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**Preparation for the**

**Hearings of the Commissioner-designates after the EU elections in autumn**

Elaboration of questions from the sector of housing

Vienna, 25.06.2024

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# Working conditions in the construction industry

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| **Question** |
| The construction and real estate industry is a major employer in Europe and a key factor in the European economy. Social and wage dumping can occur on construction sites, particularly in smaller Member States with many EU neighbours. The creation of construction companies that go bankrupt immediately after the completion of the construction project and/or engage in tax evasion has a negative impact on public budgets and causes high negative social externalities. **How do you intend to prevent social and wage dumping in the construction industry?** |
| **Further questions** |
| * How will you ensure safe working conditions on European construction sites? * How do you intend to ensure that those responsible for European construction sites (managers) are prosecuted for, for example, labour law offences, tax and customs fraud or environmental pollution? |

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| **Background** |

The practice of social and wage dumping results in significant tax losses in Europe and undermines the financial strength of the public sector. This ultimately affects the ability of governments to invest in infrastructure and social services. The construction and property industry is a significant contributor to the European economy, employing a large number of people. However, social and wage dumping can occur on construction sites in smaller member states with many neighbouring EU countries. The failure of construction companies to complete projects or their engagement in tax evasion has a negative impact on public budgets and social externalities. To address these challenges, it is essential to implement enhanced controls and enhanced cooperation between national labour inspectorates and European institutions. This will ensure compliance with labour and social standards. The harmonisation of working conditions and minimum wages within the EU would create fair competitive conditions and prevent wage dumping. Good working conditions are of great importance from the point of view of services of general interest, as they lead to higher productivity, lower absenteeism and greater employee satisfaction. This strengthens the economy as a whole and contributes to the long-term stability and sustainability of Europe as a business location.

# Limited-profit housing construction to combat inflation

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| **Question** |
| Securing affordable housing is a fundamental aspect of ensuring a stable and prosperous European economy. However, rising housing costs have the potential to create macroeconomic challenges, affecting not only individual households but also the wider economy. In countries where rents are linked to the inflation rate, as in Austria, high rents can increase inflationary pressure. The limited-profit housing sector has the potential to play a significant role in mitigating inflationary risks in Europe. By alleviating the financial strain on both individual households and the broader economy, it can contribute to a more stable and prosperous future for all. **What initiatives are you planning to curb inflation in Europe and what role do you think the limited-profit housing sector can play in this?** |
| **Further questions** |
| * Are you planning EU programmes to support the development of social housing? * Are you planning earmarked funding for social housing in order to secure affordable housing in the long term? * Are you planning fixed indexation in the housing sector to reduce inflationary pressures? |

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| **Background** |

Limited-profit building associations make an important contribution to social stability by providing affordable housing and preventing rental costs from rising disproportionately. As they are not profit-oriented, rents are generally below the market level and therefore have a dampening effect on the entire rental market (*cost rent*)[[1]](#footnote-1). The tax concessions for limited-profit developers are therefore an effective instrument for stabilising the housing market and ensuring affordable housing in the long term. Limited-profit property developers thus relieve the burden of housing costs on households and reduce inflationary pressure on the economy. Limited-profit building associations are not only an important client in the construction industry, but also provide many EU citizens with access to high-quality and affordable housing. From the perspective of services of general interest, affordable housing is an essential basis for economic and social development in Europe. In countries where rents are linked to the inflation rate, as in Austria, high rents can increase inflationary pressure. The limited-profit housing industry can therefore make an important contribution to combating inflation risks in Europe and relieve the burden on both, individual households and the economy as a whole.

# Framework conditions for Limited-profit actors in the housing market

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| **Question** |
| Limited-profit developers play a stabilising role in the construction industry, are reliable traditional companies and make a valuable contribution to the sustainable development of the housing market. They ensure that socially disadvantaged groups and the broad middle class have access to affordable housing. They are also an important lever for socio-environmental change, helping to achieve Europe's climate goals. **How do you intend to improve the economic and legal framework for social housing providers?** |
| **Further questions** |
| * What initiatives do you see to reduce rents in the long term, especially in urban centres? * What do you think the role of social and municipal housing is in reducing 'free rents' in the long term? |

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| **Background** |

Limited-profit building associations play a vital role in maintaining social stability by providing affordable housing and preventing rental costs from rising disproportionately. As they are not profit-oriented, rents are generally below the market level, which has a dampening effect on the entire rental market (cost rent)[[2]](#footnote-2). The tax concessions for limited-profit developers are therefore an effective instrument for stabilising the housing market and ensuring affordable housing in the long term. Limited-profit property developers therefore relieve the burden of housing costs on households and reduce inflationary pressure on the economy. Limited-profit building associations are not only an important client in the construction industry, but also provide many EU citizens with access to high-quality and affordable housing. From the perspective of services of general interest, affordable housing is an essential basis for economic and social development in Europe. To this end, an appropriate legal framework is needed in Europe so that limited-profit and municipal actors can create this housing.

