

A local plan for housing

Delivering affordable, sustainable, and inclusive homes in Europe's cities, towns and regions

Key asks:

The housing crisis has become the people's crisis of the 21st century, affecting all territories across Europe and beyond, from major cities to rural areas, and reshaping social, economic, and demographic realities. Rising housing costs, homelessness, and chronic underinvestment have turned what was once a policy challenge into a societal emergency, undermining equality, cohesion, and sustainability. Addressing this crisis requires integrated, place-based solutions that put people and the planet at the centre, linking housing with services, mobility, jobs, and quality of life. Local and regional governments are on the frontline of this crisis and must be recognised as key partners in Europe's response, working with national and EU institutions to deliver affordable, sustainable, and inclusive homes for all.

For the effective implementation of the EU Affordable Housing Plan, CEMR calls for:

- 1. Unlocking the full investment capacity of local and regional governments**, through decisive and targeted actions to:
 - a. Increase and simplify EU and national funding and financing
 - b. Reform fiscal rules and modernise State Aid frameworks
 - c. Strengthen construction capacity and innovation
- 2. Simpler and more coherent planning frameworks with support for place-based approaches and access to land while completing the single market for construction**
- 3. Fostering digital permitting** to reduce administrative burden and speed up implementation
- 4. Implementing a genuine partnership approach**, based on multi-level governance, to deliver on the right to housing

The right to housing

The housing crisis has become the people's crisis of the 21st century, reshaping social, economic, and demographic realities across Europe and beyond. It is now widely recognised as a national and European social emergency, requiring urgent action at all levels of governance. Millions of Europeans now spend an excessive share of their income on housing, while homelessness continues to rise, making access to safe, affordable, and sustainable homes a decisive factor for inclusion, opportunity, and well-being. The commodification of housing, speculative investment, stagnant wages, and insufficient social and affordable housing have turned a long-standing policy challenge into a societal emergency. These challenges are not confined to the European Union. Cities, towns and regions all over Europe face comparable pressures including affordability gaps, ageing and energy-inefficient housing stock, labour shortage and rising homelessness. Housing must therefore be recognised as a fundamental human right, essential not only for shelter but also for dignity, access to services, community cohesion, and a fair climate transition. Affordable and sustainable housing must be embedded in neighborhoods that provide access to essential services, including education, healthcare, care services, public transport, and social infrastructure, to avoid reinforcing spatial segregation and inequality.

Housing pressures affect all territories, from large metropolitan areas to rural and peripheral regions, but they manifest in different ways. Cities often face soaring prices, displacement, and construction bottlenecks, while many rural areas struggle with depopulation, ageing and energy-inefficient housing stock, and limited investment capacity. Territorial diversity requires flexible legislative frameworks and context-sensitive responses, especially in municipalities under high urban pressure. Housing needs now go beyond traditional assistance. Middle-income households and young people increasingly struggle to access affordable housing. Policies must respond across the full housing continuum.

These challenges do not follow a simple urban-rural divide and are increasingly interconnected through labour mobility, demographic change, and regional development dynamics. Recognising this territorial diversity, and the central role of local and regional authorities closest to citizens' needs, is essential to building housing systems that serve people, strengthen communities, and leave no place behind.

Unlocking investments

For cities, towns, and regions, inadequate and unpredictable funding remains one of the main barriers to expanding affordable and sustainable housing. The supply-demand imbalance has structural causes. These include expensive rental markets in attractive cities, high land prices, construction constraints, and difficulties in mobilising vacant housing. Rising construction costs, high interest rates, labour shortages, and supply-chain bottlenecks constrain both new housing and energy-efficient renovation, particularly in rural and peripheral

areas where low returns and scarce developers limit investment. At the same time, local and regional governments (LRGs), tasked with delivering housing while implementing EU climate and energy objectives, often lack sufficient financial and technical capacity. To meet these growing responsibilities, investments are therefore needed. They must prioritise social value and measurable affordability outcomes, avoiding mechanisms that fuel speculation or disproportionately benefit large private developers.

Across Europe, housing shortages coexist with significant numbers of vacant or underused dwellings that no longer meet safety, quality, or energy-efficiency standards. In some Member States, including Portugal, public housing represents a very small share of total stock. Expanding public and affordable housing is essential to stabilise markets and ensure long-term access. Renovation, retrofitting, and adaptive reuse of existing stock can deliver faster, more affordable, and more sustainable solutions than new construction, while preserving communities and reducing land take. In regions exposed to natural hazards, including earthquakes, the transformation of unsafe housing stock is also a matter of safety and resilience, requiring better links between prevention, reconstruction, and long-term planning.

