for affordable and sustainable housing in the European Union (EU), emphasising a number of factors which are crucial throughout the building process: habitability, community, economic accessibility, resource efficiency, circularity, and climate change resilience. It investigates two emerging trends: digitalisation and the integration of social economy entities into housing provision, which not only address immediate housing challenges but also align with broader societal shifts such as ageing populations. Digitalisation optimises planning, construction, and management, enhancing resource efficiency, while social economy entities prioritise community-oriented, sustainable housing solutions that promote affordability, long-term stability, and resilience. The research offers medium and long-term policy recommendations aimed at fostering inclusive, affordable, and sustainable housing across Europe.

Executive Summary

Housing is a fundamental social need and right, essential for human development, identity, and belonging. However, many Europeans struggle to find affordable housing, which affects not only the most vulnerable but also those who earn too much to qualify for social housing yet too little to afford private market accommodations comfortably. In the long term, lack of access to affordable and sustainable housing can lead to health issues, social inequalities, increased healthcare costs, reduced productivity, and environmental damage.

The study maps and analyses policy solutions and initiatives for affordable and sustainable housing in the EU, focusing on:

- **digitalisation in the housing sector;** and
- **housing structures involving the social economy.**

It identifies widely accepted typologies of affordable and sustainable housing, assesses factors impacting affordability and sustainability, and reviews existing policy frameworks, governance mechanisms, and financing opportunities. Additionally, it evaluates the coordination of housing initiatives and the effectiveness of collaboration patterns. The methodology used in this research combines a literature review, the examination of key databases and a case-study-based approach. The findings from these analyses inform policy recommendations for the medium-term (up to 2030) and long-term (up to 2050).

What Makes Housing Affordable and Sustainable?

Affordable sustainable housing is a complex issue influenced by social, economic, environmental, and institutional factors. Although not official, legal or regulatory definitions of affordability typically relate to housing cost compared to income levels and are shaped by a wide range of factors – underlining the interplay of economic, regulatory and demographic forces in a country. Sustainability of housing, however, encompasses environmental, social, cultural, and economic dimensions.

Taking into account both concepts—housing affordability and housing sustainability—**affordable sustainable housing encompasses a number of factors that ought to be applied throughout every phase of the building and construction process, which can be clustered around five main themes: habitability and comfort, community and connectivity, economic accessibility, resource efficiency and circularity, as well as resilience and adaptation to climate change.**

Policy perspective

While the EU lacks direct authority in housing policy, it plays a significant role in shaping housing conditions through various initiatives aimed at affordability, sustainability, and social inclusion. Key initiatives include, among others: the European Pillar of Social Rights (EPSR) and the European Green Deal (EGD), including Renovation Wave Strategy, Fit for 55 Package, Energy Performance of Buildings Directive (EPBD), and, most importantly, New European Bauhaus (NEB).

Housing policies in the EU-27 countries differ significantly due to unique historical developments, demand characteristics, and national regulations, leading to distinct national profiles. However, there is limited comparative research on this topic. When it comes to governance structures of housing policies, they do not align with typical country groupings or state organisation patterns. Four types of governance structures were identified: concentrated, overleaping, scattered, and sectoral, which also vary in terms of levels of governance.

Instruments of affordable housing policy can be divided into supply-side measures (e.g., development of social/affordable housing) or demand-side measures (e.g., housing allowances). Since 2009, there has been a trend towards reduced public expenditure on supply-side measures and

increased expenditure on demand-side measures. Sustainable housing policies consider social, economic, and environmental factors, using direct benefits (grants, subsidies) and indirect benefits (favourable fiscal and lending conditions, regulations).

Digitalisation and Affordable Sustainable Housing

Digitalisation levels vary significantly across the EU-27; eighteen countries have policies for digitalising construction, with some focusing specifically on the sector. However, nine countries lack dedicated strategies for digitalising building permits, which remain paper-based or partially digital in many states. Building Information Modelling (BIM) adoption is moderate across the EU, mainly among larger firms in the private sector. Databases on building energy performance are also unevenly implemented. Artificial Intelligence (AI) in construction is in its early stages, mostly in pilot projects.

The case studies of Plandata.dk in Denmark, Paris Habitat in France, and the Integral Energy Transition for Existing Buildings (IEBB) in the Netherlands illustrate diverse strategies to enhance affordable and sustainable housing through digitalisation:

- Plandata.dk enhances urban development by centralising planning data, promoting transparency, and facilitating compliance with zoning and environmental standards. In contrast,
- Paris Habitat focuses on improving social housing management through digital tools, fostering community engagement, and integrating sustainable materials and green spaces to enhance liveability.
- The IEBB initiative prioritises large-scale energy-efficient renovations, using AI and data-driven insights to optimise building performance, reduce costs, and integrate renewable energy sources. Together, these initiatives demonstrate how digitalisation can improve housing affordability, sustainability, and resilience across different urban contexts, supporting inclusive and environmentally conscious urban development in Europe.

The Role of the Social Economy as a Provider of Affordable Sustainable Housing

Over the past two decades, national policies have increasingly empowered local governments to both develop and implement housing policies tailored to local needs. This decentralisation allows local authorities to interact directly with communities and businesses, influencing decisions on social housing quantity and criteria for new developments. The shift towards demand-side measures since 2009 has also involved greater participation from the private sector, as well as social economy entities. As a result, the direction of the implementation of social housing provisions is shifting away from heavy municipal engagement.

