

Delivering Affordable, Sustainable and Resilient Housing in Europe

WorldGBC Europe Regional Network position

Introduction

The provision of housing across the EU – both through renovating and repurposing existing buildings and constructing new homes – offers an opportunity to tackle many of the challenges Europe faces, from energy poverty to rising costs and access to housing.

Europe's housing crisis reflects multiple, interlinked issues: limited access to housing, barriers to home ownership, and the poor energy efficiency and quality of much affordable housing. The crisis has worsened over time across various metrics, with **house prices rising at an average rate of 53%** from 2015 to 2024 ([Eurostat](#), 2025), and 10.6% of the EU population (rising to as high as 31% in Greece) living in a household where housing costs represent over 40% of disposable income ([Eurostat](#), 2023).

Additionally, over **41 million Europeans** ([Eurostat](#), 2022) are estimated to be living in energy poverty, meaning they cannot afford to keep their homes adequately warm in winter and cool in summer. Falling residential building permits – down more than 20% since 2021 ([Eurostat](#), 2025) add to the challenge, but structural factors such as tourism-driven demand, demographic shifts and urban-rural imbalances also play a role.

Renovating Europe's highly inefficient building stock – 85-95% of which will still be standing in 2050 according to the European Commission – is crucial to making homes affordable both in the short and long term. Energy efficiency upgrades not only reduce household bills but also lower overall system costs. At the same time, decarbonising construction can make the delivery of new affordable homes more cost-efficient by reducing waste, reusing materials, and prioritising low-carbon designs. As this paper illustrates, the decarbonisation of the EU's housing stock is essential both for affordability and for meeting the EU's climate goals of reducing greenhouse gas emissions by 55% by 2030, 90% by 2040 and of achieving climate neutrality by 2050.

WorldGBC's Europe Regional Network supports an [Affordable Housing Plan](#) and a [European strategy for housing construction](#) that delivers housing that is affordable, comfortable and healthy for residents, while also being zero-emission across its whole life cycle, circular and resilient to the impacts of climate change. The Plan should set out clear actions related to the implementation of existing legislation, support for existing solutions, development of new legislation, as well as breaking down EU silos related to policy and funding.

1. Deliver affordability through renovation

Renovating Europe's worst-performing homes is essential to reducing energy bills, tackling energy poverty, and improving the quality and resilience of affordable housing – while also supporting the regeneration of urban and rural areas.

Done well, renovation can revitalise peripheral neighbourhoods, bring vacant and derelict buildings back into use, and attract residents and investment. Vertical extensions can also improve energy efficiency and reduce bills throughout the property, but all interventions must be designed with strong social safeguards to avoid unintended consequences such as gentrification, renovictions, or displacement.

With around **75% of the EU's building stock still energy-inefficient** ([European Commission](#), 2023) and low-income households disproportionately living in the least efficient homes, renovation policies must combine targets and technical solutions with measures that deliver tangible social benefits and protect vulnerable households.

The recently revised [Energy Performance of Buildings Directive](#) (EPBD) and the [Energy Efficiency Directive](#) (EED) provide key frameworks for action in these areas. Their implementation must be shaped by social equity, targeted support, and a focus on those most in need.

Policy recommendations:

EPBD (Energy Performance of Buildings Directive)

- Ensure that Member States set ambitious Minimum Energy Performance Standards (MEPS) in National Building Renovation Plans that:
 - Prioritise worst-performing buildings (e.g. starting with the upgrade of homes with EPC F/G).

- Include binding timelines for residential buildings.
- Align with social safeguards to protect tenants from rent hikes or renovictions and neighbourhoods from the negative impacts of gentrification.
- Accelerate rollout of one-stop shops that:
 - Offer tailored support for low-income households (e.g. multilingual, local outreach that encompasses rural communities).
 - Integrate financial guidance, access to subsidies, coordination of contractors and best practice examples such as on deep renovation (the [EU PEERS](#) initiative is a good example).
 - Include affordable housing providers and community organisations as partners.

EED (Energy Efficiency Directive)

- Implement Article 8 (Member State energy savings obligation) by:
 - Setting dedicated energy efficiency targets for vulnerable and energy-poor households.
 - Making this a binding element in national energy efficiency obligation schemes or alternative measures.
- Use Article 6 (3% public building renovation target) to:
 - Prioritise investment in the renovation of public and affordable housing stock, ensuring that this contributes to maintaining and expanding affordable housing supply rather than its reduction through disinvestment or privatisation.
 - Integrate sufficiency principles (e.g. deep renovation over rebuilds),
 - Showcase replicable models of inclusive, climate-resilient renovation.