# Economic effects of affordable housing

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| **Question** |
| The construction industry is a significant contributor to the European economy, accounting for a significant share of the gross domestic product and creating a large number of jobs. A balanced housing policy which focuses on affordable housing helps to stabilise private household expenditures. Limited-profit and municipal housing reduces expenditures on housing, which in return can support consumer spending and thus the overall economic demand. Affordable housing is therefore a fundamental element of Europe's security of supply, a stable and resilient business location and prosperity. **In your opinion, what role does housing policy play in the development of Europe as a business location and what incentives would you like to set for the expansion of affordable housing?** |
| **Further questions** |
| * Are you planning initiatives and EU programmes that support limited-profit and municipal actors in particular in the creation of affordable housing? * How do you intend to optimise the economic effects of affordable housing during your term of office? * Are you planning to establish a dedicated housing fund at the European level to encourage investment in the expansion of social housing and thermal refurbishment? |

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| **Background** |

Municipal and limited-profit building associations play a vital role in maintaining social stability by providing affordable housing and preventing rental costs from rising disproportionately. As they are not profit-oriented, rents are generally below the market level, which has a dampening effect on the entire rental market (cost rent)[[3]](#footnote-3). The tax relief for limited-profit developers is therefore an effective instrument for stabilising the housing market and ensuring affordable housing in the long term. Limited-profit property developers therefore relieve the burden of housing costs on households and reduce inflationary pressure on the economy. Limited-profit building associations are not only an important client in the construction industry, but also provide many EU citizens with access to high-quality and affordable housing. From the perspective of services of general interest, affordable housing is an essential basis for economic and social development in Europe. In order for limited-profit and municipal actors to create this housing, an appropriate legal framework is needed in Europe.

# Interest rate turnaround and sustainable housing industry

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| **Question** |
| The property sector plays a central role in financial markets. Past experience has shown that financial market crises can be triggered or exacerbated by the failure of assets in this sector. Given the performance of property prices before and after the interest rate shift and the recent economic downturn, it is crucial to identify strategies to mitigate the potential for speculation and financial bubbles in the property market in order to ensure long-term stability. **What measures are you taking to prevent the overheated housing market in Europe from triggering another financial crisis?** |
| **Further questions** |
| * How do you intend to prevent another speculative housing bubble from forming during the next period of low interest rates and money flowing into speculative housing? * What role do limited-profit actors play in your considerations for a sustainable housing industry? |

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| **Background** |

The reversal of the long-standing low interest rate policy towards rising interest rates since July 2022 has had a significant impact on the property industry. Although the ECB's key interest rate was lowered slightly in mid-2024, the industry is still struggling with the rising interest rates of the last two years. The rising costs of financing construction projects and mortgages are reducing the demand for property and exerting downward pressure on prices, particularly in periods of economic uncertainty, such as following the recent recession. A decline in economic activity in the property sector has a direct impact on employment, the supply industries and the availability of affordable housing[[4]](#footnote-4). In light of these developments, it is crucial to identify strategies to prevent the formation of speculative bubbles and maintain long-term stability in the property market. The property sector plays a significant role in the financial markets. The 2007/2008 financial crisis demonstrated that the failure of mortgage loans can have a significant impact on large banks and credit institutions, leading to instability within the entire financial system. A return to a low interest rate policy could once again lead to the formation of speculative bubbles by profit-oriented players. From the perspective of services of general interest, sustainable investment in affordable housing represents an important lever for long-term growth, economic stability and social cohesion. Limited-profit property developers are particularly well-suited to counteract property speculation and can be considered reliable partners in times of economic uncertainty.