Yet even where funding is available, including under the Recovery and Resilience Facility and cohesion policy, local authorities face administrative complexity, fragmented instruments, and restrictive fiscal and State aid frameworks that treat long-term housing investment as ordinary expenditure and slow implementation¹. Municipalities need stable and predictable financing to plan long term. In several countries, housing funding remains centralised and programme-based, with limited and temporary allocations. This creates uncertainty and constrains delivery. The European Commission's decision to broaden EU State aid rules to include affordable housing is a positive first step, but much more remains to be done to better support long-term, place-based housing investment by local authorities.

From their side, LRGs are acting by mobilising public land, partnering with cooperative and limited-profit providers, regulating short-term rentals, creating local housing funds, and investing in skills and training. Housing policies must also address the impact of increased mobility, seasonal demand, and short-term rentals, which can intensify price pressures and reduce access for permanent residents. Strengthening local regulatory capacity is therefore essential to preserve the social function of housing. Local leadership alone is insufficient without aligned national and EU frameworks. Unlocking the full investment capacity of LRGs requires targeted action focused on:

¹ CEMR-CoR report ['Implementation of the Recovery and Resilience Facility'](#)

- **Increasing and simplifying EU and national funding and financing**

The next EU budget should strengthen cohesion and territorial investment across all EU regions. Cohesion Policy allocations under the National and Regional Partnerships Plans (NRPPs) must be robust to enable local and regional governments to implement housing solutions tailored to local needs². In parallel, mobilising private investment will be essential to achieve the scale required. Building on the Commission’s Housing Advisory Board and the European Investment Bank’s commitment to a pan-European platform, a dedicated EU instrument should combine grants, loans, guarantees, and technical assistance through a simplified access point for municipalities of all sizes and regions across Europe. This instrument should support both new construction and the renovation and reuse of vacant housing, work closely with promotional banks and, where relevant, international financial institutions, and be designed to support Europe’s territories broadly, while including safeguards to prevent misuse and speculative practices.

- **Reforming fiscal rules and modernising State aid frameworks**

Fiscal rules should introduce golden rules or similar mechanisms to treat affordable and energy-efficient housing as long-term investment, enabling LRGs to borrow for construction and renovation without budgetary penalties and increase their fiscal autonomy, including applying housing related taxes when appropriate. Municipal tax powers should be strengthened. Fiscal tools can support permanent housing, discourage speculation, and mobilise vacant properties. The EU could support this discussion through the European Semester, ensuring meaningful involvement of LRGs³. Current revision of State aid rules should be fully modernised, be clearer, more flexible, and less burdensome, giving cities and regions greater scope to design and implement context-sensitive interventions with legal certainty. Funding and State Aid frameworks should be fully aligned for cities and regions to combine grants, loans, guarantees, and SGEI compensation, while prioritising public, cooperative, and limited-profit providers.

- **Strengthening construction capacity and innovation**

EU and national support should invest in skills, innovation, and administrative capacity, particularly for small and medium-sized municipalities, covering project preparation, housing management, renovation strategies, and access to finance. The construction sector must expand its capacity. This requires skilled workers, stronger companies, and a stable regulatory environment that builds investor confidence. Investments should promote energy-efficient, circular, and socially inclusive construction, aligned with climate objectives and local development needs. Energy-efficient renovation and climate-resilient construction must remain socially affordable to ensure a fair and publicly supported climate transition.

² CEMR position paper [‘A stronger Europe is built locally’](#)

³ CEMR publication [‘Top level decision, local consequences – the European Semester explained’](#)

Beyond the restrictions imposed by financing and State Aid rules, certain EU regulatory frameworks contribute to administrative complexity and delays in the delivery of affordable housing. Specifically, the EU thresholds for construction contracts as well as for supply, service, and freelance contracts must be raised to €10 million and €750,000 respectively. We call on the European Commission to enter into negotiations with the World Trade Organisation on reforming the Government Procurement Agreement (GPA) in order to raise the EU thresholds.

Simpler and coherent planning frameworks

Addressing housing and renovation needs in Europe requires simpler, more coherent, and better integrated frameworks across governance levels. While maintaining high EU standards for construction quality, safety, and environmental protection, overlapping and inconsistent requirements must be reduced. Simplification should focus on procedural rules, ensuring that assessments are proportionate, coordinated, and adapted to the scale and impact of projects. Local and regional governments need flexibility to plan housing in an integrated way, linking land use, mobility, climate adaptation, public services, and local development, but are often constrained by fragmented sectoral legislation and cumulative assessment requirements that delay urgently needed housing delivery. Responses must be integrated and multi-scalar. Policies should both increase supply and mobilise existing housing stock. Planning tools must align with local land policies, sustainable urban development, and climate objectives.

Cities, towns, and regions are already modernising their planning systems by promoting integrated spatial planning, compact and energy-efficient development, brownfield regeneration, and the reuse of vacant or underused land. However, these efforts remain limited by insufficient flexibility and the lack of proportionate, project-specific assessment approaches.