The case studies of Wohnpark Alterlaa in Vienna, Social Rental Agency (SRA) in Dąbrowa Górnicza, and La Borda Housing Cooperative in Barcelona highlight the significant role of social economy initiatives in advancing affordable and sustainable housing solutions:

- Wohnpark Alterlaa exemplifies “fair living” through its 3,18q affordable apartments, supported by extensive green spaces and social infrastructure that foster community cohesion and resident involvement in decision-making.
- SRA in Dąbrowa Górnicza addresses housing exclusion with fully equipped apartments and support services, focusing on immediate needs amid socio-economic challenges.
- La Borda Housing Cooperative pioneers a cooperative model in Barcelona, promoting sustainability through passive design and community engagement, enhancing resilience to climate change.

Conclusions

This study highlights the transformative potential of new partnerships and technological advancements in addressing housing challenges across the EU. Integrating social economy entities and digital solutions in housing provision offers significant opportunities to enhance affordability and sustainability.

Despite EU-wide efforts to promote digitalisation in construction, its adoption varies significantly among Member States, influenced by traditional stakeholder perspectives, perceived low returns on investment, and high implementation costs. The persistence of paper-based systems and the underutilisation of available data highlight the pressing need for wider integration of digital tools such as BIM across all construction activities. Denmark sets a precedent in digital integration with platforms such as Plandata.dk, facilitating transparent and efficient planning processes. Meanwhile, countries like the Netherlands lead in the adoption of AI, using advanced technologies to optimise design and detect errors, exemplified by initiatives like the IEBB promoting circular economy goals and energy-efficient housing. **However, it is worth noting that the cost savings achieved through digitalisation often benefit investors’ margins more than they enhance affordability for end-users.** These savings contribute to greater accuracy, trustworthiness, improved quality standards, and timely delivery of complex projects within budget constraints.

Digitalisation also enhances residential management and accessibility, as seen with Paris Habitat in France, which employs bespoke mobile applications and Salesforce platforms. Despite challenges in digital inclusivity, Paris Habitat enhances housing management efficiency, promotes digital literacy, and fosters community resilience, illustrating the transformative impact of digitalisation in housing sectors.

The involvement of social economy entities is crucial in expanding affordable housing options and fostering community cohesion. Examples from Austria, Poland, and Spain illustrate how non-profit and cooperative models contribute to affordable, sustainable housing solutions tailored to local needs. These initiatives provide not only affordable apartments, but also essential services, integrating vulnerable populations and promoting long-term housing stability.

The study emphasises the importance of inclusive urban planning and construction practices to ensure housing accessibility across diverse population segments. Future research should explore the impacts of emerging technologies (such as AI) on housing development and management, building on successful practices identified in this study. Additionally, further investigation into different social economy models and housing policies across EU countries could provide insights into innovative approaches to enhance housing affordability and sustainability.

Key Recommendations

Based on the comprehensive literature review and case study analysis, the following key policy recommendations are proposed:

	Medium-term (up to 2030)	Long-term (up to 2050)
The overall approach to housing policies at the EU level	<ul style="list-style-type: none"> The overall approach at the EU level should prioritise the establishment of a comprehensive “New European Deal for Affordable Sustainable Social Housing”. An EU Housing Directive should be introduced to harmonise efforts across Member States, focusing on affordability, sustainability, and facilitating long-term financing options, thereby ensuring cohesive and effective housing policies at the Union-wide level. Principles and guidelines dedicated to sustainable affordable housing should be formulated under a Task Force, facilitating annual EU summits and creating 	<ul style="list-style-type: none"> Housing affordability and sustainability require systemic, gradual changes that address multidimensional challenges. EU policymakers should involve local and regional authorities (LRAs) more extensively in decision-making processes, focusing on localised solutions and fostering ambitious, long-term reforms. Comprehensive monitoring and evaluation, supported by detailed city/region-specific data, are essential for effective policy implementation.

	a platform to support national, regional, and local housing strategies.	
Digitalisation	<ul style="list-style-type: none"> The development of interoperable digital platforms to streamline the building permit process should be prioritised. 	<ul style="list-style-type: none"> Digitalisation across all housing sectors should be mandated through legislative support and circular economy approaches.
	<ul style="list-style-type: none"> Enhance building design to prioritise energy efficiency, leveraging databases like the Basic Registration of Building and Addresses (BAG) to optimise performance and meet environmental standards and enhance twin transition. 	<ul style="list-style-type: none"> Stakeholders, including planners, agency staff, and citizens, should be engaged in the incremental development of digital tools, beginning with interested municipalities and then gradually make it obligatory based on practical benefits.
Social economy	<ul style="list-style-type: none"> Innovative housing models such no- and limited-profit housing and cooperatives should be supported, as they have proven effective in addressing local affordability challenges. 	<ul style="list-style-type: none"> In order to address housing challenges effectively, it is crucial to redefine “social housing” as “societal housing” that serves a broader population beyond the most vulnerable.
	<ul style="list-style-type: none"> Flexible financial support mechanisms, including subsidies and low-interest loans, should be ensured to maintain affordability in housing projects while community participation is encouraged and social housing principles are preserved. 	
	<ul style="list-style-type: none"> The development of community spaces within neighbourhoods should be encouraged to strengthen social bonds and promote inclusivity, with a focus on amenities such as green areas and access to job opportunities. 	<ul style="list-style-type: none"> It is important to not only focus on building new and renovating already existing housing stock, but also utilise available unused buildings for housing purposes. It is also important to anticipate who will inhabit these apartments and what their needs will be.
	<ul style="list-style-type: none"> A structured framework should be established at both national and EU levels to facilitate the exchange of best practices and successful models in addressing local affordable housing challenges. 	



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