

Mr Dan Jørgensen

Commissioner for Energy and Housing
European Commission

Brussels, 15 July 2026

Re: *Affordable Housing Act – Calling for a flexible framework to address housing stress across Europe*

Dear Commissioner,

On behalf of the Council of European Municipalities and Regions¹ (CEMR), the first and largest association representing local and regional governments across Europe, I am writing regarding the preparation of the Affordable Housing Act. CEMR strongly supports this initiative and welcomes it as an important opportunity to strengthen the role of local and regional governments in addressing Europe's housing crisis. We welcome the Commission's intention to support local governments in the implementation of their housing policies. This should include helping them develop effective solutions to protect housing affordability in areas experiencing housing stress, including measures related to short-term rentals.

Local and regional governments are at the forefront of housing policy in practice. Through their responsibilities for planning, local services and territorial development, they shape many of the factors that influence housing affordability, availability and quality. They therefore play a central role in addressing challenges ranging from tourism pressure and energy efficiency to social cohesion and sustainable mobility. For this reason, the Affordable Housing Act can make a real difference if it strengthens the capacity of local and regional governments to act, while preserving the flexibility needed to respond to very different housing situations across Europe.

CEMR therefore believes that the Act should above all provide a framework and practical tools, rather than lead to a one-size-fits-all approach. Housing stress does not take the same form everywhere: in some places it is closely linked to short-term rentals and tourism pressure; in others, to supply shortages, demographic change, energy poverty, a lack of affordable rental housing, or land and planning constraints. We therefore expect the Affordable Housing Act to provide a flexible European framework to help local and regional governments act with greater clarity and legal certainty while remaining anchored in local realities.

In this spirit, you will find in annex to this letter some practical suggestions for the Affordable Housing Act to provide a flexible framework for local and regional authorities to take necessary measures - building on existing proven methodologies already used in some cities and municipalities, as well as a toolbox for workable measures to be deemed compliant with EU law, recognising the different types of housing stress, identifying the room for simplification in existing EU regulations (e.g. Services Directive) and emphasising the need to better implement existing tools.

¹ www.ccre-cemr.org

CEMR stands ready to work with the Commission to ensure that the Affordable Housing Act is effective and workable in practice. We would greatly appreciate the opportunity to meet with you at your earliest convenience to discuss these issues further, together with CEMR's housing spokespersons: Ms Natalia Chueca Muñoz, Mayor of Zaragoza (Spanish Federation of Municipalities and Provinces – FEMP) and Ms Ellen van Selm, Mayor of Purmerend (Association of Netherlands Municipalities – VNG).

CEMR is committed to being a key partner in ensuring that the Affordable Housing Act respects Europe's territorial diversity and delivers tangible solutions for communities across Europe.

Yours sincerely,



Christoph Schnaudigel
President of the County of Karlsruhe

C.c.: Mr Matthew Baldwin, Head of the Housing Task Force, European Commission
general email address housing task force

Annex 1) CEMR recommendations for the EU Affordable Housing Act

- **A flexible framework rather than a single definition:** the framework should enable Member States and competent local and regional authorities to develop criteria tailored to their territorial and national contexts.
- **A toolbox approach:** instead of linking action to one rigid category, the Affordable Housing Act could provide **a menu of possible measures compatible with EU law**, which authorities could apply depending on local conditions.
- **Recognition of different situations of housing stress:** the framework should be able to capture different realities, including pressures linked to tourism and short-term rentals, but also wider affordability challenges linked to supply shortages, land constraints, local and regional demographic trends, affordability and access to public services, energy efficiency and poverty or other local factors. CEMR members stressed that housing markets are too diverse to be addressed through a one-size-fits-all approach. CEMR rejects any binding partial designation of stressed housing markets within urban areas or mandatory definition of stressed housing markets at a level below the local authority level. This would cause legal uncertainty and an enormous administrative burden on LRGs, not at least regarding the ‘correct’ subdivision of a local authority into smaller areas, for each of which it would then be necessary to assess whether, and to what extent, the housing market should be classified as stressed.
- **Simplification by adapting existing regulations:** as the Commission also announced a Housing Simplification package, it seems that some key solutions could be found in adapting existing regulations such as the Services Directive, or the Habitats Directive to ensure the legal certainty for local governments to take actions in the area of e.g. short-term rentals. The Commission should conduct a review of existing EU requirements to identify any potential adverse effects on housing construction and renovation.
- **Better enforcement of existing tools:** where objectives concern short-term rentals in particular, stronger implementation and enforcement of existing data-sharing obligations on platforms could already improve the capacity of local authorities to act.

