

Sustainable and Affordable Homes for All

October 2025

EXECUTIVE SUMMARY

As the publication of the EU's first ever Affordable Housing Plan and the submission deadline for the National Building Renovation Plans draw near, this briefing by ICLEI Europe emphasises the urgent need for an integrated approach to **affordability** and **sustainability** in housing policy. It demonstrates how affordable, equitable, and sustainable housing solutions can be replicated at the local and regional level to alleviate Europe's housing crisis.

This crisis is deepening, driven by rising costs, energy-inefficient buildings, and growing socio-economic inequalities. Local and regional governments are at the forefront of delivering innovative, community-led, and sustainable housing solutions. Yet, their efforts are often hindered by fragmented governance, outdated regulations, inadequate financing models, and the complexities of repurposing existing buildings.

Fundamentally, sustainable housing is affordable housing in the long term. ICLEI Europe therefore calls for a shift towards a **long-term** and **people-centred approach** to delivering housing solutions throughout Europe, one that empowers municipalities, aligns public and private investments, and maximises the potential of existing buildings. Ensuring that **sustainability and social equity go hand in hand** is essential to avoid deepening exclusion or displacement, particularly for vulnerable groups.

The housing challenge is shaped differently across Europe: **while urban areas face pressures of**

densification, rising land values, and gentrification, many rural and peripheral regions struggle with depopulation, vacancy, and disinvestment. By building on local knowledge, good examples and investing wisely in quality, inclusive and climate-resilient housing, the EU has a unique opportunity to create cities and regions that are fairer, greener, and more liveable for all.

Key challenges identified throughout the document are:

- ★ Fragmented **multilevel governance** and insufficient local decision-making power.
- ★ **Cumbersome regulatory frameworks, overly complex** permitting procedures.
- ★ **Lack of well-targeted financing models**, especially for smaller-scale and cooperative initiatives.
- ★ **Lack of social safeguards** in renovation strategies, increasing the risk of displacement.
- ★ Underutilisation of **existing buildings and urban spaces**, despite significant vacant building inventories.

Recommendations for affordable and sustainable housing across Europe:

- ✦ **Prioritise the regeneration of the existing built environment**, promoting circular design, vacancy mapping, digitalisation, and workforce upskilling.
- ✦ **Strengthen multilevel and cross-sectoral governance**, to enable better vertical coordination and give local governments more autonomy to deliver different and tailored housing solutions.
- ✦ **Ensure alignment between regulatory frameworks** to reduce bureaucracy and speed up sustainable, circular construction and renovation projects.
- ✦ **Align financing flows** through improved access to low-interest loans, technical support, bundling mechanisms, and more flexible State aid rules.
- ✦ **Advance socially integrated housing policies** by embedding territorial cohesion, tenant protections, participatory planning, and inclusive models such as Housing First and cooperatives.

TABLE OF CONTENT

EXECUTIVE SUMMARY	1
1. CONTEXT AND CHALLENGES	3
1.1. MULTILEVEL GOVERNANCE CHALLENGES	3
1.2. REGULATORY AND PERMITTING FRAGMENTATION, LACK OF DIGITALISATION	4
1.3. INADEQUATE AND MISALIGNED FINANCING MECHANISMS	5
1.4. FRAGMENTED HOUSING POLICIES AND COMMUNITIES	6
1.5. CONSTRAINTS OF THE EXISTING BUILT ENVIRONMENT	7
2. ICLEI EUROPE'S VISION FOR AFFORDABLE AND SUSTAINABLE HOUSING	8
3. RECOMMENDATIONS AND GOOD PRACTICES FROM ACROSS EUROPE	10
3.1. STRENGTHEN MULTILEVEL AND CROSS-SECTORAL GOVERNANCE	10
3.2. ENABLE REGULATORY FRAMEWORKS AND ALIGNED PERMITTING PROCEDURES	11
3.3. SHIFT FINANCIAL FLOWS FOR SUSTAINABLE AND AFFORDABLE HOUSING	12
3.4. PROMOTE SOCIALLY INTEGRATED HOUSING POLICIES AND STRENGTHEN LOCAL CAPACITIES	14
3.5. PRIORITIZE THE REGENERATION OF THE EXISTING BUILT ENVIRONMENT	16
RESOURCES	18

1. Context and Challenges

Housing affordability is a long-standing challenge of Europe. For decades, data have consistently shown it to be a persistent issue (OECD, 2021; [European Parliament Research Centre](#), 2024), highlighting the urgent need for targeted policy action.

However, housing affordability is only one side of a story of uneven territorial development. Prosperous cities and regions have attracted new inhabitants, increasing the housing demand, which in turn has attracted investors and caused financialisation of housing, among other structural challenges. In parallel, many rural areas, small towns and regions are left behind, with shrinking populations and an increasing proportion of vacant building stock (JRC, 2025).

Thus, local and regional governments across Europe are facing fundamentally different challenges, which need to be addressed in a coherent and integrated manner. For instance, a more ambitious Cohesion Policy framework that, among other things, supports employment and economic development or strengthens regional mobility and infrastructure investment in disadvantaged areas, could address failing public services at rural areas and alleviate pressure on urban housing while revitalising underdeveloped and shrinking areas.

To address the deepening housing crisis, local and regional governments, as well as local communities, are actively exploring how to implement alternative, sustainable, and affordable housing models, such as [Community Land Trust Network](#), [co-housing](#), or self-organized house projects like the ones promoted by [Mietshäuser Syndikat](#), along with supportive policies to mainstream them. For instance, Lisbon (Portugal) has established a subsidy for families paying more than 30% of their income for housing (Camara Municipal de Lisboa, 2023). The newly introduced “Hamburg-Standard”, part of the city’s [“Initiative for Cost-Reduced Building”](#), aims to address rising construction costs

and deliver more affordable housing solutions through a combination of revised building standards, efficient planning, and expedited approval processes.

Despite local governments and their local partners taking the lead to address their housing challenges, the lack of legislative authority, resources, and coordination with higher governance levels hinders more widespread and systemic solutions. Progress is slow; residents, particularly the most vulnerable, often continue to struggle with rising rents, displacement, and a lack of affordable housing options. This underscores the need for more targeted and sustained support to empower local governments as they navigate the different faces of the housing crisis and respond to them swiftly and effectively.

Moreover, beyond a crisis of affordability, supply, and distribution, housing in the EU is deeply impacted by a crisis of sustainability, as member states are struggling to provide climate-neutral and resilient spaces for human and non-human life. Though there is broad recognition of the importance of a sustainable built environment – see, for instance, the global [Chailot Declaration](#), brought forward by the UN’s Environment Programme and the Government of France in 2024, or the EU’s own [Renovation Wave](#) – this dimension is often discussed in opposition to affordability, creating the illusion of a zero-sum game. Rather, the two dimensions go hand-in-hand when creating long-term policies that include the full range of solutions, including the repurposing of vacant spaces and retrofitting.

The next section highlights some of the key challenges that continue to shape and deepen this crisis for local and regional governments.

1.1. MULTILEVEL GOVERNANCE CHALLENGES

One of the key obstacles to creating and implementing affordable and sustainable housing policy at the local level is the challenge of uncoordinated multilevel governance. Responsibilities for land use and the built environment, including housing, are often fragmented across national, regional, and local governments, leading to overlapping mandates, different or incompatible

funding sources, delayed permitting processes and fragmented or poorly aligned housing initiatives. This misalignment creates conflicting priorities and undermines the capacity of local governments to effectively respond to their specific housing challenges.

In addition to external governance challenges, many municipalities struggle with internal capacity constraints. A lack of coordination between key departments, such as urban planning, social services, climate, economic development and tourism, legal and finance, hinders the delivery of integrated and holistic housing strategies at the local level.

