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Affordable housing: What can cohesion policy, the Urban Agenda and civil society do to ensure housing is affordable for everyone?

(own-initiative opinion)

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1. Conclusions and recommendations

1.1. The European Economic and Social Committee (EESC) believes that the housing affordability crisis represents not only a social challenge, but also a major economic threat to EU competitiveness, as businesses are facing wage pressures that are reducing their international competitiveness and contradict the cohesion policy objective of creating competitive regional economies. It is also creating wider barriers to employment, as workers and providers of essential services are being pushed out of high-cost areas, leading to staff shortages in crucial sectors such as health, education and public services. Ultimately, it is a factor in vulnerability to shocks, as was evident during the pandemic, reducing the resilience that cohesion policy aims to build into regional economic systems.

1.2. The EESC stresses that tackling the housing crisis requires not only more funds, but also smarter financing approaches. With the annual investment shortfall of EUR 270 billion identified by the European Investment Bank (EIB), the transfer of resources within the current cohesion policy allocations is clearly insufficient. In this regard the EESC believes that cohesion policy should serve as the main framework for coordinating complementary instruments, mobilising public and private capital towards affordable housing solutions, with the EIB playing a central role in developing financial instruments tailored to different regional needs.

1.3. The EESC welcomes the establishment by the Commission of the first Housing Task Force and a housing commissioner to develop a European Affordable Housing Plan. However, this working group should include representatives of Member States, local authorities, social partners, liberal professional organisations and other civil society organisations to ensure that housing objectives are comprehensively integrated into EU policies. This integration should be based on reliable data and evidence to measure the impact of action and scale up successful approaches, especially in the light of the urgent housing needs across Europe.

1.4. The EESC supports the adoption of a comprehensive EU framework defining affordable housing throughout the process (social housing, affordable renting, affordable ownership) to provide legal certainty for investments. It also supports the Committee of the Regions' (CoR) proposal to increase the resources allocated to the InvestEU social window and encourages Member States to reallocate unused resources from their national recovery and resilience plans to housing-focused financial instruments managed by local authorities.

1.5. The EESC considers it essential that investments in affordable and sustainable housing should be a strategic priority for EU cohesion funds post-2027, through an approach that includes affordable housing in addition to social housing, while maintaining renovation measures. These approaches must be adapted to the risks posed by the climate crisis and promote housing that can withstand the impact of the climate crisis, especially in the regions and areas most exposed to climate change. Cohesion policy must play a central role in delivering the Urban Agenda's housing objectives, particularly in metropolitan areas, where affordability challenges are most acute.

1.6. Like the CoR, the EESC recognises the importance of an EU legislative framework to introduce and address the challenges posed by the housing crisis. This means addressing the EU regulatory failures highlighted by the rulings of the Court of Justice of the European Union (CJEU) that have constrained Member States in funding social and affordable housing initiatives.

1.7. The EESC welcomes the EU platform on affordable housing involving the EIB to leverage private investment on the ground and advisory services covering all phases of the project cycle and beyond. The platform should promote innovative financial instruments that have demonstrated effectiveness in different regional contexts and facilitate knowledge transfer between Member States.

1.8. The EESC supports the proposal set out in the first report of the European Parliament's Committee on Regional Development (REGI) that loans, guarantees and own funds for affordable housing should not be considered as debt for states under the Stability and Growth Pact and the European Semester.

1.9. The EESC considers that State aid rules and service of general economic interest (SGEI) definitions impose constraints on public investment in affordable housing beyond the narrowly defined social housing. The EESC therefore recommends an urgent review of these rules to allow for more effective public intervention through cohesion instruments.

1.10. The EESC believes that financial instruments that recycle returns for reinvestment can create sustainable financing mechanisms for housing beyond programme cycles. It also supports the CoR's proposal that the framework for cohesion policy financial instruments should be broadened to better accommodate housing investments, with a particular focus on sustainable urban development funds.