# Promotion of serial and modular construction

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| **Question** |
| The building sector currently accounts for 40% of energy consumption and 36% of greenhouse gas emissions in the EU. The EU has set a target for all new buildings to be zero-emission by 2030. The use of prefabricated and modular construction allows a more holistic approach to climate-friendly construction. The prefabrication of components in a factory shortens the construction time on site enormously and at the same time enables the efficient use of scarce resources such as labour and materials. Serial and modular construction represents a significant opportunity to control today's high construction costs and create more affordable housing. **Another important advantage is the increased planning security and predictability. Please outline the role of prefabrication and modular construction in your thinking on how to achieve the goals of zero-emission and affordable housing.** |
| **Further questions** |
| * What EU programmes and initiatives are you planning to promote circular and resource-efficient construction? |

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| **Background** |

The use of serial and modular construction techniques can make a valuable contribution to climate protection in the building sector. The building sector is currently responsible for 40 % of energy consumption and 36 % of greenhouse gas emissions in the EU. Against this backdrop, there is a significant opportunity to reduce costs and achieve the EU's climate targets. In light of these considerations, the EU has set itself the ambitious target of making all new buildings zero-emission buildings by 2030[[5]](#footnote-5)[[6]](#footnote-6). The use of prefabricated components can optimise the construction process and shorten the overall construction time. The average construction time is reduced to around six months, which not only increases efficiency but also optimises the use of scarce resources such as personnel and materials. This is particularly important in view of the shortage of skilled labour in the construction industry and the limited availability of building materials. Furthermore, the industrialised production of components enables the delivery of higher quality standards and better control of production processes, which ultimately leads to more durable and sustainable buildings. From a service of general interest’s perspective, affordable housing is an essential cornerstone of social well-being. In terms of the EU's climate and energy targets, serial and modular construction represents a promising solution for meeting the high standards for climate protection in the building sector, while also creating affordable and high-quality living spaces.

# Energy transition in the housing industry - existing buildings

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| **Question** |
| Affordable housing is essential for societies to thrive and for people to live where they want to work. However, the building sector currently accounts for 40% of energy consumption and 36% of greenhouse gas emissions in the EU. The energy and heat supply in existing residential buildings plays a significant role in this context. **What incentive systems do you want to put in place across Europe to accelerate the energy transition in the housing stock?** |
| **Further questions** |
| * Are you planning to strengthen the Energy Performance of Buildings Directive (EPBD) and will this also apply to the residential sector? * Are you planning to set up a dedicated housing fund at European level to support investment in the expansion of social housing and thermal refurbishment? |

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| **Background** |

The building sector currently accounts for 40% of energy consumption and 36% of greenhouse gas emissions in the EU, which is why the Energy Performance of Buildings Directive has been revised[[7]](#footnote-7)[[8]](#footnote-8). A significant part of these emissions and energy consumption is due to existing residential buildings, which are often equipped with outdated and inefficient heating and cooling systems. In contrast, new buildings can be designed and built to the latest energy efficiency standards, resulting in significant reductions in energy consumption and emissions. Modern new buildings benefit from advanced building materials and techniques, including better insulation, more efficient heating and cooling systems and the use of renewable energy. Existing buildings, on the other hand, pose a particular challenge, as retrofitting them to modern energy standards is often associated with high costs and structural constraints. Nevertheless, the renovation and modernisation of these buildings is crucial to achieving climate change targets and reducing energy consumption in the building sector. Public funding programmes and incentives are needed to support the refurbishment of existing buildings and reduce the financial burden on owners and tenants. From the point of view of services of general interest, affordable housing is a prerequisite for a prosperous society and for people to be able to live where they want to work. Socially disadvantaged groups cannot be neglected in the context of climate justice. In order to achieve the EU's socio-environmental goals, it is therefore urgently necessary to renovate and expand the building stock in terms of energy and heat supply.

# Social aspects of the energy transition in the housing industry

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| **Question** |
| Decarbonising the building sector is necessary to mitigate the climate crisis. The buildings sector currently accounts for 40% of energy consumption and 36% of greenhouse gas emissions in the EU. The revised Energy Performance of Buildings Directive (EPBD) aims to put Europe on the path to a zero-carbon building stock by 2050. To achieve this, renovation and refurbishment will be promoted in all Member States, especially in buildings with the worst energy performance. However, energy efficiency measures must not lead to social problems and unaffordable housing if the costs are passed on to tenants. **How will you ensure that energy targets in the housing sector do not have a negative impact on vulnerable groups?** |
| **Further questions** |
| * How do you plan to prevent energy-efficient renovations of existing buildings from increasing rents and causing tenant displacement (“eco-gentrification”)? * How do you intend to prevent so-called "renovictions", i.e. the eviction of tenants following renovation or thermal refurbishment? * What is the role of limited-profit and municipal housing developers, who have provided affordable housing in the past, in your considerations regarding energy transition? * What initiatives are you planning to reduce energy poverty in Europe? |