Moreover, despite being on the front lines of the housing crisis, local governments often lack control over critical policy levers. Key instruments such as land use regulations, building codes, fiscal tools, and affordable housing budgets are often under the jurisdiction of national or regional authorities, limiting the ability of local governments to develop tailored and place-based housing solutions that effectively respond to local needs and conditions. For instance, regional or national governments can set overarching frameworks, guidelines, or restrictions that influence local planning decisions through strict zoning, land use, and building regulations. In some cases, these regulations set by different levels of governments prioritise different forms of development that can conflict with opportunities to deliver social, affordable, or cooperative housing solutions.

A telling example is Germany, where there are 16 different regional construction codes (Landesbauordnungen), one for each federal state. While this reflects the country's federal structure, it also creates regulatory fragmentation and complexity for developers and municipalities, as requirements differ significantly across regions. This patchwork of rules adds to permitting delays, increases compliance costs, and reduces the scalability of innovative housing solutions.

Therefore, to overcome these challenges, vertically and horizontally-coordinated governance frameworks

are essential. This includes clarifying roles and responsibilities across levels of government, ensuring funding alignment and mainstreaming, establishing mechanisms for effective collaboration, and shifting more decision-making power and autonomy to local governments. Moreover, effective housing policy requires the active engagement of a broad range of stakeholders, including civil society organisations, housing associations, construction companies, and private developers. Only through multi-stakeholder and multi-level collaboration and stronger interinstitutional alignment can inclusive, sustainable, and locally tailored housing strategies be successfully designed and implemented.

1.2. REGULATORY AND PERMITTING FRAGMENTATION AND LACK OF DIGITALISATION

European local and regional governments also face challenges related to complex permitting processes and policies, lack of digital and interoperable tools, as well as fragmented regulation in relation to short term rentals.

In many countries, the permitting process for renovations and new construction can be quite complex and time-consuming, often involving multiple agencies and layers of approval. Many countries, like Germany and Spain, still rely heavily on paper-based procedures or fragmented digital tools, lacking fully interoperable platforms (ACCORD Project, 2023). The lack of digitalization in the delivery of permit systems hinders transparency and efficiency. Many municipalities have yet to implement integrated digital platforms for permissions and approvals processes, which could reduce approval times and lower administrative burdens. This administrative complexity contributes directly to the housing crisis by slowing down the delivery of sustainable and affordable housing solutions. Lengthy and inefficient permitting processes increase development costs and discourage investment, particularly in affordable housing projects, which can be more affected by regulatory delay.

In urban and densifying areas these challenges contribute to a reduced housing supply and increased development uncertainty. Prolonged timelines, higher compliance costs, and regulatory unpredictability discourage private sector involvement and delay the

delivery of much-needed housing units. On the other hand, in rural and depopulating areas, they deepen disinvestment, reduce renovation activity, and make it harder to attract or retain residents. As a result, unmet housing demand continues to grow, fueling price increases and worsening housing affordability across the EU.

To overcome these complexities, adopting digital tools and data-driven approaches is crucial. Initiatives like Digital Building Logbooks (DBLs) and Building Renovation Passports (BRPs), as promoted by the revised Energy Performance of Buildings Directive (EPBD), offer an example of a common repository for all relevant building data, from energy performance certificates (EPCs) to material composition and renovation history (BUILD UP, 2025; European Commission, 2020).

1.3. INADEQUATE AND MISALIGNED FINANCING MECHANISMS

Local governments face significant financial constraints and limitations to develop sustainable and affordable housing projects themselves. Limited access to regional, national, and European funding, combined with reduced state financial support, undermines municipal capacity to provide housing or develop subsidy schemes for large-scale building renovations. At the same time, private sector investment in affordable housing remains low, largely due to limited profit margins, but also because of the aforementioned burdensome regulations, complex bureaucracy, and lengthy approval processes. In this context, alternative affordable housing models, such as co-housing, cooperative financing, and community-led initiatives, have emerged as important complements. These models often operate independently of public funding or direct government delivery, relying instead on collective ownership, shared resources, and innovative financing mechanisms to increase housing accessibility and sustainability.

In the context of municipal housing delivery, procurement is often awarded based on the lowest price, with limited consideration for non-price criteria such as sustainability, quality, or social impact. In this context, quality encompasses not only the structural durability, resilience and safety of the homes, but also the comfort, functionality, design, and long-term performance that support residents' health and well-being through community engagement. This approach can compromise long-term value and discourage innovative or community-oriented proposals that may offer greater public benefit over time. Ensuring high-quality housing is therefore not only a matter of design and construction standards, but also of creating procurement and financing mechanisms that allow smaller, community-oriented projects to achieve the scale and resources needed to deliver lasting public value.

In fact, many affordable, or non-speculative, housing development and renovation/re-use projects are too small in scale to qualify for major funding programs or attract institutional investors. The lack of aggregation mechanisms to bundle multiple small projects limits scalability and financial viability, further fragmenting already scarce public and private resources. While aggregation mechanisms to bundle smaller projects do exist, such as the European Investment Bank (EIB) Framework Loans and through some national promotional banks, their uptake is still limited compared to the scale of the need. More systematic support for aggregation and technical assistance is required to scale community-led, cooperative, and municipal housing efforts in a financially viable way.

The European Investment Bank (EIB) plays an increasingly important role in addressing these gaps. Through its Urban Investment Support, ELENA (European Local Energy Assistance), and the most recent [Housing Platform](#), the EIB supports cities and regions with technical expertise and project development support. However, despite these positive developments, financing volumes and accessibility of instruments remain insufficient relative to the housing crisis' scale, particularly when it comes to enabling smaller-scale and community-led projects.

Initiatives such as Community Land Trusts and Housing Cooperatives represent an alternative model, tackling the issue of housing financialisation

by removing housing from speculation, enabling collective ownership and democratic governance. Alternative funding models, in parallel to private and public funding, can help change the narrative and address these limitations, while providing new models for affordable housing delivery. However, while gaining recognition across Europe, those initiatives still face structural and institutional challenges.

While it is a positive step that through the Cohesion Mid- Term Review, Member States can now address the housing crisis, the state-aid regulation still limits or hinders financial support to many such initiatives due to the explicit requirement that providers target and support “disadvantaged citizens or socially disadvantaged groups” (Policy Department, 2024; CoR opinion 2024). There is a pressing need to reframe State Aid rules, shifting the focus away from narrowly defining specific target groups and toward addressing specific housing needs. To scale these models effectively, they require enabling legal frameworks, technical assistance, and recognition within national housing strategies. It is a positive step that the European Commission is currently reviewing: state-aid rules to revise the Services of General Economic Interest (SGEI) framework.

Beyond public finance, to address these challenges, it is essential to mobilise private finance and **reconnect housing policy with the sustainable finance** framework while avoiding the pitfalls of financialisation of housing. Rather than treating housing primarily as a speculative asset class, investment should be directed toward long-term affordability, resilience, and environmental sustainability. Public and private financing mechanisms need to prioritize support for energy-efficient renovations, sustainable construction, and affordable housing models that deliver both social and ecological value in urban and depopulating areas. By aligning investment criteria with sustainability goals, and by incentivizing long-term, responsible investment strategies over short-term profit extraction, housing can be repositioned as critical social and environmental infrastructure. This shift would

ensure that the financial sector contributes to a just transition, enabling and supporting municipalities and communities to deliver affordable, high-quality, and climate-resilient homes for the long term.