1.11. The EESC expects the next multiannual financial framework (MFF) to explicitly recognise housing as a factor in economic competitiveness and integrate it into the scope of the European Competitiveness Fund, linking housing measures to labour market efficiency and the development of innovation ecosystems.

1.12. The EESC believes that national and EU policies aimed at promoting economic growth through tourism or real estate development should take into account their potential impact on local housing markets and take appropriate measures to protect the right to affordable and decent housing.

1.13. It is very important for the EESC to take into account the experience and best practices of national, regional and local authorities committed to the development of affordable social housing across the European Union. The Finnish Housing First policy is an excellent example of how homelessness can be reduced and housing conditions for vulnerable groups can be significantly improved.

1.14. In this context, the EESC stresses that affordable housing must be seen as a cornerstone of the European social model, where the European Union and its Member States implement policies that make housing affordable, sustainable and accessible to all as a fundamental social right, which should be a reference point for all economic and social policies and therefore an increasingly important part of cohesion policy. To help meet the objectives of cohesion policy, the EESC believes that the EU must more actively rely on the social partners as key catalysts for change, especially given their operational presence at both EU and national level.

2. **Background to the opinion**

2.1. The EU is facing a widespread housing affordability crisis and, although Member States have the competence to ensure housing affordability and there are some differences at national level, this crisis at European level has profound implications for territorial cohesion and economic development. House prices and rents increased by 48 % on average between 2015 and 2023, significantly outpacing income growth. In 2023, housing costs exceeded 40 % of disposable income for 10,6 % of urban households and 7 % of rural households (Eurostat, 2024) ([1]). The European Observation Network for Territorial Development and Cohesion's (ESPON) House4All project reveals striking territorial disparities in housing affordability across regions, with both urban centres and areas with permanent geographical disadvantages facing severe difficulties ([2]).

2.2. Housing affordability is a multidimensional concept that goes beyond the cost of rent or mortgage payments. It encompasses a wide range of factors that affect a household's ability to access and maintain adequate housing, including energy and electricity bills, renovation and maintenance costs, accessibility features and the availability of transport and services of general interest. On the supply side, housing affordability is also a consequence of the availability of adequate housing units. As these costs vary significantly across the EU depending on the type of housing, energy efficiency, geographical location and income levels, affordability challenges are not uniform across the EU. They reflect differing national housing systems, urban-rural divides and local economic conditions, requiring place-based policy responses rather than one-size-fits-all solutions.

2.3. This housing affordability crisis has far-reaching economic consequences that have a direct impact on cohesion policy objectives:

— it limits labour mobility, preventing workers from moving to regions with better economic opportunities;

— it reduces economic productivity through misallocation of human capital and excessive travel times;

— it exacerbates territorial polarisation between high-growth regions and those suffering from demographic pressure;

— it diverts household income from other productive economic activities, diminishing local economic multipliers;

— it creates barriers to accessing educational and employment opportunities, particularly affecting young people;

— it widens social inequality gaps, as the number of homeless people has risen sharply, while an increasing number of Europeans can no longer afford decent housing and live in unacceptable conditions;

— it particularly affects some vulnerable social groups, whose capacity to adapt to the changing rules of the housing market remains rather limited, as well as middle-income households or due to the limited stock of housing that is accessible to persons with disabilities and older people.

2.4. Cohesion policy has increasingly supported housing interventions since 2007. In the 2021-2027 programming period, approximately EUR 6,5 billion has been allocated to energy efficiency in housing, together with investments in renewable energy, climate adaptation and social housing through various policy objectives. However, tackling the current housing challenges requires a more strategic and comprehensive approach.

([1]) Rising housing costs in the EU: the facts (infographics): https://www.europarl.europa.eu/topics/en/article/20241014STO24542/rising-housing-costs-in-the-eu-the-facts-infographics#:~:text=If%20housing%20costs%20are%20above,40%25%20of%20their%20disposable%20income.