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| **Background** |

Decarbonising and improving the energy efficiency of the building sector are necessary to mitigate the climate crisis. The building sector currently accounts for 40% of energy consumption and 36% of greenhouse gas emissions in the EU[[9]](#footnote-9). The revised Energy Performance of Buildings Directive (EPBD) aims to put Europe on the path to a fully carbon neutral building stock by

2050[[10]](#footnote-10). However, it is important to note that energy efficiency measures in residential buildings do not cause social problems. Although improved energy efficiency can help to reduce energy costs, such measures are often charged to higher rents in existing buildings. This phenomenon is also known as eco-gentrification or the displacement of socially disadvantaged groups. From the perspective of services of general interest, a fair energy transition is important, i.e. that all people have access to energy-efficient and sustainable housing without compromising their quality of life. In this context, particularly limited-profit and municipal housing developers are key players in the provision of this type of housing.

# Combating homelessness in Europe - Implementing the Lisbon Declaration

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| **Question** |
| Nearly 900,000 people were homeless in Europe last year. This is 30 % more than the last estimate for 2018, and the number had already risen by 70 % in the previous decade, making it a growing structural problem. **What initiatives are you planning to end homelessness in Europe by 2030, as agreed in the Lisbon Declaration?** |
| **Further questions** |
| * What measures do you intend to take to ensure that there are sufficient coordination centres at a Member State and local level? * How can it be ensured that the distribution of funds to those affected is also carried out by public, limited-profit and social organisations and does not become a business for private providers? * Do you plan to set up a European framework that adequately recognises the role and needs of cities in the fight against homelessness? |

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| **Background** |

Nearly 900,000 people were homeless in Europe last year. This alarming figure represents a 30% increase since the last estimate in 2018. In the previous decade, the number had already risen by 70%, indicating a growing structural problem[[11]](#footnote-11). The causes of homelessness are complex and include economic insecurity, social exclusion, lack of affordable housing and, last but not least, individual crises such as job loss or health problems[[12]](#footnote-12). This worrying trend underlines the urgency of tackling homelessness by addressing the underlying structural problems. From a public service’s perspective, it is important to tackle structural homelessness in Europe, as it causes great harm to individuals and society. Affordable housing, efficient education systems, secure jobs, and a socially inclusive access to public services, to only name a few, are valuable elements provided by socio-economic actors.

# Combating homelessness in Europe - prevention measures

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| **Question** |
| Homelessness is a complex and widespread social problem in Europe with multiple causes. These include housing deprivation, unemployment, poverty, social exclusion and lack of access to affordable housing. Despite the efforts of governments and non-governmental organisations, homelessness is still a problem in many European countries. This underlines the need for effective prevention and support measures. **What initiatives are you planning to prevent homelessness?** |
| **Further questions** |
| * Are you planning EU programmes with corresponding funding so that housing security can be proactively addressed in the member states? * What importance do you hold to the prevention of delocation and are any initiatives planned in this regard? * What role does the "Housing First" approach to preventing long-term homelessness play in your considerations? * If you are in favour of the "Housing First" approach, how do you intend to ensure that these flats are also allocated in a way that prevents delogging? * Are you planning to fund programmes of EPOCH member states ("European Platform on Combatting Homelessness") with the aim of combating homelessness in a holistic way? |

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| **Background** |

Comprehensive prevention measures are essential to effectively tackle homelessness in Europe. This includes the creation and provision of affordable housing to prevent people from losing their homes. Early intervention is also crucial, such as financial support in the form of rent subsidies or debt counselling to prevent evictions due to inability to pay. In this context, the *Housing First approach* is also a key strategic building block in reducing homelessness[[13]](#footnote-13). Housing First is a successful approach to homelessness that aims to deinstitutionalise homeless people and provide them with their own accommodation as quickly as possible, thereby promoting their independence. From the perspective of services of general interest, it is extremely important to tackle structural homelessness in Europe, as it causes great individual and social harm. Place-based services provided by actors of general interest include affordable housing, efficient education systems, secure jobs, and a socially inclusive access to everyday services.