1.4. FRAGMENTED HOUSING POLICIES AND COMMUNITIES

Between 2015 and 2023, housing prices in the EU surged by 48%, while wages remained largely stagnant (European Parliament, 2024), leading to a sharp decline in affordability. By 2023, households spent an average of 19.7% of their disposable income on housing, with 8.8% of the population considered overburdened by housing costs (Eurostat, 2024, Eurostat, 2024a). The burden, however, has not been distributed evenly: different regions, cities, peri-urban and rural areas, as well as different social groups in the same territory experience these pressures in different ways. For instance, among young people aged between 15 and 29, the housing cost overburden rate was 10.1%, slightly higher than the general population. Similarly, urban households also face increased pressures: in 2023, 10.7% of households overburdened by housing costs were located in cities, where the crisis is exacerbated by tourism-driven housing demand (European Parliament, 2024). These disparities highlight the need for EU housing policies that not only address affordability but also safeguard community cohesion and protect the most vulnerable.

The proliferation of unregulated short-term rentals and the touristification of city centres, together with the financialization of housing, is displacing long-term residents and reducing the availability of affordable and quality units. The prioritisation of short-term profit contributes to environmental degradation, overuse of natural and cultural resources, and weakens local social fabrics. These processes fuel broader patterns of gentrification, socio-spatial inequality, and urban exclusion, particularly for the most vulnerable populations.

At the structural level, housing financialisation, where housing is increasingly treated as a financial asset rather than a social good, has intensified these trends. The entry of institutional investors and private equity funds into European housing markets drove up land values, rents, and purchase prices while reducing the

share of non-speculative housing stock (Aalbers, 2016; Fields & Uffer, 2016).

In parallel, sustainability policies, urban regeneration and climate-oriented renovation projects, while essential to decarbonisation and resilience goals, can also trigger processes of green gentrification, generating unintended negative impacts at the local and regional level when not paired with social safeguards, such as tenants protection measures. For instance, energy renovation mandates, stricter building performance standards, and urban greening or densification strategies may contribute to the rise of renovation costs, the displacement of low- and middle-income tenants, and/or increase the financial burden on households unable to bear higher rents and costs (Anguelovski et al., 2020). Therefore, without safeguards, these dynamics risk undermining the social objectives of sustainable housing policy. Embedding anti-displacement measures, affordability guarantees, and inclusive governance into green urban projects is therefore essential to prevent sustainability transitions from exacerbating existing housing inequalities.

Such processes need to be carefully planned and monitored as they are recognised to affect and worsen affordability, causing displacement and “renovictions”. Vulnerable households must be shielded from rent increases that may follow renovations. For instance, the International Union of Tenants (IUT) stresses the need to protect residents from rent increases following energy renovations (IUT, 2021). Renovation strategies should actively preserve housing affordability as a core principle. Without such safeguards, renovation efforts risk exacerbating inequality and fuelling housing exclusion.

Local governments and communities are often left to manage the socio-economic fallout of these dynamics. To address these challenges, urban policies must better integrate social equity considerations, align with local capacities and priorities, while ensuring that green transitions and housing strategies do not deepen socio-economic inequalities. Policies should instead promote inclusive, just, and resilient

urban development. Achieving this requires tailored approaches that preserve the existing community fabric, prevent displacement, and support energy efficiency and sustainability upgrades without triggering gentrification or rising costs. At the same time, strategies should consider the **re-population of rural or depopulated areas**, fostering affordable and sustainable housing and stimulating local economic revitalization. Overall, policies should aim for equitable, resilient outcomes across both rapidly growing urban neighborhoods and more stable or depopulated rural areas through sustainable development and innovation. Yet local governments frequently lack the capacities and financial means to design and implement these strategies in an inclusive way, and the EU's housing policies should provide them with both technical and financial support.

1.5. CONSTRAINTS OF THE EXISTING BUILT ENVIRONMENT

Housing should not only be affordable, but also sustainable, climate-resilient, quality and capable of providing healthy spaces for people. Meeting this challenge cannot be achieved solely by constructing new buildings or by addressing the financialisation of housing. It also requires tackling critical issues within the existing stock, such as repurposing vacant spaces, retrofitting, and adapting underused buildings to contemporary needs.

A significant energy-related challenge within the EU's existing building stock is its often poor energy performance and high reliance on fossil fuels, contributing substantially to greenhouse gas emissions and exposing occupants to energy price volatility (IEA, 2024; European Commission, 2024). The sheer scale of the renovations required to meet EU climate targets is facing obstacles such as high upfront costs, fragmented value chains, and a severe shortage of skilled workers for energy retrofits and the integration of renewable energy technologies like heat pumps and solar PV. Furthermore, addressing the embodied carbon in existing buildings, particularly through demolition and new construction, presents an urgent challenge, underscoring the imperative for reuse and deep renovation to minimize overall life-cycle emissions (UNEP, 2025). The transition also necessitates upgrades to local energy grids

and smart infrastructure to effectively manage increased electricity demand from electrification and decentralised renewable energy generation, posing additional technical and financial hurdles for municipalities (ACER, 2023).

Simultaneously, new housing construction must comply with the **EU's net-zero land take objective**. In this context, better use of the urban fabric becomes even more critical: thousands of vacant buildings, underused spaces, and former industrial or polluted sites represent a major opportunity for sustainable and affordable housing solutions. However, integrating environmental criteria into retrofitting and housing development often comes with high upfront costs, which can decrease affordability.

While the task is undeniably complex, given the high costs of retrofitting, the technical challenges of sustainable renovation, and the risks to affordability, the potential of vacant and underused buildings makes it an unmissable opportunity. Unlocking this dormant housing stock, which is estimated as around 30 million unoccupied homes by Habitat for Humanity (2024), could simultaneously relieve pressure on affordability, reduce land consumption, and advance climate goals, making it one of the most strategic entry points for a just and sustainable housing transition.

Retrofitting and renovating the existing built environment is also essential to avoid urban sprawl, reduce emissions, and preserve resources. Renovation and adaptive re-use, meaning the repurposing of existing buildings for new functions while preserving their structural and cultural value, must be central in cities' strategies to tackle energy poverty and improve housing quality. For example, the [António Granjo Mixed-Use Complex in Porto](#), transformed a former building materials factory into a mixed-use development comprising 16 apartments and a student residence with 212 rooms. The project preserved key industrial elements, such as the original façade and chimney, while introducing contemporary design features. The adaptive reuse not only revitalized a historic site but also contributed to the social and ecological transformation of the Bonfim neighborhood by providing new housing opportunities and minimizing environmental impact. Yet, mitigating and transforming polluted sites, repurposing vacant or underused spaces, renovating low-quality buildings, and building new without using land, while confronted by tight budgets, limited local expertise, and structural barriers, such as cheaper virgin materials outcompeting sustainable alternatives. Without stronger support and enabling conditions, many local governments risk falling short on both their housing and climate commitments.

2. ICLEI Europe's Vision for Affordable and Sustainable Housing

The European Union recognises that access to affordable housing is one of the most pressing social challenges of today. It is clear that moving forward, affordability should go hand in hand with sustainability to avoid one coming at the expense of another. Investing in quality, durable, and sustainable housing is not just about affordability and reducing climate impact, it is also crucial for preventing social hardships, such as displacement, housing insecurity, and health inequalities, while fostering healthier, more stable and

inclusive communities. Cheap housing may seem like a quick fix, but its long-term costs to society, its well-being and cohesion, as well as to the environment are profound.

Local governments are at the heart of the housing challenge and must be empowered to lead. They are best placed to make strategic decisions about land use, social integration, and local development. National and EU policies must support local governments in shifting from uncoordinated new construction on greenfields to strategically rehabilitating and transforming existing urban spaces. Investing in energy-efficient renovations, repurposing vacant or underutilized spaces, and applying circular economy principles to housing can reduce waste, conserve resources, create new

circular markets, and ensure that communities thrive without sprawl.