([2]) [HOUSE4ALL] Access to affordable and quality housing for all people: https://www.espon.eu/projects/access-affordable-and-quality-housing-all-people-house4all.

2.5. This opinion aims to examine how cohesion policy can more effectively address the challenges of housing affordability to promote its core objectives of economic, social and territorial cohesion. It explores how strategic investments in housing can stimulate regional economic development, increase competitiveness, improve labour market efficiency and reduce territorial disparities. It provides concrete recommendations to improve the effectiveness of existing instruments for the remainder of the period 2021-2027 and develop a more comprehensive approach to affordable housing in the post-2027 cohesion policy framework.

3. **General comments**

3.1. The EESC believes that affordable and social housing should be considered a cornerstone of the European social model. The European Union, its Member States, regions and local authorities must implement policies that make social housing affordable, sustainable and accessible to all those who need it. Similarly, to tackle this crisis, it is necessary to speed up and increase the construction of affordable housing and increase the provision of rental housing. To this end, the EESC considers it appropriate to explore techniques that allow not only the rapid construction of affordable housing but also the reduction of housing costs.

3.2. The EESC notes that housing affordability is a critical economic infrastructure issue and not merely a social welfare concern, even though affordable and sustainable housing is a fundamental social right. When housing costs outstrip income growth, the fundamental economic principle of labour mobility – the cornerstone of the EU single market – is undermined, creating market inefficiencies that ripple throughout the European economy. Housing is both a cause and a consequence of territorial disparities, and affordability patterns reveal an uneven geography that reinforces economic divergence between European regions ([3]).

3.3. While housing construction and rental policy remain Member State competences under subsidiarity principles, the EU influences the sector through competition law and its exceptions (social welfare law, SGEIs). The European Commission's task is to create an appropriate framework enabling national and regional authorities to effectively combat the housing crisis while respecting the diversity of local needs and demographic challenges.

3.4. The EESC stresses that tackling the housing crisis requires not only more funds, but also smarter financing approaches. With the annual investment gap of EUR 270 billion identified by the EIB, the transfer of resources within the current cohesion policy allocations is clearly insufficient. Cohesion policy should serve as the main framework for coordinating complementary instruments, mobilising public and private capital towards affordable housing solutions, with the EIB playing a central role in developing financial instruments tailored to different regional needs.

3.5. The EESC welcomes the establishment by the Commission of the first Housing Task Force and a housing commissioner to develop a European Affordable Housing Plan. However, this working group should include representatives of Member States, local authorities, social partners, liberal professional organisations and other civil society organisations, the EESC and the COR, to ensure that housing objectives are comprehensively integrated into EU policies. The Commission should carry out a thorough assessment of the impact of current cohesion spending on housing markets, building on ESPON's innovative monitoring work to develop a comprehensive affordability scoreboard that tracks economic and territorial performance.

3.6. The EESC supports the adoption of a comprehensive European framework clarifying the housing continuum (social housing, affordable renting, affordable ownership) to provide legal certainty for investments, even though a concrete definition should leave room for specifics at Member State level. It also supports the Committee of the Regions' proposal to increase the resources allocated to the InvestEU social window and encourages Member States to reallocate unused resources from their national recovery and resilience plans to housing-focused financial instruments managed by local authorities.

([3]) How many months of salary do you need to buy a house in Europe?: https://www.euronews.com/business/2024/12/27/how-many-months-of-salary-do-you-need-to-buy-a-house-in-europe.

3.7. The EESC believes that national and European policies aimed at promoting economic growth through tourism or real estate development should take into account their potential impact on local housing markets and take appropriate measures to protect the right to affordable and decent housing.