# Combating housing and homelessness in Europe – Monitoring

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| **Question** |
| Nearly 900,000 people were homeless in Europe last year. The actual number of homeless people is probably even higher, as homelessness is often invisible. The lack of data, collected using different methods, makes it difficult to get a comprehensive picture of homelessness in the European Union. **How do you intend to ensure that there are comparable indicators for measuring homelessness across the EU, so that the extent to which European cities and regions are affected can be compared and decision-makers can target their instruments accordingly?** |
| **Further questions** |
| * What initiatives are planned to ensure adequate data quality? * Are there plans to provide additional EU funding to data collection bodies to ensure harmonised data quality across the EU? |

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| **Background** |

The social costs of homelessness are huge and varied. It places a significant burden on the health care system. Homeless people are more likely to suffer from chronic illnesses, mental disorders and addictions. They are also more likely to require expensive emergency treatment. Crime rates are also higher, as homeless people are more vulnerable to criminal behaviour and violence. In addition, social services and welfare programmes are heavily utilised, as homeless people often need support in the form of emergency accommodation, food and counselling services. In the long term, homelessness can affect people's employability and lead to increased dependency on benefits. Overall, the economic and social damage is considerable and goes far beyond the immediate costs of support. Last year, nearly 900,000 people were homeless in Europe. This alarming figure represents a 30% increase since the last estimate in 2018. In the decade before, the number had already risen by 70%, indicating a growing structural problem[[14]](#footnote-14). Developing effective prevention policies requires comparable indicators and databases across the EU. These make it possible to identify and assess the situation and needs of each Member State and region. Data collection is therefore an essential part of monitoring social vulnerability and needs to be developed across the EU in relation to services of general interest.

# Reconstruction in Ukraine: the relevance of limited-profit housing construction

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| **Question** |
| Russia's war of aggression in Ukraine has resulted in considerable destruction and a massive loss of housing. Investment in housing is therefore essential to support reconstruction and restore the living conditions of the affected population. Investment in housing also promotes social stability and contributes to the long-term development of the region. Social housing provides people with safe and stable housing and boosts the economy. **What role does social housing play in Ukraine's development plans?** |
| **Further questions** |
| * What EU programmes are planned to boost the construction industry in Ukraine? * What initiatives and cooperations are planned to ensure affordable and accessible housing? |

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| **Background** |

Russia's war of aggression against Ukraine, which has been ongoing since February 2022, has caused enormous human suffering and devastating environmental and economic damage. Rebuilding Ukraine will require major infrastructure programmes to ensure long-term prosperity and stability. It is vital to learn from the mistakes of the past, such as the ever-increasing cost of housing in the urban centres of European cities. Reconstruction should therefore build on the successful concepts of limited-profit and community housing. Limited-profit housing associations play a central role in social stability by providing affordable housing and thus preventing disproportionate rises in rents. As they are not profit-oriented, rents are generally below market levels and therefore have a dampening effect on the overall rental market (cost rent)[[15]](#footnote-15). EU programmes and reconstruction funds should therefore be targeted and earmarked for social housing. These funds can help to promote a sustainable and socially balanced urban development and ensure that all sections of the population have access to affordable housing. From the perspective of services of general interest, affordable housing is an essential basis for the economic and social development of Ukraine in a strong and united Europe.

# Affordable housing as a recommendation in the European Semester

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| **Question** |
| The European Semester is an economic governance instrument for coordinating and monitoring Member States' budgetary policies. Of particular importance in this context are the annual country-specific recommendations to Member States. These are aimed at correcting economic imbalances, advancing reforms and promoting growth. **As part of the European Semester, do you plan to include the issue of affordable housing in national reform and investment plans?** |
| **Demand Further questions** |
| * In your opinion, what role does the European Semester play in the governance of policy areas that were previously subject to the principle of subsidiarity? * In your view, what other governance tools are appropriate to promote a harmonised EU housing policy focused on affordability? |

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| **Background** |

Under the subsidiarity principle, the organisation of housing markets is primarily the responsibility of EU Member States. However, the current high housing costs in European metropolitan areas should be seen as a warning signal that market failures can occur in predominantly privately organised housing markets in combination with a high demand for housing. These high housing costs place a considerable burden on the economy as a whole and, in extreme cases, can lead to homelessness. To counter this trend, the question arises as to how the EU could establish a harmonised EU housing policy focused on affordability, and what role the European Semester plays in this context. The European Semester aims to coordinate the national budgetary and economic policies of the Member States in order to strengthen economic stability and competitiveness across the EU[[16]](#footnote-16). National reform recommendations take into account a number of factors, including public finances, the employment situation, investment in research and development and progress with structural reforms. A key feature of the European Semester is its preventive nature. By monitoring developments in Member States at an early stage, potential economic risks can be contained and the stability of the euro area as a whole can be enhanced. In addition, the European Semester serves as a mechanism to promote sustainable growth and strengthen social cohesion across the EU. From the perspective of services of general interest, affordable housing is a key factor for the economic success of the EU. Therefore, an EU housing policy is needed aiming to support vulnerable groups in their search for affordable housing and encourage housing construction in this direction within the framework of the European Semester.