To ensure housing remains accessible, municipalities should have the power to regulate short-term rentals through measures such as rental caps, taxation policies, and restrictions on non-primary residences in high-demand areas. In parallel, second homes should be subject to policies that encourage their use as long-term rentals or community housing rather than sitting vacant for much of the year. By addressing these challenges early, local governments can play a pivotal role in ensuring that housing markets function in a way that prioritises residents over speculation. Integrating these regulatory tools into broader housing strategies will create more stable, affordable, and inclusive urban environments.

Affordable housing policies should not only provide shelter but also create fairer and more inclusive cities. When we design housing policies with social integration in mind, ensuring access to daily needs like schools, public transport, healthcare, and green spaces, we build stronger communities and reduce inequalities. By enabling mixed-income developments and community-led housing models, we can prevent segregation and foster social cohesion.

Moreover, Europe's housing crisis is not just about cities, it is also about regions and rural areas. While urban centres struggle with housing shortages and skyrocketing rents, other areas have depopulated, leaving behind empty homes and underused infrastructure. Placing a stronger focus on regional housing solutions is crucial for addressing affordability on a broader scale. Investing in services, digital connectivity, and economic opportunities in these regions can rebalance housing demand and create new opportunities for residents. Strengthening these areas will not only provide affordable housing opportunities but also contribute to a more balanced

and sustainable European housing market, as well as the European cohesion.

Transforming Europe's housing stock will require innovative financing models. Community-financed development models, public-private partnerships, green bonds, and social impact investments should be leveraged to fund large-scale renovations and deep retrofits.

Our vision for future-proof, affordable, and sustainable housing in Europe is guided by an integrated approach built on the key principles of affordability, sustainability, quality and inclusion, increasingly reflected in EU-level strategies. These include prioritising energy efficiency to reduce demand, ensuring affordability for all households, advancing deep decarbonisation and the integration of renewable energy, applying life-cycle thinking and circularity to minimize environmental impacts, and upholding high health, environmental, and accessibility standards. At the same time, housing policy must address both the green and digital transitions, while respecting aesthetics, architectural quality, and cultural heritage. Together, these principles form the basis for a holistic, inclusive, and forward-looking vision of housing that serves people, communities, and the planet.

We must move away from near-sighted solutions towards long-term investment in quality, durability, sustainability and efficiency. By rehabilitating and revitalising existing infrastructure, prioritising sustainability and circularity principles, and ensuring social inclusivity, we can create cities and regions that are resilient, fair, and prosperous in every corner of Europe. Local governments and their communities must be empowered, funding must be reimagined, and regional strategies must be embraced.

A housing policy that is not sustainable is not affordable in the long run. We must build wisely, for today and for generations to come.



3. Recommendations and good practices from across Europe

3.1. STRENGTHEN MULTILEVEL AND CROSS-SECTORAL GOVERNANCE

The EU's affordable housing plan must encourage multilevel governance to ensure better coordination and alignment of responsibilities and resources across all levels of government. This requires the inclusion of local and regional governments in priority setting and program development, particularly in shaping the next EU budget through the National and Regional Partnership Plans. Establishing a structured process of cooperation between all levels of governance is fundamental, alongside the full application of the partnership principle. A multilevel governance mechanism not only builds trust in proposed legislation but also ensures policies are effective on the ground, as municipal authorities best understand local needs and are the main implementers of regulation. Cities and regions, already at the forefront of testing innovative, affordable, and sustainable housing solutions, provide valuable lessons that can strengthen EU housing policy.

To complement this, peer-to-peer learning and the exchange of best practices at the local level should be actively supported. By gathering experiences, sharing innovative approaches, and fostering knowledge exchange, better and more responsive policies can be designed. Local governments should therefore be empowered to communicate and learn from one another, allowing them to scale up successful initiatives and avoid repeating mistakes. Such horizontal cooperation not only strengthens the policymaking process but also ensures that solutions to the housing crisis are rooted in practical experience and adapted to the diverse realities across Europe.

Monitoring the current state of the housing market, as well as the needs and conditions of households, is crucial to swiftly identify issues and find coherent solutions to address them. To do so, EU-level indicators

should be updated and redefined to first improve the assessment of housing needs, and then to better measure progress in housing affordability, inclusivity and sustainability. To ensure that housing policies are effective, just, and able to reach all parts of the population, these indicators should reflect the specific needs of diverse target groups, accounting for gender, socioeconomic backgrounds, geographic disparities, and other contextual factors. By implementing targeted and relevant metrics, cities can more effectively evaluate their strategies, track outcomes, and share knowledge to learn from one another's successes and challenges. Furthermore, the systemic and localised analysis of issues and potentials of vacant and underused spaces through mapping can help municipalities promote urban regeneration and re-use. In particular, municipalities, by gathering information on water or electricity utilities, can easily identify an empty building. Crowdsourcing methods can also be used to establish a vacancy map of the city. It is finally recommended that mapping in the urban context is inclusive of an inventory, a database of underused spaces, geo-localisation, a typology of use allowed (under the land use plan), an analysis of issues and potentials from a multidisciplinary point of view (sociological, economic, environmental, etc.).

Malmö's Commitment

Malmö holds strong autonomy over land use, planning, and housing delivery. Through the Malmö Commitment, launched jointly with ICLEI, the city has pledged to promote fair and sustainable development with affordable housing as a core priority. Malmö's housing supply program is built on the principle that all residents should have access to good quality housing, which is key to tackling segregation, reducing overcrowding, and ensuring equal living conditions. This is a prerequisite for being able to achieve the city's overall goal of being a growth engine in Sweden, ensuring good and equal upbringing and living conditions for everyone. Despite challenges posed by national policy gaps and market constraints, Malmö takes a holistic and long-term approach by combining strategic municipal action with collaboration across the housing sector.

Concrete initiatives illustrate this commitment. The municipal housing company (MKB) is working actively

to provide rental housing across all neighborhoods, ensuring that people with different income levels have the opportunity to live and rent in diverse areas of Malmö.

“**Mallbo**” is another example of the implementation of the Malmö Commitments: the municipal initiative aims at creating rental housing with lower rents that match what many residents can realistically afford. By controlling land use and linking it to projects like Mallbo, Malmö tries to ensure that new developments meet social needs — not just market demand. Malmö also pursues innovation through LFM30, a local partnership driving climate-smart construction and circular economy practices. At the same time, social inclusion remains central through initiatives such as Housing First (Bostad Först), which provides long-term housing solutions for homeless people with complex needs. Together, these measures showcase Malmö’s integrated, rights-based approach to housing as part of sustainable urban development.

[France’s National Housing Observatory](#)

France’s National Housing Observatory, formally integrated within the broader framework of Local Housing and Land Observatories (Observatoires de l’habitat et du foncier), plays a critical role in supporting housing policy at both local and national levels. It was established as part of France’s housing governance reforms and institutionalized through the 2021 Climate and Resilience Law. The Observatory’s core mission is to provide **reliable, detailed, and localised data** on housing and land use. This data-driven approach helps public authorities, inter-municipal groupings (EPCI), to develop, monitor, and adapt their local housing programs (Programmes Locaux de l’Habitat, or PLH) more effectively. The Observatory plays a strategic role in **enhancing multilevel governance**. By creating a shared base of knowledge across municipalities, planning agencies, and state services, it enables coordination and coherence in housing policy. It also supports long-term planning by providing the empirical foundation

needed for zoning, infrastructure investments, and sustainability goals.