4. **Specific comments**

Economic competitiveness and labour mobility

4.1. The housing affordability crisis represents not only a social challenge, in addition to other challenges such as demographic challenges, including an ageing population, but also a major economic threat to the EU's competitiveness. As highlighted in the 9th Cohesion Report ([4]), housing costs are becoming an increasing burden, slowing overall economic growth and local development. Similarly, regions experiencing a 'brain drain' often lack affordable housing options for young professionals and skilled workers, perpetuating cycles of economic decline despite other cohesion policy interventions aimed at reversing these trends.

4.2. Business competitiveness is suffering, as firms located in areas with expensive housing are facing wage pressures that are reducing their international competitiveness and contradict the cohesion policy objective of creating competitive regional economies. Productivity is further eroded by long commuting times due to problems with housing affordability in urban centres, with measurable negative impacts on regional economic output and a significant carbon footprint. Housing costs exceed 40 % of household income, slowing overall economic growth and the development of local businesses, reducing the effectiveness of other cohesion policy investments to stimulate economic activity.

4.3. The housing crisis creates employment barriers as essential workers and service providers are pushed out of high-cost areas, leading to staff shortages in crucial sectors such as health, education, services of general interest and public services. Innovation is constrained, as young entrepreneurs and start-up employees cannot afford to live in innovation centres, contradicting cohesion policy's emphasis on innovation and smart specialisation as drivers of regional convergence. Housing cost burdens are making households and regional economies more vulnerable to economic shocks, as evidenced during the pandemic, undermining the resilience cohesion policy aims to build.

Territorial cohesion and regional development

4.4. The housing crisis manifests itself differently in different European territories, and ESPON's House4All data reveal marked disparities between urban centres, peripheral regions and rural areas. These differences reflect and reinforce wider patterns of territorial inequality that cohesion policy aims to address. The recent cost-of-living crisis has considerably broadened the scope of housing challenges beyond traditional social housing to include affordable housing for middle-income households, especially in economic growth poles and metropolitan areas. Cohesion policy should serve as a key instrument for taking forward these recommendations of the Pact of Amsterdam, in particular with regard to improving regulatory frameworks and financing models for affordable housing in urban areas.

4.5. The concentration of economic activity in urban centres has created housing pressure in these areas while leaving properties vacant in depopulating regions, reinforcing territorial polarisation. Affordability difficulties now affect middle-income households in growth areas, while rural areas face deteriorating housing quality despite lower prices. Islands, mountain regions and outermost regions are confronted with specific challenges related to land constraints and tourism pressure that require particular attention under Article 174 TFEU, as do cross-border regions, with their unique housing market dynamics.

([4]) https://ec.europa.eu/regional_policy/sources/reports/cohesion9/9CR_Report_FINAL.pdf.

4.6. Housing affordability problems transcend the administrative boundaries of cities and extend to functional urban areas, requiring coordinated metropolitan approaches. The Urban Agenda's emphasis on multi-level governance provides a basis for such approaches. Medium-sized cities offer potential solutions to the housing crisis if supported by adequate investment and connectivity and services of general interest, providing more affordable housing options while still offering economic opportunities, representing an underutilised resource in territorial development strategies and a potential pressure valve for overheated metropolitan housing markets.

4.7. The most acute shortage of affordable housing is concentrated in metropolitan growth poles experiencing economic success. Paradoxically, economic growth often worsens housing affordability in these areas, undermining the very prosperity it generates by excluding essential workers and creating unsustainable living conditions for middle-income households. Regions with high tourist density face unique pressures from second homes and short-term rentals that create serious affordability problems for local residents, undermining social cohesion and economic sustainability ([5]).

4.8. Attracting investment in the real estate sector through 'golden visa' programmes has proven to have significant detrimental effects on some segments of the real estate markets in several Member States ([6]).

4.9. Homelessness has become a major social concern, increasingly affecting employed people whose income is insufficient for housing, making workers the fastest growing group of homeless people in Europe ([7]). The EESC has called for an EU homelessness strategy in its opinion adopted in December 2023 ([8]), which would involve integrating the European Platform on Combating Homelessness (EPOCH) into the European Semester and has been supported by a Council recommendation. This requires diverse housing arrangements enabling social mixing as well as more effective collective bargaining to ensure living wages.

