



AFFORDABLE AND SUSTAINABLE: THE FUTURE OF HOUSING IN EUROPE

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While the European Union increasingly recognises housing as both a social right and a cornerstone of its green transition, the current housing crisis exposes the tension between ambitious sustainability goals and social equity. Unless EU policy effectively addresses the balance between affordability, accessibility, and sustainability objectives, efforts to advance the Green Deal and the Just Transition risk exacerbating inequalities rather than fostering cohesion.

EUROPEAN AFFORDABLE HOUSING

In Ursula von der Leyen's recent State of the Union she stated that *"a home is not just four walls and a roof. It is safety, warmth, a place for family and friends. It is belonging. But for too many Europeans today, home has become a source of anxiety. It can mean debt or uncertainty. The numbers tell a painful truth. House prices are up by more than 20% since 2015. Building permits down by over 20% in five years. **This is more than a housing crisis. It is a social crisis.** It tears at Europe's social fabric. It weakens our cohesion. And it also threatens our competitiveness."*



This is not the first time the housing crisis has been mentioned at a European level. At the 2017 Gothenburg Summit, the EU announced the European Pillar of Social Rights, introducing 20 key principles to make Europe fairer and more inclusive, one of which being *housing and assistance for the homeless*. This includes ensuring access to social housing or housing assistance of good quality for those in need, appropriate assistance and protection against forced eviction for vulnerable people, and adequate shelter and services to promote social inclusion of unhoused people.

More recently, in January 2025, the European Parliamentary Research Service published the briefing, A coordinated EU approach to housing, outlining the cost-of-living crisis and the need for increased collaboration on the European scale. While the EU has no direct ability to enact physical interventions when it comes to housing, there are numerous policy and funding schemes in the works that follow principles of subsidiarity, including the upcoming European Affordable Housing Plan (EAHP) and a new pan-European investment platform for affordable and sustainable housing. There are also considerations for revising state-aid rules to subsidise or provide tax incentives to housing providers, and rules for short-term rentals to tackle a shortage of affordable homes.

HOUSING AND THE GREEN TRANSITION

Another talking point on the European agenda is the green transition. Though housing and the green transition are often conceptually and operationally separated, the housing crisis may be being impacted by transition policies. The European Green Deal envisions a “green transition that leaves no one behind”, aiming to minimise socio-economic impacts on the path toward climate neutrality and drive forward the concept of the Just Transition with policy actions across the European landscape. So far, efforts to minimise socio-economic impact include a number of sectors and built environments, but is the housing sector being overlooked? In some European cases, the costs associated with energy upgrades and sustainable housing renovations are seen to disproportionately burden low-income households, in turn risking rent increases, displacement, and increased energy poverty.

A clear example of this phenomenon, where sustainability and social equity are colliding in the housing sector, can be seen in the retrofitting movement. While retrofitting is key to reducing carbon emissions, these improvements can come at a cost. Lower-income households often reside in older, less energy-efficient homes that require significant upgrades to meet new standards. The financial burden of these renovations may lead to higher rents or housing prices, deepening affordability issues for economically vulnerable populations (von Platten et al., 2022).

Although renovations can reduce overall energy consumption and lower utility bills, the higher short-term costs associated with retrofitting can also widen the gap between those who can adapt to the green economy and those who cannot. In some cases, landlords are accused of passing on the costs of retrofitting to their tenants, creating undue



financial strain for renters and even ‘renovictions’, direct or indirect displacement resulting from the costs associated with renovations (Weber & Wolff, 2018; Busà, 2024). There is also the issue of ‘hidden energy poverty’, which occurs when households are forced to use less energy than needed to such an extent that it negatively impacts their abilities to heat, cool and power their homes (Karpinska & Śmiech, 2020).

An additional point to consider concerns the financial support schemes that EU Member States have introduced to assist with home retrofitting, particularly under the national Recovery and Resilience Facility plans (RRP). While these programmes were initially designed to help households meet energy-efficiency targets and reduce renovation costs, several have since been scaled back as governments reintroduce austerity measures. For example, France’s *MaPrimeRénov’* scheme was suspended and then reintroduced in 2025 with stricter rules; Italy’s *Superbonus* was progressively scaled back; Slovenia’s revised

RRP, approved in 2025, reduced or removed several measures related to energy efficiency and sustainable renovation; and Poland modified its Clean Air subsidy scheme in 2025, adjusting support for renovations and heat-source replacements in single-family homes. With the European Commission again urging Member States to limit public expenditure in line with the EU Stability and Growth Pact, the continuity of such support has become uncertain. This volatility in financial assistance poses a significant challenge for individual homeowners and larger housing corporations, who may struggle to commit to costly renovations without stable and predictable aid.

There are also challenges associated with efforts to increase housing stock. [Eurostat data](#) shows a steep drop in dwelling permits across the EU in the past three years, indicating that overall housing construction is falling. Cities increasingly employ urban densification processes to address housing shortages, reduce pressures on available land, and support decarbonisation, energy efficiency, and other green transition initiatives. These projects, which include the redevelopment of existing urban structures through subdivision, building extensions, or complete reconstruction, can increase housing supply. However, they can also drive-up land prices and rents, leading to reduced housing affordability and displacement (Götze et al., 2024).

CAN WE BUILD A FAIRER, GREENER FUTURE?

At this juncture, it is vital that we look at the design of future policy interventions to better address the balance between affordable and secure housing, and our larger scale sustainability objectives. The upcoming European Affordable Housing Plan will include measures to accelerate housing construction, renovate existing buildings,

and end homelessness by 2030. It will also further enact controls on short-term (tourist) rentals, to improve affordability for locals. This presents an opportunity to address the deepening inequalities in Europe's housing sector; however, it is vital that this policy is not enacted in a vacuum.



We need to make sure affordable housing policies are considering and addressing the failures of existing policy implementation and working alongside agendas like the green transition. While a unified, cohesive EU housing strategy has the potential for positive change, it will be most impactful if it places vulnerable and lower/middle income groups at the centre of new policy, while maintaining progress towards a just transition. The reality is that without place-based policy design that considers the intersection of social justice and the environment in the housing sector, a truly cohesive Europe will remain out of reach. With this in mind, the question remains as to how we can balance the competing pressures on available land, expanding housing access while also preserving nature.

There are several points to consider here:

- » Lasting solutions require adaptation to Europe's diverse housing landscapes. Regional and municipal decision-makers, as well as local experts, are uniquely positioned to address these challenges, often demonstrating a clear understanding of their residents' needs and the types of changes that are practical within their local contexts.
- » Alternative forms of (social) housing, such as cooperatives and Community Land Trusts (community-led organisations that acquire and hold land to provide long-term affordable housing and other community benefits) should be considered within policy agendas. Such models prioritise collective and long-term interests over profit and can contribute to a just transition by increasing access to renewable energy (Lukkarinen et al., 2022).
- » We need to consider what spaces exist for genuine dialogue between communities and different levels of government, and how to find cohesive narratives of change that recognise the diversity of voices around topics like housing. Concepts like active subsidiarity, futures literacy, and place-based approaches that consider the unique needs of regions, cities, and communities offer pathways to ensure people have a home and have a voice.

Ultimately, addressing Europe's housing crisis requires more than short-term fixes; it demands a structural reimagining of housing as a social right, with long-term strategies designed to work alongside other policy priorities. Agendas such as the green transition should also be reevaluated to make sure all sectors are considered and potential social impacts are minimised.

In the meantime, we will continue to work towards a future where affordability, equity, and sustainability reinforce rather than undermine one another.

ABOUT THE AUTHORS



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