[Barcelona: Institut Municipal de l’Habitatge i la Rehabilitació](#) (IMHAB)

Barcelona is a strong example of multilevel governance where the local level leads housing policy, supported by regional and national frameworks. Within Spain’s decentralised system, the city exercises significant autonomy over land use, planning, and housing delivery. Through its municipal housing agency (IMHAB), Barcelona designs and manages public housing, develops on municipal land, and implements progressive policies such as a 30% inclusionary zoning requirement and support for cooperative housing. The regional government of Catalonia complements local efforts by providing funding, regulatory tools, and data infrastructure, such as rental price indices. While it coordinates broader housing policy, it allows municipalities to tailor their strategies to local needs. At the national level, the Spanish government provides the legal framework and co-finances housing and renovation programs, including EU-funded initiatives. These resources are channeled through the region but implemented locally, with Barcelona retaining discretion over priorities and delivery. This governance model enables Barcelona to address complex urban housing challenges, such as affordability and gentrification, while benefiting from broader institutional and financial support. It illustrates how multilevel governance can function effectively when the local level is both empowered and well-resourced.

3.2. ENABLE REGULATORY FRAMEWORKS AND ALIGNED PERMITTING PROCEDURES

Effective regulatory frameworks are essential to enabling local governments to deliver affordable, sustainable and quality housing. To do so, national and EU frameworks must actively support municipalities in navigating complex regulatory environments and accessing the tools necessary for effective housing delivery.

Streamlining and accelerating permitting procedures, particularly for renovations, repurpose, and energy retrofits, should be a policy priority. This can be achieved by aligning permitting processes with

sufficient environmental and quality construction and procurement standards, supported by clearer guidance, digital tools, and stronger interdepartmental coordination. Simultaneously it is critical to foster administrative capacity at the local level, ensuring municipalities have the resources and skills to manage these responsibilities efficiently.

Beyond regulating short-term rentals, some cities are developing innovative legal instruments to increase the availability of affordable housing stock. One such mechanism is the “right of first refusal”, which allows public authorities to intervene in property transactions to acquire housing for public or social use, when put up for sale. Local governments should be empowered to put in place such enabling frameworks and policies.

Rent Regulation in Vienna through the Mietrechtsgesetz

Vienna’s rent regulation system is a widely recognised example of long-term housing affordability maintained through effective legal frameworks. At the core of this system is the Mietrechtsgesetz (MRG), Austria’s federal tenancy law, which establishes strict rent control mechanisms for older buildings, primarily those constructed before 1953. These units fall under “full application” of the MRG, meaning rents are capped using a benchmark system known as the Richtwertmiete (standard value rent). This benchmark is a government-set base rent per square meter, adjusted for location, building quality, and amenities—but only within narrowly defined legal limits. The system ensures that even centrally located, pre-war apartments remain accessible to low- and middle-income tenants. Landlords must justify any rent surcharges, and tenants have access to an independent Arbitration Board to contest excessive charges or unlawful lease terms. The law also grants strong security of tenure, limiting arbitrary eviction and mandating indefinite lease contracts unless explicitly agreed otherwise. By maintaining a large portion of the rental stock under rent control, especially in highly desirable neighborhoods, Vienna successfully tackles overall market pressure and prevents displacement.

When combined with a robust supply of municipal and non-profit housing, this legal rent cap model helps keep Vienna’s housing market both affordable and socially inclusive. The system demonstrates how well-regulated legacy housing stock can serve as a stabilising force in the current housing crisis.

Ireland: Vacant Home Tax

In 2023, Ireland introduced the Vacant Home Tax (VHT) as a measure to address the shortage of affordable housing and tackle the inefficient use and management of the existing housing. The VHT applies to residential properties that have been occupied for less than 30 days in a 12-month chargeable period running from November 1st to October 31st each year. The tax is self-assessed, therefore, property owners are responsible for determining their liability and, when needed, complying. However, critics argue that the 30-day criterion is too low, allowing dwellings to be empty for most of the year. Nonetheless, the tax represents a step toward increasing housing availability in high-demand areas, like Dublin.

3.3. SHIFT FINANCIAL FLOWS FOR SUSTAINABLE AND AFFORDABLE HOUSING

To accelerate the development of sustainable and affordable housing, it is essential to strengthen financing mechanisms that can support both large-scale and smaller-scale investments, particularly at the municipal level. Municipalities and community level project developers need greater access to affordable financing mechanisms and intermediary support to navigate complex funding landscapes and implement housing projects effectively. Instruments such as low-interest loans, technical assistance hubs, and capacity-building programs can help scale up action and make the most of available funds.

The EU has already taken important steps by allocating increased funding from its cohesion policy to address the housing crisis, recognising the urgent need for inclusive, sustainable, and affordable housing across Member States. These funds should now be effectively mobilised to support both new construction and the renovation of existing housing, with a strong focus on local implementation. Cohesion policy resources can play a key role in enabling municipalities and housing providers to access finance, particularly when

combined with national initiatives and intermediary support structures.

To expand the supply of affordable housing, a targeted revision of the EU State Aid Framework is needed to allow municipalities, housing corporations and providers to expand the supply of affordable housing across a broader income spectrum. For instance, the targeted revision of the EU State Aid Framework review could enable higher public support for housing initiatives aimed at middle-income families, a group often excluded from social housing yet increasingly priced out of private markets. In fact, by broadening eligibility and allowing for more flexible public investment, local governments and housing providers would be better positioned to address the full spectrum of housing needs in their communities.

The European Investment Bank (EIB) also plays a critical role by offering long-term, low-interest loans and financial instruments tailored to social and affordable housing projects. Through initiatives such as the Housing Investment Platform [More Homes. Better Homes.](#), InvestEU programme and its Urban Investment Support platform, the EIB helps de-risk investments, co-finance public housing developments, and build the financial capacity of local governments and affordable housing providers. As stressed by the EESC, non-profit property developers and cooperatives, as well as municipalities, should be able to obtain long-term, interest-free loans through the planned investment platform or directly from the European Investment Bank (EESC, 2024).

At the national level, bundling housing projects and leveraging intermediaries that act as bridges between funders, such as banks, public institutions, or private investors, and local stakeholders like housing developers or municipalities could be an interesting model. The Danish model, exemplified by the [Landsbyggefonden \(National Building Fund\)](#), offers a compelling example of how a self-financing, non-profit institution can sustainably support social housing. Established in 1967, it enables access to low-interest loans and subsidies

while providing financial guarantees that reduce barriers for smaller projects.

Further, innovative financial and governance models, such as Community Land Trusts, Baugruppen and [Organismes de Foncier Solidaire](#), must be supported and scaled in cooperation with local actors. Crucially, investments should be tied to robust conditionality, ensuring that funding is directed toward projects that serve those most in need, actively combat housing speculation and financialisation, and preserve the social purpose of housing. This approach guarantees that public and private resources contribute to long-term social and environmental goals rather than short-term financial gains.

Additionally, the EU should leverage the revision of the public procurement directive to encourage and enable public funds spent on housing projects to be allocated considering sustainability, circularity, and social responsibility. In addition to that, The European Citizen Initiative [HouseEurope!](#) advocates for fair evaluation criteria in funding programmes, so that projects are assessed not only on cost or speed, but also on embodied carbon, lifecycle emissions, materials reuse, and social impact. In addition to that, the initiative calls for renovation subsidies and financial supports that reduce the cost burden of refurbishing existing buildings, including VAT exemptions for renovation works and reused materials.

[European Community Land Trust Network Model](#)

Community Land Trusts (CLTs) are non-profit, democratic and community-led organisations that aim to ensure long-term housing affordability and community stewardship of land. Community Land Trusts prioritize the right to housing by acquiring land and placing its management in the hands of a Foundation, thus removing it from the speculative market and holding it in perpetuity for targeted members (usually lower and middle income residents) of the community. On the acquired land, homes are developed and sold below market-rate, since buyers only purchase the building, not the land. In case residents decide to sell their homes, only a limited capital gain is allowed (up to 25% of the estimated capital gain) in order to maintain affordability and accessibility of the housing stock. Therefore, CLTs offer a more sustainable alternative to traditional housing models and an opportunity to combat financialisation and land speculation.