4.10. The experience and best practices of national, regional and local authorities committed to the development of affordable social housing across the EU, with the aim of maintaining affordability in the long term, should be strongly taken into account. Of particular note in this regard is the French model, where private funding from individual savings accounts is used to provide long-term, interest-free loans for social housing, which are kept at a permanently low price. In the Danish model, private funding is used in revolving funds for the maintenance and renovation of social housing, which also remains affordable indefinitely. The Finnish Housing First policy is an excellent example of how homelessness can be reduced and housing conditions for vulnerable groups can be significantly improved ([9]). The EESC therefore urges the Member States to take up the commitments of the Lisbon Declaration and integrate the housing first approach into their national strategies.

Investment and financial instruments

4.11. As highlighted in the preparatory documents, cohesion policy currently allocates some EUR 7,5 billion to housing-related investments, which, with national co-financing, amounts to EUR 10,5 billion. Commissioner Raffaele Fitto's proposal to double cohesion policy investment in affordable housing represents a significant opportunity, but maximising impact requires innovative financial approaches and the strategic allocation of resources within the cohesion policy framework. The funds must be financially sound and must also be accessible to public social housing enterprises and non-profit housing providers, including cooperatives and housing associations. The EIB's Investment Report estimates an annual investment gap of EUR 270 billion in affordable housing and states that 1 million homes have gone unbuilt this year alone, with Europe needing to renovate 5 million homes a year. While cohesion policy alone cannot fill this gap, it should serve as the main coordinating framework for mobilising additional resources, with the EIB and national promotional banks playing an important role as financing partners ([10]).

([5]) Cities start fighting rental crisis triggered by overtourism: https://www.dw.com/en/cities-start-fighting-rental-crisis-triggered-by-overtourism/a-70228085.

([6]) Greek Real Estate Market Not Happy with Golden Visa Program Changes: https://news.gtp.gr/2024/10/24/greek-real-estate-market-not-happy-with-golden-visa-program-changes/.

([7]) 9th Overview of housing exclusion in Europe: https://www.feantsa.org/public/user/Activities/events/2024/9th_overview/Executive_summary.pdf.

([8]) Opinion of the European Economic and Social Committee on For an EU framework for national homeless strategies based on the principle of 'Housing First' (own-initiative opinion) (OJ C, C/2024/1567, 5.3.2024, ELI: http://data.europa.eu/eli/C/2024/1567/oj).

([9]) Finland: https://housingfirsteurope.eu/country/finland/.

([10]) Draft report on the financial activities of the European Investment Bank – annual report: https://www.europarl.europa.eu/doceo/document/ECON-PR-770192_EN.pdf.

4.12. Investments in affordable, accessible and sustainable housing should be a strategic priority for EU cohesion funds, post-2027, in an approach that integrates affordable housing in addition to social housing, while maintaining renovation interventions. All the investments should also include accessibility as a requirement when renovating and constructing new buildings in all initiatives in the field of energy efficiency and other policies aimed at making buildings more sustainable. Investments should also target retrofitting existing properties to make them accessible where possible and supporting the cost of additional material that allows persons with disabilities to make full use of their homes and overcome any structural barriers. Cohesion policy funding could be linked to public land ownership or non-profit cooperatives. The scope of cohesion policy could be extended to include common land purchase cooperatives and cost-based housing models operating at national level. These approaches should be adapted to the risks posed by the climate crisis and also promote housing that can withstand the impact of the climate crisis, especially in the regions and areas most exposed to climate change.

4.13. Like the CoR, the EESC recognises the importance of an EU legislative framework to introduce and address the challenges posed by the housing crisis. This means addressing the EU regulatory failures highlighted by the CJEU judgments ([11]) that have constrained Member States in financing social and affordable housing initiatives. Without clear legal instruments, speculation of housing markets continues to increase. Similarly, and in parallel, transparency in real estate transactions must be addressed and the use of golden visas must be limited.