# Limited-profit housing in the Stability and Growth Pact

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| **Question** |
| The EU's Stability and Growth Pact is undoubtedly an important set of rules for ensuring budgetary discipline and financial stability in the Member States of the European Union. With regard to necessary future investment and the long-term maintenance of good living conditions, excessively tight fiscal limits can lead to problems. In the context of the EU-wide shortage of affordable housing, sustainable housing initiatives in social and municipal housing are essential. **Are you planning to exempt public investment in social-ecological housing from the Stability and Growth Pact?** |
| **Further questions** |
| * How will you ensure that the reintroduction of the Stability and Growth Pact does not weaken social and municipal housing? * Are you planning new EU programmes and EU funding for public, municipal and limited-profit actors that create affordable housing? * What role do you see for the European Investment Bank in promoting and financing the social housing model? |

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| **Background** |

The European Union's Stability and Growth Pact is a set of rules enshrined in the Treaty of Amsterdam, which was introduced in 1999[[17]](#footnote-17). The Pact is designed to ensure budgetary discipline in the Member States and to safeguard the financial stability of the EU as a whole, and sets out criteria and procedures to ensure that Member States control their budget deficits and debt in a sustainable manner. Against the backdrop of an EU-wide shortage of affordable housing, sustainable housing initiatives in limited-profit and municipal housing construction are urgently needed. The Stability and Growth Pact should therefore be designed to enable such important social investments. In addition, further EU investment programmes in the form of grants and loans are needed to create sufficient social-ecological housing. From the point of view of services of general interest, it is crucial to strengthen the important role of limited-profit and municipal actors in the provision of affordable housing. Consideration should therefore be given to revising the Pact, and EU investment programmes should be developed to provide the necessary resources to meet the challenges linked to housing.

# Indirect subsidy (object based) before subject promotion in residential construction

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| **Question** |
| Object-specific subsidies involve direct financial support for the construction or modernisation of dwellings and buildings. Subject support, on the other hand, aims to provide financial support or incentives to individuals or households. Critics of object support point out that this support is not efficient and effective for socially vulnerable groups. The benefits are short-term and in most cases go directly to the owners without being invested in a sustainable way. Do you envisage an adjustment of state aid law in order to redirect state subsidies in the housing sector from subsidies related to tenants (subject subsidies) to subsidies for construction measures and infrastructure (object based subsidies)? |
| **Further questions** |
| * Are you planning EU programmes and subsidies to provide affordable housing for vulnerable groups? * How do you intend to ensure that funding for socially vulnerable groups in the form of targeted subsidies does not trigger rebound effects? (e.g. rent and house prices continue to rise) |

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| **Background** |

The distinction between indirect (object based) and subject subsidies in the field of housing is by no means insignificant. Indirect subsidies provide direct financial support for the construction or modernisation of dwellings and buildings. By contrast, subject subsidies aim to provide financial assistance or incentives to individuals or households. Critics of subject subsidies point out that this type of funding may not be efficient and effective for vulnerable groups. Their argument is based on the assumption that thematic support for vulnerable groups does not bring long-term benefits and that it directly benefits the owners without these funds being invested in a sustainable way. In contrast to subject support, which focuses on supporting individuals, object based subsidies focus on structural measures and infrastructure. In this way, the housing situation can be improved in the long term and sustainable investments can be made in the housing market. From the perspective of services of general interest, it is crucial to strengthen municipal and limited-profit housing developers in their role of creating affordable housing. In this context, it is necessary to optimise state aid law in order to redirect state subsidies for housing construction towards subsidies for construction measures and infrastructure (object subsidies). In addition, EU funding is important to provide energy-efficient and well-maintained housing, especially for vulnerable groups, without passing these costs on to rents. From the point of view of services of general interest, a fair energy transition is crucial. It is particularly important to ensure that all people have access to energy-efficient and sustainable housing without compromising their quality of life.