MOBA Accelerator

The MOBA Accelerator is a financing instrument for and by MOBA's novel community-led housing cooperatives in Central, South-Eastern and Eastern Europe (CSEE). This tool aims to facilitate and promote access to funding needed for housing projects by providing short-term bridge loans to newly established initiatives aiming to acquire buildings or construction land, or for renovation. That way, the Accelerator has two key roles. First, it provides a large part of the initial capital needed to kick-off the project. Second, by reducing risk, it attracts additional investment from other sources and actors. Once the project is successfully established and the loan repaid, the Accelerator can reinvest the capital to support additional cooperative housing within the network.

3.4. PROMOTE SOCIALLY INTEGRATED HOUSING POLICIES AND STRENGTHEN LOCAL CAPACITIES

In order to avoid the exacerbation and reiteration of spatial and socio-economic inequalities, the planning, design and implementation of sustainable and affordable housing interventions need to be informed by a careful mapping and monitoring of current trends and dynamics both at the urban and rural level.

Housing policies need to proactively address patterns of exclusion, displacement, gentrification and demographic decline. In that way, initiatives can be better tailored to specific needs and priorities of communities, neighborhoods and cities.

To this end, the EU and national governments should empower local authorities with the incentives, infrastructures, tools, and knowledge necessary for monitoring inequalities and designing targeted responses. Particular attention has to be paid to the effects of retrofitting on vulnerable communities. Without safeguards, energy-efficiency renovations risk triggering "**renovictions**", meaning the displacement of low-income residents due to rent increases following

upgrades. To tackle these externalities, as emphasized by the International Union of Tenants, integrating the principle of **Housing Cost Neutrality** is vital (IUT, 2023). Energy renovations must not lead to unaffordable rent hikes but instead ensure that rental costs remain balanced with energy savings.

In fact, this transition must be guided by the needs of local communities and rooted in **participatory planning processes** that actively involve residents, address homelessness, and prevent displacement. Social movements are increasingly self-organizing from the bottom up to demand these rights-based approaches. In Italy, for example, the [Social Forum per l'Abitare per il diritto alla casa e all'abitare](#) bring together activists, trade unions, researchers, and residents to collectively advocate for housing justice and influence public policy. Following its establishment in April 2024 in Bologna, the Forum held its second national assembly in Naples from May 22 to 24, 2025. Its focus includes developing proposals around public and social housing expansion, regulating private rental markets, combating gentrification and displacement, promoting inclusive urban planning, preventing evictions, and ensuring the right to live in dignified, affordable housing. In parallel, the [Ma Quale Casa?](#) movement has emerged as a grassroots mobilization uniting communities across Italy around the demand the recognition of housing as a fundamental constitutional right. Although the campaign has not yet reached the required number of signatures for its popular initiative law, it is part of a broader civic engagement and political awareness from the bottom up, linking local struggles for affordable housing to a wider national call for structural change.

Finland offers a powerful example in this regard. It is one of the few EU countries where homelessness is in decline, thanks to the implementation of the **Housing First** principle. This model provides immediate housing, either in dispersed apartments or dedicated units, without preconditions such as sobriety or treatment compliance. Stability through housing becomes the foundation for health, well-being, and social reintegration. More specifically, the Housing First model combines accommodation with supportive services and is implemented by the state, wellbeing services counties, municipalities, organizations, or companies. It is funded by the Centre for State-Subsidised Housing Construction. Successful models like Finland's demonstrate that treating housing as a

basic human right is critical to reducing homelessness and fostering social inclusion.

Renovation and housing strategies must also embrace the principles of the New European Bauhaus, combining sustainability, aesthetics, and inclusion. Housing should not merely provide shelter but enable residents to develop a sense of belonging, and ensure access to services, cultural opportunities, and community life. The European Bauhaus initiative aims to 'nurture a new European aesthetic that combines performance with inventiveness,' acting as an 'incubator for innovation and creativity to drive sustainable design across Europe' (European Commission, 2020). This interdisciplinary project reimagines sustainable living, focusing on sustainability, aesthetics, inclusion, and innovative materials.

To protect the social fabric and well-being of local communities, as well as maintain the necessary levels of housing availability and affordability, it would be key that all levels of governments monitor and prevent the negative effects of mass tourism. Across many cities, grassroots movements are increasingly mobilizing in response, protesting the effects of tourism on their daily lives, neighborhoods, and urban spaces, while calling for stronger, more proactive regulation and oversight.

In **rural and depopulating areas**, the challenges look different: here the risk is further disinvestment and demographic decline. Many rural communities face aging populations, vacant housing, and limited economic opportunities. Renovation strategies must therefore focus on improving the quality and energy performance of existing homes in a way that enhances livability and makes these areas attractive for current and future residents, and can be seen as an engine for local job creation and skills development. Inclusivity in rural contexts also means addressing digital divides, supporting elderly homeowners through simplified processes, and ensuring that limited municipal capacities are not a barrier to participation. These priorities align closely with the **EU's cohesion objectives** which aim

to reduce territorial disparities and promote balanced development across Member States. Achieving all this requires integrated urban and housing strategies that go beyond a simple construction approach but consider the broader social and spatial context. These strategies must be rooted in the real and evolving needs of people, supporting inclusive and cohesive communities where everyone has the opportunity to thrive.

To ensure equity and access, the application of State aid rules must support, rather than hinder, the development of affordable housing and public investment in social infrastructure. Initiatives such as the [European Responsible Housing Initiative](#) offer essential frameworks and reference for embedding social, environmental, and governance standards across the sector.

[Rigenerprato](#)

The Rigenerprato model was born during 2020 and 2021 with the goal to tackle the housing crisis, particularly relevant in the area of Prato, Italy, due to the rising demand for social housing and the shortage of affordable solutions. The project began with a feasibility study that analyzed local housing needs, benchmarked successful national and international initiatives, defined impact metrics, and outlined a roadmap for implementation. The initiative involves three main set of measures: the renovation of existing municipal properties, making them livable and increasing available housing stock; personalized family support through counseling, orientation and monitoring; and the establishment of an outcome-based funding through "Social Impact Bond" (SIB) funding mechanism that repays external investors funding the interventions based on the achievement of pre-defined social outcomes.

[Housing Co-operative Model in Barcelona](#)

One approach to affordable and community-based housing is the housing cooperative model under use-right (Cooperativa de Cesión de Uso), increasingly implemented in cities such as Barcelona, Spain. In this model, residents collectively own the building through a non-profit cooperative and obtain a long-term, non-transferable right to use their dwelling. This guarantees affordable housing insulated from real estate speculation, fosters long-term stability, and promotes social cohesion and democratic governance.

The cooperative retains ownership of the land and buildings, ensuring that homes remain affordable for future generations. Projects like La Borda in Barcelona, built on public land with an innovative timber structure and strong sustainability standards, provides high-quality housing while prioritising environmental and social values.

Freiburg: Housing for the Common Good

In Freiburg's Stühlinger district, the Kleineschholz neighbourhood is being developed as a model for affordable, sustainable, and inclusive urban living. The project will deliver about 500 apartments, childcare centres, local businesses, and spaces for cultural and social use, with a strong focus on climate-conscious design, community participation, and the common good. In December 2023, Freiburg's municipal council introduced a socially focused plot allocation strategy. From March 2024 to June 2025, building plots were awarded through an open "competition of ideas," assessed holistically on concept quality, social and urban relevance, and feasibility, with a fixed land price ensuring fairness. Thirteen diverse projects were selected, reflecting a wide range of stakeholders and approaches. Key features include sustainable timber construction, inclusive housing for refugees and homeless individuals, multi-generational and worker housing, as well as communal, co-working, and commercial spaces. Scheduled for completion in 2028, Kleineschholz is set to become a pioneering example of innovative, equitable neighbourhood development.