4.14. One of the main obstacles to funding lies in the legal uncertainty regarding EU rules on State aid for investing funds in affordable housing, due to the narrow definition of the term 'social housing'. We welcome the commitment of the European Commission to revise the rules on services of general economic interest and include a definition of 'affordable housing' that is sensitive to the specific characteristics of Member States and also to the need for a better definition of social housing ([12]). We need these definitions to be applied across the board in ERDF and Cohesion Fund programmes. The EESC believes that a key tool for overcoming the affordable housing crisis is to use the synergy and combination of financial instruments, from the different types of funds, brought together to ensure that everyone has access to affordable housing.

4.15. ERDF-CF and ESF+ funds could also be applied to affordable housing, although a review ([13]) of the ERDF, the Cohesion Regulation and the Just Transition Regulation, including ERDF+, is needed to ensure that they provide greater support for investment, focusing on increasing energy efficiency and affordable housing options, looking at how to optimise the application of renewable energy sources to novel construction projects, as well as how to optimise land provision.

4.16. The EESC welcomes the EU platform on affordable housing with the EIB to leverage private investment on the ground and advisory services for citizens and regions covering all phases of the project cycle and beyond, in close cooperation with the EIB and local authorities, an instrument that can address the proven ineffectiveness of national policies in boosting the financing of the housing market ([14]). In this regard, the EESC believes that a 0 % interest rate should be applied to EIB loans for social housing. Combined with this measure, the effectiveness would be even greater if, as called for in recent EESC opinion ([15]) and in the first report of the Parliament's REGI Committee, 'loans, guarantees and own funds for affordable housing are not considered as debt for the States in the framework of the Stability and Growth Pact and the European Semester'.

4.17. Given that housing is a national competence, the EESC recommends strategically using funds to increase efficiency. In this regard, European Commission funds should be allocated to improve transparency and assess needs. Clear data on allocations are needed, as current information is mainly project-based, rather than giving an overall picture of housing allocations under the RRF.

([11]) Case T-202/10: Action brought on 29 April 2010 — *Stichting Woonlinie and Others* v *Commission* (OJ C 179, 3.7.2010, p. 50).

([12]) State aid – revision of the rules on services of general economic interest, European Commission –https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/14708-State-aid-revision-of-the-rules-on-services-of-general-economic-interest_en.

([13]) https://data.consilium.europa.eu/doc/document/ST-10014-2025-INIT/en/pdf.

([14]) The European Commission and the EIB Group lay the foundations for a new pan-European platform for investment in affordable and sustainable housing: https://www.eib.org/fr/press/all/2025-123-eib-group-and-european-commission-lay-foundations-for-a-new-pan-european-investment-platform-for-affordable-and-sustainable-housing.

([15]) Opinion of the European Economic and Social Committee – Social housing in the EU – decent, sustainable and affordable (own-initiative opinion) (OJ C, C/2025/771, 11.2.2025, ELI: http://data.europa.eu/eli/C/2025/771/oj).

4.18. EU housing policy can only work if it is based on reliable data. This requires a statistical tool at EU level containing all the key and operational elements necessary for developing, implementing and monitoring housing policy. Therefore, a statistical tool should be developed and optimised at EU level to provide all relevant and operational data essential for devising, implementing and monitoring housing policies, in order to improve transparency and help combat speculation and money laundering on the housing market, which have been a problem over the last decade.

4.19. Many regions, especially those with less developed financial and administrative capacity, find it difficult to make effective use of the cohesion funds available for housing. This absorption challenge requires specific technical assistance and capacity building beyond what is currently on offer. The 'blending' approach proposed by the EIB to leverage cohesion funds for housing projects represents a promising solution but requires simplification and standardisation to increase its uptake.

