

AFFORDABLE HOUSING: A CONSUMER-CENTRIC EUROPEAN PLAN

Housing offers consumers more than just a roof; it provides safety, promotes health, and serves as a foundation for a fulfilling life. Buying a home is often the most significant financial decision a person makes, and it also represents a valuable asset for homeowners. Functional private rental markets are equally essential to the well-being of tenants. Therefore, good housing conditions are of utmost importance to each consumer.



The EU's new Commissioner for energy and housing, Dan Jørgensen, has been tasked with developing an 'Affordable Housing Plan'. This is good news as housing represents a significant share of consumer spending and access to decent housing has increasingly become a challenge over the past few years, especially for young consumers. Although access to housing is not a direct EU competence, much can be done at EU level to coordinate, support and boost positive measures at both national and local level. BEUC provides the below recommendations on the most important elements of the future Affordable Housing Plan (AHP):



1

PRIORITISE HOUSING RENOVATION

While the construction of new affordable housing, including social housing, is important, it alone will not resolve the housing crisis. The reality is that most of the buildings European households will inhabit by 2050 already exist, and the majority are energy inefficient. Therefore, the primary focus of EU funding and of the AHP should mainly be directed towards renovation, as this is where the greatest need lies.

To ensure that the worst-performing buildings can be retrofitted, the AHP should aim to strengthen the administrative capacity required to design and implement renovation programmes effectively. A strong political commitment from the EU is needed to drive Member States and local authorities to act decisively on renovations, ensuring consumer protection throughout the process. This requires investment in technical assistance and adequate funding to provide support for consumers.

The AHP should also support innovative solutions, such as housing cooperatives. By pooling their savings, cooperative members can access collective mortgages. This allows them to buy a home together and optimise space by sharing rooms, a purchase they would not be able to do individually. This requires updates to housing regulations and increased support for capacity-building initiatives. Housing cooperatives need a clearer legal status and recognition from banks to access streamlined mortgages and loans.

2

ENCOURAGE TAILOR-MADE SOLUTIONS FOR DIFFERENT CONSUMER PROFILES

Consumers are not a homogenous group, so it's important to clarify who they are and how to address their specific priorities. For instance, elderly individuals, vulnerable and low-income households, people living in rural areas, and tenants in multi-unit buildings, each have distinct characteristics, varying capacities, and creditworthiness. To illustrate, the elderly often suffer from impaired mobility, so homes must be adapted to be more ergonomic, with walk-in-showers instead of bathtubs for instance. This adds to the up-front costs that need to be tackled for the retrofit works to be undertaken. Middle-income households also need to be included in the strategy, as they face challenges of their own because they do not necessarily have enough savings to pay for the retrofit works

4

PROVIDE CONSUMERS WITH OPERATIONAL SUPPORT IN THE FORM OF DURABLE AND RELIABLE ONE-STOP-SHOPS (OSS)

The European funding to OSS needs to trigger business models that last and put public and private funding into synergy. These OSS must cater to diverse consumer needs, especially in multi-unit buildings, where collective solutions are often required. The proper implementation of the Energy Performance of Buildings Directive and Energy Efficiency Directive will be key to ensuring their success. Importantly, revenues from the EU Emissions Trading System 2 (ETS2) should be directed to fund OSS.

3

MOVE BEYOND TRADITIONAL FINANCING

Long-term financing is essential to build consumer confidence. Financial support must be consistent over time to avoid boom-and-bust cycles. The Multiannual Financial Framework plays a crucial role, and NextGenEU (Recovery and Resilience Facility) will continue to be vital in the coming years, including on the capitalisation of de-risking tools (e.g. guarantee funds) that allow lower income households to access mainstream offers.

Mobilising private finance requires a revision of the Mortgage Credit Directive. One key moment for significant retrofitting is at the time of sale or purchase, an opportunity that must not be missed. However, mortgage lenders are still unprepared to offer affordable and reliable green financing options. The Mortgage Credit Directive shall create a clear definition of green loans and mortgages and an incentive framework for banks into scaling up their retrofit activities.

Check each targeted consumers' profile access tailored funding solutions: as outlined in BEUC's [consumer checklist](#), we explain how to address the remaining gaps in the current framework.

Mechanisms should also be put in place to ensure fair outcomes for the beneficiaries of public funding e.g. landlords. For example, a cap-on-rent increases could be introduced when landlords receive public funding for retrofitting.