3.5. PRIORITIZE THE REGENERATION OF THE EXISTING BUILT ENVIRONMENT

Affordable and sustainable housing must align climate goals with urgent social needs by promoting circular, green, and high-quality building solutions. This involves not only constructing energy-efficient homes but also prioritizing the reuse of vacant or underutilized buildings. Unlocking their potential is key to delivering affordable housing while conserving resources and

limiting land take. In urban areas, where pressure on land is highest, cities like Brussels, Athens and Rome are mapping existing building stock to identify reuse opportunities. In rural areas, by contrast, affordability challenges often stem less from land scarcity and more from underinvestment, aging housing stock, and weaker renovation incentives. Viewing these buildings as strategic assets requires both data and coordination. Public authorities can act as intermediaries, matching supply and demand, facilitating renovation, and activating underused spaces, as seen in the Chemnitz Housing Agency in Germany.

To ensure energy efficiency efforts do not worsen poverty, especially among low-income households, renovations must be supported through accessible funding mechanisms such as EU funds and the Social Climate Fund (SCF), with resources channeled effectively to the local level.

Renovation strategies should integrate renewable energy, low-carbon and circular materials, and smart technologies, as outlined in the revised Energy Performance of Buildings Directive (EPBD). These efforts require targeted local subsidies, a life cycle assessment approach, and passive design principles to reduce environmental impact and energy demand (European Union, 2024; Ellen MacArthur Foundation, 2025; BUILD UP, 2025; Bruegel, 2025; EUKI, 2025; UNEP, 2025; Passivhaus Trust, 2021). Sufficiency must be a core principle—focusing on reducing overall energy and material consumption through reuse, refurbishment, smaller dwelling sizes, shared spaces, and low-consumption lifestyles. This approach addresses land constraints and vacancies while advancing climate goals.

Policies and financing must incentivize deep renovation through comprehensive interventions that go beyond superficial upgrades to achieve significant energy performance gains and prepare buildings for a fossil-free future. The EU's National Building Renovation Plans (NBRPs) serve as strategic roadmaps to achieve a zero-emission building stock by 2050 (European Commission, 2025b). Effective local implementation is essential to meet climate targets, reduce energy costs, and strengthen Europe's energy resilience.

Finally, expanding renovation efforts requires investment in workforce development—training, upskilling, and

reskilling, to ensure a skilled labor force capable of delivering sustainable housing and supporting green job growth across the sector.

The Studentendorf Schlachtensee in Berlin

The Studentendorf Schlachtensee in Berlin, Germany, redesigned by Muck Petzet Architekten, stands as a model of thoughtful, socially conscious renovation. Originally built in the mid-1970s as utilitarian student housing, the complex underwent a transformative renewal in 2020. The project revitalized its function while preserving the architectural character, improving spatial efficiency, and prioritizing sustainability and affordability. This renovation contributes meaningfully to the broader social-ecological transformation by modernizing existing structures rather than replacing them. By integrating energy-efficient upgrades and careful restoration, the project significantly reduced environmental impact while enhancing the quality of life for its residents. The result is a compelling example of responsible urban development that balances heritage conservation with ecological and social priorities.

Mapping vacant buildings, Brussels

Brussels, Belgium, has developed a systematic inventory of vacant buildings. A database contains relevant information about these buildings and provides a geographic overview to support the city administration in defining a territorial approach. The city carries out activities to identify and map abandoned and unoccupied buildings, i.e. i) field survey, estimating vacancy through a visual assessment of the public space; ii) collection of information from water and electricity companies that can monitor buildings having a low consumption of water and electricity; iii) analysis of the population register with the demographic department to find out if there are any residents in the building. Identified abandoned and unoccupied buildings and sites are centralised and mapped in a web-based GIS database. In this database, all available information is important to support decision-making (i.e. potential building permits or applications-applied taxes-measures of

security or prohibition of occupation-legal actions and affectations). The web database is accessible for all users who work on unoccupied buildings issues.

From vacancy to vibrancy: the Chemnitz Housing Agency (Germany)

To connect owners of neglected houses with new users, a publicly owned housing agency (Agentur StadtWohnen Chemnitz- CityLiving Agency Chemnitz) was founded by the City of Chemnitz, Germany. It supports the matchmaking between abandoned tenement heritage buildings with people that are looking for affordable housing and work spaces. The 'Housing agency' is a consulting service (project) for interested owners of neglected and/or vacant properties, potential investors and users with an interest in common forms of living and creative ideas for the subsequent use of buildings. The task of the Housing agency is to function as a coordination body, which connects owners, potential users, investors and local governments and provides them with free-of-charge consulting services for the reactivation of the vacant apartment buildings in the extended inner city where the real estate market had failed. The services are carried out by a local private urban development company, which received this task through a public tender by the city. The 'Housing agency' fulfils tasks that had not been foreseen within the city administration. At the same time through the private company additional know-how and work capacities are obtained.

Circular Building Convert - Lille Metropolis (France)

Circular Building Convert is a project created to address the rising demand for affordable housing, the shortage of buildable land, and the growing number of obsolete, vacant office buildings. The project aims to promote the conversion of underused office spaces into housing, with a strong emphasis on circular economy principles. It focuses on reusing existing structures and materials to reduce environmental impact, extend building lifespans, and lower construction costs. Led by Lille Metropole Habitat, the social housing landlord of Lille Metropole, France, and involving 9 operating partners and 7 associated partners from North-Western Europe, the project will run from 2025 until 2028. It aims at developing standardised, replicable solutions to support cities and the construction sector in delivering affordable, sustainable housing while meeting zero land take and climate goals.

RESOURCES

- Aalbers, M. B. (2016). *The Financialisation of Housing: A Political Economy Approach*. Routledge.
- ACER. (2023). *Bridge the Gap: Consumers at the heart of the retail energy market*. Agency for the Cooperation of Energy Regulators.
- Anguelovski, I., Connolly, J. J. T., Pearsall, H., Shokry, G., Checker, M., Maantay, J., Gould, K., Lewis, T., Maroko, A., & Roberts, J. T. (2019). *Why green “climate gentrification” threatens poor and vulnerable populations. Proceedings of the National Academy of Sciences of the United States of America*, 116(52), 26139–26143. <https://doi.org/10.1073/pnas.1920490117>
- BUILD UP. (2025). *Advancing energy renovations through digitalisation: A critical review of EU policies and instruments*. Retrieved from <https://build-up.ec.europa.eu/en/resources-and-tools/publications/advancing-energy-renovations-through-digitalisation-critical>
- BUILD UP. (2025). *What makes a building 'smart': Technologies driving energy efficiency*. Retrieved from <https://build-up.ec.europa.eu/en/resources-and-tools/articles/what-makes-building-smart-technologies-driving-energy-efficiency>
- Bruegel. (2025). *Making the best of the new EU Social Climate Fund*. Retrieved from: www.bruegel.org/policy-brief/making-best-new-eu-social-climate-fund Commune de Chamonix-Mont-Blanc. (2025, May 6). Chamonix-Mont-Blanc : priorité au logement permanent. Retrieved June 17, 2025, from www.chamonix.fr/actualites/chamonix-mont-blanc-priorite-au-logement-permanent/
- Committee of the Regions. (2024). *Opinion on how to support social economy entities in line with state aid rules* (Opinion No. 3449). Retrieved July 17, 2025, from <https://cor.europa.eu/en/our-work/opinions/cdr-3434-2024>
- Ellen MacArthur Foundation. (2025). *Unlocking value in buildings: The business case for building circular*. Retrieved from www.ellenmacarthurfoundation.org/unlocking-value-in-buildings-the-business-case-for-building-circular
- European Commission. (2024). *Shedding light on energy in Europe – 2024 edition*. Eurostat. <https://ec.europa.eu/eurostat/web/interactive-publications/energy-2024>
- European Commission. (2025c). *COMMISSION NOTICE: Guidance on the Social Climate Plans (C(2025) 881 final)*. Brussels.
- European Commission, Directorate-General for Energy. (2025a). *Commission moves to facilitate preparation of National Building Renovation Plans*. Retrieved from https://energy.ec.europa.eu/news/commission-moves-facilitate-preparation-national-building-renovation-plans-2025-06-02_en
- European Commission, Joint Research Centre. (2025b). *Demography 2040: Cities keep growing, while population shrinks in remote rural regions* [News Article]. Retrieved July 3, 2025, from the Joint Research Centre website
- European Economic and Social Committee. (2024, December 18). EESC presents solutions for overcoming Europe's housing crisis. EESC Info (January 2025 issue). www.eesc.europa.eu/en/news-media/eesc-info/eesc-info-january-2025/articles/125794
- European Parliament. (2024, October 14). *Rising housing costs in the EU: The facts (infographics)*. Retrieved July 3, 2025, from www.europarl.europa.eu/topics/en/article/20241014STO24542/rising-housing-costs-in-the-eu-the-facts-infographics