4.20. State aid rules and SGEI definitions impose constraints on public investment in affordable housing beyond the narrowly defined social housing. These rules require urgent revision to allow for more effective public intervention through cohesion instruments.

4.21. The housing sector requires innovative financial products that can leverage limited public resources to attract private capital, while ensuring long-term affordability. The financial engineering capabilities of cohesion policy, especially through financial instruments, offer significant potential to address housing needs. Investments in affordable housing generate considerable economic benefits through job creation, reduced public expenditure on temporary accommodation, improved health outcomes and productivity gains. These benefits should be taken into account in cohesion policy cost-benefit analyses and programming decisions.

4.22. Capitalising on empty housing stock is imperative. Instruments that proved efficient in some contexts, such as a tax category for unused or empty homes, land use planning tools, taxation of rezoning gains and special zoning for social housing, or tax incentives for the renovation of residential housing could be a way to bring these units back onto the housing market.

4.23. The principle of affordable and sustainable housing also means that the development of new housing should not come at the expense of the natural or social environment. Priority should be given to refurbishing old housing estates or reusing old non-residential buildings over constructing new housing estates.

4.24. Housing investment requires patient capital and long-term financing horizons that are appropriate to the nature of housing as infrastructure rather than as a commodity. This requires financial instruments with longer maturities than those typically available on commercial markets, making the EIB an ideal partner for cohesion policy in this area. Financial instruments that recycle returns for reinvestment can create sustainable financing mechanisms for housing beyond programme cycles. The framework for cohesion policy financial instruments should be expanded to better accommodate housing investments, with a particular focus on sustainable urban development funds, as proposed by the Committee of the Regions.

4.25. The reform and investment approach of the forthcoming MFF creates promising opportunities to address the affordable housing crisis, especially if it can align cohesion funding with necessary structural reforms. By combining investments in housing construction with reforms of permitting processes ([16]), zoning and land use regulations (to ensure that there are some non-profit housing requirements) and State aid rules, as well as addressing labour shortages in the construction and renovation sectors ([17]), the EU could simultaneously address supply-side constraints and financing gaps.

([16]) European Investment Bank, Investment Report 2024-25 *Innovation, Integration and Simplification in Europe*.

([17]) European Labour Authority, Labour shortages and surpluses in Europe 2023: https://www.ela.europa.eu/en/publications/labour-shortages-and-surpluses-europe-2023.

4.26. However, implementation problems remain significant. Making funding conditional on specific reforms could create bottlenecks in regions where authorities lack the capacity or political will to implement changes. Housing markets and housing needs vary widely across the EU and even within Member States, so the European Commission will need to develop, jointly with Member States and in line with the practice developed in the context of the European Semester, a tailor-made approach respecting the specific characteristics of each Member State. Moreover, the outcome-based approach raises questions about appropriate metrics, as housing outcomes often unfold over longer timeframes than programme cycles, creating the risk of incentivising quick fixes rather than sustainable ones.

4.27. The next MFF could explicitly recognise housing as a factor in economic competitiveness and integrate it into the scope of the European Competitiveness Fund, linking housing interventions to labour market efficiency and the development of innovation ecosystems. It should also consider investment in affordable housing for low and middle-income households as a priority. A specific percentage of funds from the European Development Fund (EDF) should be earmarked for national and regional housing strategies, which would be linked to traditional cohesion policy programmes.

4.28. In the specific case of cohesion regions, integrated territorial development strategies must take into account the fact that affordable housing interventions must carefully balance immediate needs with long-term development objectives. While housing affordability is crucial for territorial cohesion and labour mobility, housing risks becoming another area where funding is diverted from key convergence priorities. Ultimately, success will depend on finding the right balance between necessary reforms and flexible investment strategies that recognise the dual role of housing in social cohesion and economic development, while ensuring that housing constraints do not undermine Europe's overall competitiveness in the global economy.

Brussels, 17 July 2025.

The President
of the European Economic and Social Committee
Oliver RÖPKE