

TACKLING THE HOUSING CRISIS
FOR FAIRER, MORE LIVEABLE
AND RESILIENT CITIES

5 RECOMMENDATIONS BY
ENERGY CITIES FOR A
SUCCESSFUL EU AFFORDABLE
HOUSING PLAN



AUTHORS

MÉLANIE BOURGEOIS
SIMONA ARONICA

REVIEWER

ALLISON LA CORRE

PUBLICATION DATE

JULY 2025



EVERY DAY, LOCAL LEADERS WITNESS THE HOUSING CRISIS AND ITS RESULTING SOCIAL AND ECONOMIC CONSEQUENCES FOR THEIR COMMUNITIES.

LOCAL GOVERNMENTS ARE REPORTING A SHARP INCREASE IN HOMELESSNESS AND SUBSTANDARD HOUSING, AS WELL AS GROWING CHALLENGES FOR STUDENTS AND ESSENTIAL WORKERS, SUCH AS TEACHERS, CARE WORKERS, AND POLICE OFFICERS, WHO ARE UNABLE TO SECURE AFFORDABLE, QUALITY ACCOMMODATION.

Tackling the housing crisis is imperative.

For local authorities, it is a matter of democracy, essential to maintaining trust in institutions and social cohesion.

Members of Energy Cities stress that this must be done fairly and within the planetary boundaries.

In early 2026, the European Commission is expected to propose a European Affordable Housing Plan, while the European Parliament's special Housing Committee will publish a report. For local leaders, this initiative must serve as a catalyst to **shape the cities of tomorrow: fair, liveable and resilient.**

This paper by Energy Cities calls on policymakers to empower local governments and integrate sufficiency and urban planning approaches by **including five key recommendations in the Affordable Housing Plan.**

New construction alone cannot be the solution. Our cities are full of empty homes and vacant buildings that could be renovated to meet urgent needs. **By fostering a cultural shift, prioritising affordable housing, and providing municipalities with the support they need, we can adopt a long-term perspective – ensuring both social justice and the sustainable development of the EU.**



1. UNLOCK THE POTENTIAL OF VACANT AND UNDERUSED BUILDINGS

Across the EU, **over 30 million dwellings are estimated to be under-occupied or vacant**, representing an enormous, yet underutilised, potential for addressing housing needs without new land take or additional carbon emissions. In cities, vacant buildings often coexist with rising homelessness and housing exclusion. The European Affordable Housing Plan must harness this untapped resource as a central pillar of a sustainable and fair housing strategy. To do so, the Plan should:

- Require Member States to **systematically monitor building occupancy, merging data from energy use, tax records, and local surveys, and share it with municipalities**. They should also adapt data protection rules to ease identification of vacancies by local public bodies.
- Encourage Member States to **strengthen regulations and tax incentives to reduce vacant buildings, secondary homes and short-term tourist rentals**, and empower municipalities to take similar measures adapted to their local context.
- **Promote temporary housing solutions that make use of unoccupied buildings**. Initiatives such as [Communa](#) in Brussels demonstrate how interim use can combine social impact with efficient space management.
- **Support local governments with technical assistance, training, and dedicated staff** to manage these complex projects and turn vacant spaces and underoccupied buildings into housing solutions.

Vacancy decree from Utrecht (The Netherlands)

Since 2023, property owners in Utrecht have been required to report to the municipality if a residential property remains unoccupied for more than six months. Utrecht municipality hold a vacancy registration based on owners' declarations and municipal investigations. After 3 months, the municipality initiates consultation with the owner to discuss plans to facilitate reoccupation of the buildings. If the buildings remain unoccupied for more than 1 year, the municipality proposes a tenant, and the owner must offer a rental agreement to the tenant. There are a few exceptions for associations and secondary residences.

More details on [Utrecht's website](#).

France's National Plan to combat vacant housing

The [initiative](#), launched in 2020, targets over 1.1 million long-term empty homes, focusing on high-demand areas. It combines data tools like the LOVAC database and the "Zéro Logement Vacant" platform to help municipalities identify, contact, and support owners in returning properties to use. A national network also promotes best practice sharing. Today, 64% of French mainland municipalities are participating in this programme, improving their capacities to address vacant buildings.



2. ENABLE SOFT DENSIFICATION AND COLLECTIVE HOUSING APPROACHES

Focusing primarily on new construction would be a major mistake. It would fail to challenge the speculative logic of the housing market while driving large-scale carbon emissions and biodiversity loss.

To face increasing housing needs, it is essential to **facilitate housing approaches that maximise efficient use of space, foster social cohesion and include green areas**. This helps prevent urban sprawl, which contributes to the loss of green spaces and the expansion of energy-intensive infrastructure, while offering higher quality of life, exemplified by 15-minute city model.