**Social and ecological criteria in housing construction**

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| **Question** |
| Socio-ecological criteria in housing are essential to ensure that housing projects benefit both the environment and people. By integrating such criteria, housing projects can promote environmentally friendly practices, improve the health and well-being of residents and reduce social inequalities. **How will you ensure that social and environmental criteria are taken into account in future EU housing programmes?** |
| **Further questions** |
| * What initiatives are planned to mainstream socio-environmental criteria in housing? * Are you planning to set up a dedicated housing fund at the European level to promote investment in the expansion of social housing and thermal renovation? * What measures do you intend to take to monitor and ensure compliance with these criteria? |

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| **Background** |

The building sector currently accounts for 40 % of energy consumption and 36 % of greenhouse gas emissions in the EU. It is therefore a key lever for tackling climate change and achieving the EU's climate change targets. The EU has set an ambitious target for all new buildings to be zero emission by 2030[[18]](#footnote-18)[[19]](#footnote-19). In addition to the already adopted EU Energy Performance of Buildings Directive, social targets are also crucial to promote social cohesion. Housing is an important sector for addressing current socio-environmental challenges. In this context, the question arises as to which EU initiatives and programmes can promote the integration of socio-environmental criteria. One possible approach is the promotion of municipal and social housing. A dedicated EU-wide housing fund could also help to improve the thermal-energy refurbishment of social housing. From the perspective of services of general interest, a broadly diversified and ecologically modernised supply of affordable housing for broad sections of the population is crucial. This requires transparent and controlled socio-environmental conditions for housing construction and a strengthening of the role of municipal and limited-profit actors in the housing market.

# Socio-ecological modernisation of housing stock

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| **Question** |
| Modernising Europe's housing stock is essential to improve the quality of housing, increase energy efficiency and adapt housing to future needs. Modernisation measures can make dwellings more energy efficient, reduce CO2 emissions and increase liveability and comfort. This contributes to sustainability and to tackling the climate crisis in the long term. **What EU programmes and initiatives are you planning to modernise the housing stock in a socio-ecological way in order to reach the EU targets?** |
| **Further questions** |
| * What role does the issue of energy poverty play in your thinking as an argument for socio-environmental modernisation of the housing stock? * How do you intend to ensure that these energy-efficient homes are also accessible to the socially disadvantaged? |

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| **Background** |

The buildings sector currently accounts for 40 % of energy consumption and 36 % of greenhouse gas emissions in the EU. The building sector is therefore a key lever in the fight against climate change and in achieving the EU's climate targets[[20]](#footnote-20). The EU has set an ambitious target for all new buildings to be zero emission by 2030. In addition to the already adopted EU Directive on the Energy Performance of Buildings, social objectives are also crucial to promote social cohesion. Europe's existing housing stock is not only a major emitter and in need of rapid thermal and energy renovation, but also provides a home for many socially disadvantaged EU citizens who depend on affordable housing. The energy crisis triggered by Russia's war of aggression against Ukraine has led to a significant increase in heating costs, resulting in a significant increase in the number of households experiencing fuel poverty. Energy poverty is the inability of a household to afford an adequate and secure supply of energy for basic needs such as heating, cooling, cooking and lighting. This type of poverty mainly affects low-income households and can lead to poor housing conditions, health problems and social exclusion. The European Commission estimates that around 9.3% of EU citizens are affected by energy poverty[[21]](#footnote-21). From the point of view of services of general interest, the ecological modernisation of Europe's housing stock is essential. EU programmes and new financing models are needed to enable socially disadvantaged people to benefit from the advantages of energy-efficient housing.

# Avoiding socially segregated and vulnerable urban neighbourhoods

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| **Question** |
| Segregation in European cities is a problem because it increases social inequalities, threatens social cohesion and unequally distributes access to resources and opportunities. As a result, certain population groups, such as people on low incomes or ethnic minorities, can be excluded from education, employment opportunities and other key services. So-called vulnerable neighbourhoods can become a safety issue. This is often due to a lack of geographically dispersed, affordable housing. **What initiatives and EU programmes are you planning to prevent socially segregated and vulnerable neighbourhoods in European cities?** |
| **Further questions** |
| * What importance do you attach to municipal and social housing in promoting a social mix in European cities? * What role do limited-profit organisations play in your approach? |