- European Union. (2024). *Directive (EU) 2024/1275 of the European Parliament and of the Council of 24 April 2024 on the energy performance of buildings (EPBD recast)*. Official Journal of the European Union, L 2024/1275.
- Eurostat. (2024). *Housing in Europe – 2024 edition* [Interactive publication]. European Commission. <https://ec.europa.eu/eurostat/web/interactive-publications/housing-2024>
- Eurostat. (2024a). *Living conditions in Europe – housing: Housing affordability*. In *Statistics Explained*. Data extracted: December 2024. Retrieved July 3, 2025, from https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Living_conditions_in_Europe_-_housing#Housing_affordability
- Eurostat. (2025). *Housing cost overburden rate by age, sex and income quintile – EU-SILC survey [ilc_lvho07a]* [Data set]. Data last updated: June 16, 2025. Retrieved July 3, 2025, from https://ec.europa.eu/eurostat/databrowser/view/ilc_lvho07a__custom_13784487/bookmark/table?lang=en&bookmarkId=5e757983-f6fc-43ce-aec4-0e5doe4850fo
- EUKI. (2025). *Social Climate Plans to Cushion Social Impacts of Climate Action*. Retrieved from www.euki.de/en/news/social-climate-plans-to-cushion-social-impacts-of-climate-action/
- Fields, D., & Uffer, S. (2016). *The Financialisation of Rental Housing: A Comparative Analysis of New York City and Berlin*. *Urban Studies*, 53(7), 1486–1502.
- FEANTSA. (2024, November 26). *Affordable for whom?* Retrieved from www.feantsa.org/en/report/2024/11/26/affordable-for-whom
- Graaf, L., Bankert, E., & Tóth, Z. (2024, October 22). *Prioritising existing buildings for people and climate: Sufficiency as a strategy to address the housing crisis, achieve climate & resource targets and revitalise communities* (Buildings Performance Institute Europe). Brussels: BPIE.
- Habitat for Humanity EMEA. (2024). *Strategies for affordable housing and thriving communities*. Retrieved from www.habitat.org/emea/newsroom/2024/strategies-affordable-housing-and-thriving-communities
- Housing Europe. (n.d.). *Tried & Tested Practices*. Retrieved from www.housingeurope.eu/innovation-best-practice/tried-tested-practices/
- ICLEI & Laudes Foundation. (n.d.). *Advancing Just Transitions in the Built Environment – A global research project exploring human rights in the green transition*. Includes case studies from Prague, Lisbon, Copenhagen, and Athens.
- IEA. (2024). *Buildings Energy Efficiency Report 2024*. International Energy Agency.
- International Union of Tenants (2023, October 12). *Green and energy efficient housing must be affordable and inclusive for all* [Press release]. Retrieved from www.iut.nu/news-events/iut-press-release-green-and-energy-efficient-housing-must-be-affordable-and-inclusive-for-all/?utm_
- Lisbon City Council. (2024, May 2). *Supported rental program*. Information and Services. Retrieved July 3, 2025, from <https://informacoeseservicos.lisboa.pt/servicos/detalhe/programa-de-arrendamento-apoiado>
- OECD. (2021). *Building for a better tomorrow: Policies to make housing more affordable*. Employment, Labour and Social Affairs Policy Briefs. OECD Publishing, Paris. <https://doi.org/10.1787/5d9127d4-en>
- Passivhaus Trust. (2021). *The Climate Emergency Retrofit Guide*. Retrieved from www.passivhaustrust.org.uk/other_publications.php
- Pape, M. (2025, January 20). *A coordinated EU approach to housing* (EPRS Briefing No. EPRS_BRI (2025) 767189). European Parliament Think Tank. Retrieved from: [www.europarl.europa.eu/thinktank/en/document/EPRS_BRI\(2025\)767189](http://www.europarl.europa.eu/thinktank/en/document/EPRS_BRI(2025)767189)

UNEP. (2025). *Global Status Report for Buildings and Construction 2024/2025*. UN Environment Programme. Retrieved from www.unep.org/resources/report/global-status-report-buildings-and-construction-20242025

ICLEI – Talk of the Cities. (n.d.). *Addressing housing affordability: Lessons from Malmö Commitment Pioneers*. Retrieved from <https://talkofthecities.iclei.org/addressing-housing-affordability-lessons-from-malmo-commitment-pioneers/>

URBACT. (n.d.). *Do you know how to inventory and monitor your vacant buildings and flats in your city?* Retrieved from <https://urbact.eu/articles/do-you-know-how-inventory-and-monitor-your-vacant-buildings-and-flats-your-city>

European Parliament. (2020). *Energy performance of buildings: How to prioritize renovations*. Briefing, IPOL_ATA(2020)652733. Retrieved from [www.europarl.europa.eu/RegData/etudes/ATAG/2020/652733/IPOL_ATA\(2020\)652733_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/ATAG/2020/652733/IPOL_ATA(2020)652733_EN.pdf)

Policy Department for Economic and Quality of Life Policies. (2024). *Policies to ensure access to affordable housing in the EU*. Retrieved July 17, 2025, from <https://housingcoop.eu/resources/policies-to-ensure-access-to-affordable-housing>

Graaf, L., Bankert, E., & Tóth, Z. (2024, October 22). *Prioritising existing buildings for people and climate: Sufficiency as a strategy to address the housing crisis, achieve climate & resource targets and revitalise communities* (Buildings Performance Institute Europe). Brussels: BPIE.

Unknown Author. (n.d.). *EU Buildings Climate Tracker* [PDF file].

Authors: Benedetta Buccolini, Goksen Sahin, Cristina Garzillo

Contributors: Allison Wildman, Leslie Petitjean, Alice Tuberoni, Bard Rama, Matthew Bach

Connect with us:

✉ iclei-europe@iclei.org

🌐 www.iclei-europe.org



ICLEI Europe

ICLEI – Local Governments for Sustainability is a global network working with more than 2500 local and regional governments committed to sustainable urban development. Active in 125+ countries, we influence sustainability policy and drive local action for low emission, nature-based, equitable, resilient and circular development.

This paper reflects the position of the ICLEI Europe network of Local and Regional governments as a whole, and may not reflect the position of every Member individually.