2. Ensure that new homes are high quality and low carbon

Delivering the affordable housing that Europe needs will require both new construction and the repurposing of existing buildings. Without clear standards, an excessive focus on speed and cost, risks locking in poor-quality, energy-inefficient housing, while also driving wider social impacts and contributing to biodiversity loss.

The revised EPBD aims to prevent this by requiring that all new buildings — including residential ones — meet the zero-emission building (ZEB) standard by 2030. This definition includes very low operational energy demand and full coverage of that demand by renewables (on- or off-site), alongside the introduction of life-cycle global warming potential (GWP) limit values at national level, tightened over time.

These requirements can help to raise the quality of affordable homes – but only if implemented with an eye towards cost-effectiveness, scalability and social equity. This means avoiding design obligations that add cost and carbon without clear social benefit, while at the same time ensuring access to sustainable mobility options and healthy, liveable environments. Aligned with the principles of the New European Bauhaus, urban planning should be rethought to create beautiful, inclusive neighbourhoods that reduce dependence on cars and integrate better public transport, cycling and walking connections.

Policy recommendations:

EPBD

- Ensure that Member States implement the zero-emission building (ZEB) definition with a suitably high level of ambition, particularly in the public and affordable housing sector.
 - Ensure that public and affordable housing developments lead by example in meeting the ZEB definition, with targeted funding and technical support.
- Set a clear pathway for the zero-emission building definition to evolve from focussing on operational emissions to addressing life cycle global warming potential (GWP) and resilience.
- Establish a minimum scope of life cycle stages, physical scope, and methodological requirements, for both life cycle GWP reporting, and limit values when they are set at the Member State level.

- Ensure that Member States set ambitious but achievable life cycle GWP limit values for new residential buildings.
 - Provide guidance for Member States to introduce flexibility or transitional support for social and affordable housing providers in the early stages of implementing life cycle GWP limit values, to avoid delaying delivery or increasing costs disproportionately.
 - Ensure that the development and evolution of national GWP limit values is closely linked to principles of sufficiency and affordability — for example by encouraging space-efficient designs, circular construction approaches, and design choices that reduce both material demand and cost.
 - Provide targeted support for affordable housing providers to meet these evolving requirements without compromising social outcomes.

Nature Restoration Law (NRL)

- Drive the prioritisation of redevelopment of brownfield sites over new development of greenfield sites via the NRL.
- Set a biodiversity net-gain target for new developments by 2027 via the NRL.
- Ensure that the implementation of Article 8 (increasing urban green space) is linked to the integration of green infrastructure in housing developments, such as sustainable drainage systems, rain gardens, shared green spaces and green roofs and walls to support local biodiversity and climate resilience.

3. Enable delivery through public procurement

Public procurement plays a central role in delivering affordable housing. With the upcoming [revision of the EU Public Procurement Directive](#), the Commission has a key opportunity to ensure that tenders for public housing prioritise both sustainability and affordability.

This includes applying life cycle costing, using performance-based contracts, and integrating circularity and low-carbon requirements. Public tenders can also act as a driver of innovation — for example by creating market demand for more resource-efficient construction solutions, including readily available approaches such as prefabrication and modular systems, as well as emerging methods. This helps to reduce costs, shorten delivery times,

and support quality and sustainability, while creating the conditions to boost the uptake of sustainable products.

Policy recommendations:

Public Procurement Directive

- Require all new public buildings to generate more energy than they consume in operation (positive energy), with service-/performance-based energy contracting and district integration where possible.
- Require calculation and reporting of life-cycle GWP for all new public buildings according to the methodology set out in the forthcoming EPBD Delegated Act.
- Stipulate that all public tenders include sustainability/circularity criteria based on Level(s).
- Require all public buildings to undergo reuse assessment and pre-demolition/deconstruction audits to encourage material reuse and recycling.
- Outline criteria to award contracts for public projects based on life cycle costing (LCC) or total cost of ownership instead of capital costs.
- Introduce minimum requirements for products/materials/systems in public projects to be circular (reused/reusable and/or recycled/recyclable) and sustainable.