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| **Background** |

The phenomenon of so-called "vulnerable urban neighbourhoods" has been known for decades in major European cities. Unfortunately, the situation has been exacerbated by misguided housing and urban development policies combined with a free housing market. Segregation in European cities is therefore a serious social problem that increases social inequalities, threatens social cohesion and unequally distributes access to resources and opportunities. Segregation in such neighbourhoods often results in segregated living environments where certain population groups, such as those on low incomes or ethnic minorities, may be excluded from education, employment opportunities and other essential services. A lack of dispersed, affordable housing is often the cause. Residents of these neighbourhoods often face inadequate infrastructure, a lack of access to educational facilities, health services and employment opportunities. The resulting lack of social mix in residential areas can exacerbate social and economic problems in these neighbourhoods. From the point of view of services of general interest, social housing is crucial for sustainable urban development. It serves to prevent vulnerable neighbourhoods and the spatially equitable distribution of affordable housing.

**Short-term rental**

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| **Question** |
| Short-term tourist rentals in European cities are a particular challenge for municipal and limited-profit housing providers. Platforms such as Airbnb can lead to a shortage of housing as apartments are used for short-term tourist stays, resulting in a long-term loss of housing for local residents. They can also lead to the commercialisation of residential areas and rising rents and property prices, increasing social inequality and gentrification. The EU's Short-Term Rental Initiative (STRI) is an important step towards solving this problem. **Do you intend to further restrict and regulate private short-term tourist rentals in Europe?** |
| **Further questions** |
| * How will you ensure that social or subsidised housing is not misused for short-term tourist rentals (e.g. Airbnb)? * Are there any plans for EU programmes to compensate local authorities for additional costs, e.g. the administrative work involved in registering and inspecting homes rented out to tourists on platforms? * Are you planning to introduce a disclosure requirement for short-term rental platforms in order to effectively address the phenomenon of permanent withdrawal of housing from the housing market? |

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| **Background** |

The business practices of Airbnb and other short-term tourist rental platforms in European cities pose challenges, particularly for municipal and limited-profit housing providers. The use of these platforms can lead to a shortage of housing, as apartments are used for short-term stays, limiting the long-term availability of housing for local residents. This can lead to the commercialisation of residential areas and rising rents and property prices, increasing social inequality and gentrification. This development undermines the objective of municipal and limited-profit housing providers to provide affordable housing for low-income groups, as they face competition from short-term rentals. The EU's Short-Term Rental Initiative (STRI) is an important step in addressing this issue, aiming to regulate short-term rentals in Europe and develop common standards and regulatory approaches[[22]](#footnote-22). However, from a public service perspective, further action is needed at local and national levels to ensure that short-term rentals meet the social and economic needs of cities and do not jeopardise the availability of long-term affordable housing.

**Climate-resilient neighbourhoods**

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| **Question** |
| Making European cities climate resilient requires a neighbourhood approach to urban development. The neighbourhood approach to urban development refers to the planning and development of urban neighbourhoods at the local level. It focuses on the needs and social interaction of residents. This is essential to promote the acceptance of construction and investment measures and to improve the quality of life in the long term. **What initiatives are you planning to promote safe, resilient and climate-resilient neighbourhoods?** |
| **Further questions** |
| * How do you see the role of the neighbourhood approach and the links with the transport policy in ensuring adaptation to climate change in European cities? * How dangerous do you see the increasing number of heat wave days in major European cities and what short- and long-term measures do you plan to take to protect vulnerable groups from this temporary health risk? |

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| **Background** |

To make European cities climate-resilient, a neighbourhood approach to urban development is needed that takes into account urban mobility demands and the need to adapt to climate change, particularly in view of the increase in heat waves. The approach aims at planning and developing urban neighbourhoods at the local level. It focuses on the needs and social interaction of residents. Creating climate-resilient neighbourhoods therefore requires a holistic approach that takes into account both infrastructural and social aspects and brings together public, municipal and private stakeholders. This is essential to promote the acceptance of construction and investment measures and to improve the quality of life in the long term. An effective urban development policy must therefore integrate sustainable transport systems, green spaces and climate change adaptation measures into the neighbourhood approach. The development of footpaths and cycle paths, the creation of public green spaces and the installation of heat-resilient infrastructure such as green roofs and facades all contribute to improving the quality of life in urban areas while mitigating the effects of climate change. From the perspective of services of general interest, such a policy approach is to be welcomed, especially as many of these everyday services, such as affordable housing, urban mobility and healthcare facilities, are provided by state, municipal and limited-profit actors.

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