Annex 2) Case studies from CEMR members

Germany

Germany shows that **housing stress is already identified through an existing legal and empirical framework**. Section 556d(2) of the German Civil Code provides that areas with tight housing markets exist where the adequate provision of rental accommodation in a municipality or part of a municipality on reasonable terms is particularly at risk. The law points in particular to four indicators: rents rising significantly faster than the national average, an above-average rent burden, population growth without sufficient new construction, and low vacancy combined with high demand. Similar criteria are used in Section 201a of the German Building Code. **This prior identification serves as the basis for a range of measures**, including tenancy-law instruments and certain building and planning tools.

At the same time, German practice suggests that this framework should not automatically lead to mandatory sub-municipal designation. Although the law allows areas with tight housing markets to be defined as municipalities or parts of municipalities, the federal states have so far designated entire municipalities in the application of rent-brake rules. According to the Federal Institute for Research on Building, Urban Affairs and Spatial Development, rent-brake and/or reduced-cap rules applied in 814 municipalities as of January 2026. The debate around Berlin is also relevant in this context: **the city-wide designation of Berlin as an area with a tight housing market** has been a central reference point in German legal and policy discussions, illustrating that in large and polycentric urban areas the housing market may be considered as a whole rather than requiring systematic subdivision into smaller units.

The German experience also underlines that housing stress cannot be understood solely through pressure in large cities. Rural and peri-urban areas face different but equally significant challenges, including population decline, ageing, limited access to services and infrastructure, and persistent vacancy of housing stock that is not immediately usable. At the same time, strong demand and rising prices in metropolitan areas are increasingly pushing households to surrounding regions. This creates interdependencies between urban and rural housing markets, where pressure in cities and underused capacity in other territories coexist. This demonstrates the need for the European Commission to address housing realities **in a balanced and territorially differentiated way**, rather than focusing primarily on one type of stressed market.

Concrete examples illustrate the value of integrated and locally tailored responses. In the **district of Nienburg/Weser**, the Municipal Inner-City Development Fund brings together several local authorities to co-finance regeneration projects in town centres, helping to reuse existing buildings, reduce land consumption and respond to demographic change. In Saxony-Anhalt, improved transport links between Leipzig and neighbouring areas such as Zeitz are envisaged in order to better connect housing supply with demand, easing pressure in growing cities **while helping to reactivate vacant housing stock in surrounding territories**. These examples show that effective housing policy requires a combination of measures, including the renovation and reuse of vacant dwellings, investment in infrastructure and services, and stronger urban–rural linkages.

The specific experience of **Baden-Württemberg**, which is broadly comparable to that of **Bavaria** and subject to German federal legislation outlined above, illustrates how locally identified housing shortages can be linked to concrete and enforceable housing protection measures. Under Baden-Württemberg's **Housing Misuse Prevention Act**, local authorities are responsible for determining whether a housing shortage exists in their territory based on local housing market conditions. This includes a range of

indicators, such as construction activity, developments in local rents, the allocation of publicly or municipally subsidised rental housing, population trends and the existing housing stock. Once such a shortage has been established, municipalities may adopt local rules aimed at protecting the existing housing stock from uses that reduce its availability for permanent residents. This approach demonstrates the value of linking housing-stress assessments to locally tailored policy instruments, while allowing authorities to respond to the specific pressures affecting their housing markets.

A uniform EU-wide definition of housing stress could limit the ability of local authorities to respond to very different local circumstances. Instead, European legislation should recognise existing local assessment mechanisms and **preserve sufficient scope for locally adapted decisions**.

The framework in Baden-Württemberg also demonstrates how housing-stress identification can serve as the basis for **targeted measures against housing misuse**, including short-term rentals. Where a local authority has established that a housing shortage exists, it may adopt local rules prohibiting the misuse of housing for up to five years. These rules may apply to the entire municipal territory or only to specific neighbourhoods experiencing particular pressure. Housing misuse is defined broadly and may include the conversion of dwellings to commercial uses (>50%), changes that render housing unsuitable for residential occupation, the use of housing for short-term accommodation beyond defined thresholds, prolonged vacancy (>6 months) or demolition. This illustrates that housing protection policies are not limited to the regulation of short-term rentals alone but may also address other practices that reduce the availability of housing for permanent residents.

At the same time, the Baden-Württemberg model highlights the importance of proportionality and local discretion. Authorisation must be granted where **overriding public interests or legitimate private interests** outweigh the objective of preserving housing, or where adequate compensatory measures, such as replacement housing, are provided. Local authorities are also empowered to introduce **registration and reporting requirements** for short-term rentals, enabling them to monitor market developments and enforce locally adopted rules. These instruments show the value of combining housing protection measures with practical enforcement tools.