Therefore, the EU Affordable Housing Plan should:

- **Reaffirm the European no net land take target by 2050, and prioritise the refurbishment, repurposing, and extension** of existing buildings over new construction. New developments should be located within the existing urban fabric. Before building new housing, public authorities must be supported to assess other options, such as reusing vacant buildings or converting underused spaces. This requires integrating life-cycle CO² assessments and social impact evaluations into renovation and construction projects.
- Develop national and local guidelines and pilot programmes to **promote inclusive co-living models**. In response to shrinking household sizes and the rising trend of solo living, co-living can offer a dignified, resource-efficient alternative that supports autonomy while reducing pressure on land and housing stock. Member States should review and adapt regulatory and financial frameworks to enable diverse co-living solutions which can support urban densification and propose affordable options without restricting individual lifestyle choices.
- Establish a programme to **support soft densification in city centres while enhancing green spaces and biodiversity**. This includes developing buildings adaptable to evolving household needs (e.g. adding rooms or floors, subdividing large homes), facilitating housing swaps, or developing housing on vacant plots and underused backyards. The programme should draw from the lessons of the New European Bauhaus, combining functionality, sustainability, and beauty in urban regeneration.

Heidelberg's project for flexible, shared and affordable housing (Germany)

As a city, Heidelberg supports the need for flexible housing solutions for those seeking accommodation. Through a housing exchange and support for alternative **housing projects**, the administration systematically promotes this development by providing information and networking opportunities.

Heidelberg is also home to a **project** led by small local companies that creates shared, low-rent housing for trainees who struggle to find accommodation. Additionally, the city hosts the **Collegium Academicum** – an innovative, community-led initiative offering affordable and sustainable living spaces for 250 young people.

A German programme to encourage young people to buy old buildings

The recent German project “Jung kauft Alt”(Young buys old) aims to support families with young children and moderate incomes in purchasing and renovating older properties. The programme offers subsidised KfW loans with low interest rates to help these families buy and refurbish existing homes, particularly those needing energy efficiency upgrades. This initiative not only makes homeownership more accessible but also helps preserve historical buildings and reduce urban sprawl.



3. MAKE FUTURE-PROOF HOUSING A GUIDING PRINCIPLE

While urgent action is needed to address the housing crisis, it must not come at the expense of long-term quality of life and resilience. **Future housing must combine high energy performance, climate adaptability, and the flexibility to meet households' evolving needs.** This is essential to avoid locking residents into unstable and high energy bills or homes that are unfit for a changing climate.

The EU Affordable Housing Plan should:

- **Refer to the local heating and cooling plans** (as required by Article 25 of the recast EED) and **National Energy and Climate Plans** as strategic guidance documents for the planning and development of new housing.
- Reinforce the ambition level expected in National Building Renovation Plans, in line with the revised Energy Performance of Buildings

Directive (EPBD). **New and renovated housing must meet high energy performance standards and integrate circular economy principles to minimise environmental impact.**

- **Promote the adaptability principle in new construction and renovation**, encouraging modular and flexible architecture that allows buildings to adjust to new users' needs, functions, and environmental conditions without requiring demolitions (e.g. single parent or growing families). Incorporating shared spaces—like laundry facilities, community kitchen or guest rooms—can help reduce the overall dwelling size while improving social cohesion and friendliness. Inspiration should be drawn from the New European Bauhaus initiative.

A future-proof municipal social housing complex in Vienna (Austria)

Vienna has a [strategy to phase out gas by 2040](#) and a heating plan. The Austrian capital also has a large share of social housing and aims to shield residents from high and unstable energy bills while increasing their comfort in winter as well as in summer. The city has started the implementation with [pilot projects](#) such as the future proofing of the 12 buildings and 277 flats of the social housing complex located at the Deutschordenstraße. Vienna carried out renovation work, leading to the reduction of 75% of the heat energy requirement, and is phasing out fossil energy to replace it by 100% clean renewable energy (geothermal, air source heat pumps and solar panels).

Tenant involvement and communication were key for such a massive project to succeed.

Budapest turns an old school into municipal housing estates (Hungary)

Facing a housing crisis, Budapest set up a new Housing agency and launched in spring 2024 the Affordable Housing for All (AHA) programme, supported by the European Urban Initiative.

The pilot project of this programme aims to rehabilitate a former vocational school built in the seventies into a sustainable residential building for 26 vulnerable families. The school, located around Újpest, has been vacant since 2007 and is in poor condition. The rehabilitation work will conserve the structure of the building (long corridors in front of former classrooms with the lobby being transformed into a community space) and provide different sized apartments adapted to the needs of different families. The municipality of Budapest plans to have the works ready in spring 2026 and use this example to then rehabilitate 15 other public buildings into housing.