To unlock the full potential of local and regional spatial planning and accelerate affordable and sustainable housing delivery, we call for:

- **Streamlined and coherent planning frameworks**

The EU and Member States should better align planning requirements across housing, energy, and renovation legislation, reducing administrative burden while supporting local planning tools and local development plans. Environmental, climate, and energy assessments should be adapted to project scale and impact, without undermining EU objectives.

- **Support for place-based approaches and access to land**

EU and national frameworks should empower local and regional governments to secure land for affordable housing, regenerate brownfields, and promote climate-resilient and socially

inclusive neighbourhoods, with greater flexibility for regeneration, infill development, and reuse of existing buildings.

- **Completing the single market for construction**

The EU should promote innovative construction methods, address material bottlenecks, and reduce regulatory fragmentation. Divergent rules across Member States limit scale, slow innovation, and undermine both competitiveness and the supply of affordable housing.

Ensuring a level playing field across the Union requires a clear distinction between competences. Spatial planning decisions must remain firmly with local and regional authorities, in line with the principle of subsidiarity. At the same time, the EU should further harmonise technical standards for building products and construction methods through European Standards (CEN) and the Construction Products Regulation, promoting common assessment methods for safety, sustainability, and performance. Where necessary, limited and well-justified national derogations should remain possible, for example to reflect differing soil or climatic conditions. In parallel, the EU should support labour mobility and the mutual recognition of qualifications, while safeguarding safe and healthy working conditions, to help address construction workforce shortages and ensure timely housing delivery.

Fostering digital permitting

Digitalisation, while promising, is constrained by poor interoperability between local, national, and EU systems, limited technical capacity, and digital solutions that are not sufficiently adapted to the realities of local authorities. This reduces efficiency gains and slows the delivery of housing projects. Delays and inefficiencies are not solely linked to administrative procedures. They are also influenced by the quality and completeness of applications, limited project preparation, and insufficient technical expertise among permit seekers.

Cities, towns, and regions are proactively streamlining permitting processes. Many are implementing digital platforms to manage applications, introducing “fast-track” procedures for priority or energy-efficient projects, and creating one-stop shops to coordinate across municipal departments. Local authorities are also reviewing regulations to remove unnecessary bureaucracy and improve transparency. These initiatives demonstrate strong local leadership, but their effectiveness is limited by lack of technical capacity, insufficient financial and technical support, and fragmented digital systems that cannot communicate across governance levels.

To unlock the full potential of local permitting systems and accelerate housing delivery, we therefore call for:

- **Providing funding, technical support, and training to LRGs**, including for small and middle-size municipalities, to implement and maintain digital permitting platforms. This should be complemented by clear guidance, training, and support for applicants and developers, ensuring shared responsibility and improving the quality of permit applications. Ensure these systems are accessible and interoperable with national and EU frameworks to maximise efficiency and transparency⁴.

A partnership approach to deliver the right to housing

Housing policy primarily falls within national and subnational competences, with local and regional governments closest to territorial realities. While municipalities often hold key responsibilities for spatial planning and permitting, their capacity to act is constrained by limited fiscal autonomy and uneven access to finance. The EU should therefore support, not replace, local and regional action, in line with subsidiarity and proportionality. This partnership approach should also extend beyond the EU. Many non-EU local and regional governments face indeed similar housing pressures but lack comparable access to funding, technical assistance, and knowledge exchange.

With the publication of the EU Affordable Housing Plan, the priority must now shift to effective implementation. Effective housing policy requires genuine multilevel governance. Municipal autonomy must be safeguarded. Responsibilities must be matched with financial predictability and legal clarity. Effective housing policies require reliable data and common indicators on affordability, availability, and resilience, with active involvement of local and regional governments in monitoring and evaluation. The Plan can add value by strengthening multilevel cooperation, mobilising coordinated funding, fostering structured knowledge exchange, and reinforcing local and regional capacity. Its success depends on the meaningful involvement of cities and regions in governance, delivery, and monitoring, ensuring place-based solutions across the full affordable housing continuum.

Restoring confidence in the housing sector requires cooperation with all stakeholders. In this context, we welcome the establishment of the European Housing Alliance and its multilevel governance approach. To be effective, however, it must go beyond a purely voluntary framework, provide adequate resources, ensure structured participation of local and regional governments through representative networks, and serve as a platform for cooperation, that also reaches beyond the EU, to address shared housing challenges.

⁴ CEMR position paper [Digital local and regional governments - CEMR CCRE](#)



**Council of European Municipalities and Regions
Conseil des Communes et Régions d'Europe**

+ 32 2 511 74 77 \ info@ccre-cemr.org \ www.ccre-cemr.org

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