4. Mobilise sustainable finance

In 2024, **8.2% of the EU population lived in households where housing costs exceeded 40% of their disposable income**. Public funding must be used to cover the parts of the building stock that private finance mechanisms will not reach – especially renovations for the most vulnerable households.

At the same time, tripling the renovation rate to meet EU climate goals requires addressing an **annual €275 billion investment gap**—something public finance cannot achieve alone ([European Commission](#), 2020). EU policy must guide and derisk private investment in energy efficiency, renewables, digitalisation and low-carbon construction and renovation.

The EU Taxonomy can help direct finance toward these priorities but is currently ill-suited to channel investments into energy-intensive buildings, particularly affordable housing, and into the repurposing of vacant or underused buildings into quality, affordable housing.

Policy recommendations

Public funds

- Redirect fossil fuel subsidies ([EUR 123 billion in 2022](#) and [EUR 111 billion in 2023](#)) into housing decarbonisation, directly reducing energy demand and imports.
- Renew and expand InvestEU to mobilise private investment in building renovations and affordable housing construction.
- Ensure that the new Multiannual Financial Framework for 2028-34 allocates sufficient funding instruments and resources to deliver on the vision of the EU Affordable Housing Plan.
- Ensure that public investments in housing contribute effectively to long-term affordability and accessibility. Mechanisms to safeguard the public value of housing assets—while allowing for flexibility according to national or regional contexts—can help maximise the impact of European and national funding on housing outcomes.

ETS II and Social Climate Fund (SCF)

- Earmark a significant share of ETS II revenues for renovation and future-proofing of low-income and energy-poor households.
- Prioritise SCF spending on deep renovations and structural energy efficiency upgrades for the worst-performing homes.
- Ensure SCF-supported subsidies and zero-interest loans are tailored to vulnerable groups — including renters and those in energy poverty.

Private finance mobilisation

- Reduce financing risks for innovation in green buildings, materials and services via the Clean Industrial Deal, InnovationFund and InvestEU.
- Introduce a low-cost EU renovation loan for homeowners, ensuring minimal upfront costs which can provide a barrier for vulnerable groups.

EU Taxonomy

- Simplify reporting requirements in the EU Taxonomy for home renovation criteria and add life cycle GWP considerations for new construction.

5. Embed circularity in affordable housing

Affordability in the construction sector should be considered across the building life cycle. Resource efficiency and reducing waste should be a key element of delivering affordable housing, which means ensuring that the circular economy is embedded into the planning process.

In section 3 of this paper, we covered circularity measures which could be introduced via public procurement reform, and the upcoming release of the [Circular Economy Act](#) will be a way to drive wider improvements in the construction sector while enhancing the EU's competitiveness.

Policy recommendations:

Circular Economy Act

- Develop, update and harmonise EU-level standards and certifications to support a functioning market for secondary construction materials.

Depending on the industry sector this could include:

- End-of-waste criteria to ensure safe and reliable use of reused and recycled materials.
- Standards for reuse and recycling of construction products.
- Circularity performance indicators.
- Insurance compatibility of reused materials.

- Set phased EU-level targets for circularity in construction, covering both reuse and recycling (closed- and open-loop), linked to development of local supply chains to minimise transport emissions.
- Support enabling measures such as urban mining, digital inventories and efficient waste transport systems.
- Stimulate demand through public procurement and market incentives, alongside support for local reuse hubs and material recovery networks
- Introduce a progressive landfill ban on non-hazardous construction and demolition waste and by-products, combined with requirements for selective demolition and material recovery.

Conclusions

We commend the European Commission for taking the important first step of developing this EU Affordable Housing Plan to address some of the challenges we have highlighted in this paper.

Affordability must be addressed in tandem with energy efficiency, whole life carbon, circularity and resilience, maximising the potential of Europe's existing building stock while ensuring that new construction delivers on these priorities. To unlock this potential, the Commission must harness both public and private sustainable finance to support affordable housing more effectively.

WorldGBC's Europe Regional Network, consisting of 25 national Green Building Councils (GBCs) and 7 regional partners from across the construction value chain, is uniquely placed to support the development and implementation of the Plan. Drawing on national and local case studies and the expertise of more than 5,000 member companies, our network can provide the practical insights and solutions needed to deliver the homes Europe requires.

Affordable, sustainable housing is not only a social imperative but also the foundation for Europe's green, just and competitive transition. We look forward to continuing our close collaboration with the European Commission to make this vision a reality.