4. PUT AFFORDABILITY AND SOCIAL HOUSING AT THE CORE OF THE PLAN

Across Europe, local governments report that middle-income and vulnerable populations are being priced out of their cities. **Measures to cope with speculation and provide more affordable and social housing are essential.** Therefore, the EU Affordable Housing plan should:

- **Promote both the renovation of existing and the creation of new social and affordable housing**, including through rehabilitation and adaptive reuse of existing buildings, and support the development of affordable homeownership.
- Propose a **reform of State aid and service of general economic interest (SGEI) rules to improve the financing of affordable and social housing**, focused on supporting vulnerable and low-income groups.
- **Integrate Housing First as a cornerstone of the EU Plan**, recognising its proven effectiveness in addressing homelessness by providing

stable housing before addressing other support needs.

- **Tackle energy poverty through deep renovation**, with a focus on low-income households and energy-inefficient dwellings. Affordability must be understood not only in terms of rent or purchase prices, but also in terms of ongoing running costs. Today, over 41 million Europeans are unable to adequately heat their homes—an unacceptable figure that demands bold action, particularly through ambitious measures in National Renovation Plans.
- Support alternative models to counter the financialisation of the housing market, such as community land trusts, housing cooperatives, and other non-speculative ownership and rental schemes that prioritise long-term affordability and community control.

A social housing project in a former military building in Verona (Italy)

The city of Verona is implementing a major urban regeneration project known as Forte Santa Caterina, supported by €15 million from the EU Recovery and Resilience Fund and an additional €4 million from the municipality. The project includes the construction of 20 social housing units, the demolition of former military storage facilities, and the creation of a new park. Designed with sustainability in mind, the housing units are oriented southwest to maximise solar gain, and the project incorporates the use of sustainable materials, rainwater recycling, and the reuse of demolition materials. Particular attention is given to social inclusion, with co-programming meetings organised alongside third-sector organisations to ensure the project addresses the needs of vulnerable groups such as people with disabilities, divorced fathers, elderly residents, and LGBTQ individuals.

Housing Cooperative Society in Lyon Metropole (France)

The Metropolis of Lyon is finalising the creation of the Housing First cooperative, which represents an innovative approach and effective response to the issue of homelessness. The Metropolis of Lyon and Solidarités Nouvelles pour le Logement funded a cooperative society for collective interest, bringing together players from the associative, real estate and economic sectors.

This land vehicle mobilises a supply of private housing in the existing stock (operations of 1 to 8 units) at very low rents for people in highly vulnerable situations. The Council of Europe Development Bank is working alongside the Metropolis as part of the European Platform on Combatting Homelessness. The objective is to leverage around 70M€ in both grants and capital loans (including EU funds) to acquire, renovate and make available 350 housing units over 6 years.



5. EMPOWER LOCAL GOVERNMENTS AND PROVIDE TECHNICAL AND FINANCIAL SUPPORT

The annual investment gap in affordable housing was already estimated at €57 billion by the European Investment Bank (EIB) in 2018, before the COVID-19 crisis further exacerbated the situation.

Local governments are at the forefront of this crisis. They hold many of the competencies and tools needed to implement effective solutions, yet they often lack the financial and human resources to act at scale.

The EU Affordable Housing Plan should therefore propose concrete measures to support local investment, strengthen the municipal workforce and technical capacity. It should:

- **Advocate for the inclusion of dedicated support for local housing and future proofing buildings in the next Multiannual Financial Framework (MFF).** This should cover energy-efficient renovation, the reuse of under-occupied buildings, and the development of so-

cial and affordable housing. Funding streams across various MFF pillars—including the European Social Fund Plus, InvestEU, and cohesion policy instruments—must be mobilised to support these efforts.

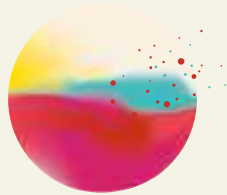
- **Ensure that EU housing support is guided by housing need indicators** such as housing affordability, homelessness rates, or overcrowding rather than solely by regional development criteria. This would allow targeted support to areas under high housing pressure, regardless of their broader economic classification.
- **Emphasise the need to strengthen the local public workforce**, particularly in key areas such as permitting, urban planning, project design and implementation. The EU support should include technical assistance, training, and funding for additional staff to build the long-term institutional capacity needed to deliver housing solutions on the ground.

Resources to learn more:

Read the stories of [Verona](#), [Utrecht](#), [Lille Métropole](#) and [Budapest](#) on Housing rights with their challenges and solutions.

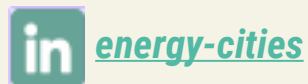
Contact: **Mélanie Bourgeois**

melanie.bourgeois@energy-cities.eu



ENERGYCITIES

www.energy-cities.eu



BESANÇON

4 Chemin du Fort de Bregille
25000 Besancon, France

BRUSSELS

Mundo Madou
Avenue des Arts 7-8

Energy Cities' mission is to empower cities and citizens to shape and transition to future-proof cities. We showcase concrete alternatives deployed by cities, we advocate changing policy and economic governance at all levels and we foster wide cultural change leading to a future-proof society. Energy Cities community is composed by local leaders of thousands of cities in 30 European countries.