Information provided the German Association of Cities (DST), the German County Association (DLT) and the European Office of Municipalities in Baden-Württemberg

Slovakia

The Slovak experience shows clearly that housing stress is not limited to short-term rentals or tourism pressure. It is also driven by a **lack of affordable rental housing, regional disparities, demographic ageing, land and planning constraints**, and the existence of vacant or technically unsuitable dwellings, especially in rural areas.

Slovakia also illustrates the importance of local governments as key housing actors. **Municipalities play a direct role in identifying housing needs**, managing social housing, municipal rental housing, and supporting vulnerable groups. However, their capacity to act is often constrained by complex and **time-consuming administrative and public procurement procedures**. This is also relevant in the context of the recent reform of construction legislation. The new Slovak Construction Act was approved by the National Council of the Slovak Republic on 5 February 2025 and entered into force on 1 April 2025. It aims to simplify and accelerate construction permitting procedures, but from the perspective of municipalities it remains important to monitor whether these changes will also translate into more practical and administratively manageable preparation of housing projects at local level.

Several examples also show that responses to housing stress must combine different instruments. Slovakia is developing **state-supported rental housing**, including the first investment from the second pension pillar into rental housing, announced on 1 July 2026, following legislative changes effective from 17 April 2025. This investment should support the construction of around 500 rental apartments. At the same time, existing support schemes such as the support from the Ministry of Transport of the Slovak Republic for the acquisition of rental apartments by municipalities and towns, demonstrate the value of **predictable calls, clear rules and methodological support** from central government.

The Slovak case also highlights the need to go beyond new construction by supporting the **renovation and mobilisation of vacant housing stock**, as well as more accessible and barrier-free housing linked to ageing and social care needs. In Slovakia, the municipal housing construction remains limited compared to the overall housing market. In the first half of 2025, only a small share of started and completed dwellings was in municipal ownership, while the majority of housing construction remained in private domestic ownership. This confirms that municipalities need stronger, more flexible and administratively simpler tools if they are expected to play a stronger role in addressing housing affordability.

Information provided by the Association of Towns and Communities of Slovakia (ZMOS)

The Netherlands / Amsterdam

In the Netherlands different municipalities experience issues with short term rentals. This is also the case for some smaller municipalities, that are popular tourist destinations, for instance in the coastal area. However, Amsterdam has arguably the most experience with regulating short term rentals. The experience of Amsterdam shows that there are **public-interest reasons for local action that go beyond housing affordability alone**. Short-term rentals can reduce the availability of homes for long-term residential use, while also affecting the liveability of neighbourhoods, the balance of urban functions, urban safety, the quality of the residential environment and the capacity of authorities to manage tourism pressure.

Amsterdam has developed a progressively stricter framework for holiday rentals. Private holiday rental is allowed only under specific conditions, including limits on the number of guests and nights, and the municipality has introduced registration, permit and notification obligations to monitor and enforce compliance. In the most pressured neighbourhoods, Amsterdam has moved towards a stricter 15-night criterion for holiday rentals in eight busy areas from April 2026, following an escalation approach linked to liveability concerns and residents' reported nuisance.

The capitalcase also illustrates the importance, but also the limits, of evidence and enforcement. Research by the municipality shows that the active supply of Airbnb holiday rentals has declined significantly in recent years, while more active listings in a district are associated with more reported nuisance from tourist rentals. **However, Amsterdam's short-term rental policy is regularly challenged before national courts** by hosts and their representatives. This creates legal uncertainty, in particular regarding the burden of proof required under the EU Services Directive when justifying local restrictions.

For Amsterdam, this is a central concern. If local authorities are required to wait until a high threshold of "strain" or proven damage has already been reached, short-term rentals may further distort housing markets and urban environments before municipalities can act effectively. Some impacts can be difficult to reverse, including the displacement of residents, the loss of local shops serving daily needs, nuisance in residential buildings, and the gradual transformation of neighbourhoods into visitor-oriented areas.

The Netherlands / Amsterdam example therefore supports an ex-ante and value-driven approach. **Local authorities should be able to act proactively to protect housing availability, liveability and the quality of the urban environment**, rather than only reacting once harm has been fully demonstrated. It also shows why EU action should avoid imposing a rigid or fixed set of indicators. Criteria such as tourist-carrying capacity, urban safety, quality of life, social cohesion, preservation of local character and the balance of urban functions may all be relevant, depending on local circumstances.

Information provided by the Association of Netherlands Municipalities (VNG) and based material from the European Cities Alliance on Short Term Rentals