

## Executive Summary

This position presents the views of Habitat for Humanity International on the Affordable Housing Act and the accompanying Commission Recommendation on housing affordability and supply in areas under housing stress. While the package is a welcome step towards addressing housing pressures linked to short-term rentals and other forms of non-primary housing use, it gives limited attention to the role that renovation, conversion and the re-use of vacant and underused buildings can play in expanding affordable housing supply.

This paper focuses on vacancy and re-use as opportunities to expand affordable housing supply. Among the key observations presented are:

- **Binding framework for vacancy data:** the Regulation should establish vacancy identification, mapping and monitoring as part of the EU framework, aligned with the Energy Performance of Buildings Directive (EPBD) and National Building Renovation Plans, to help identify buildings with potential for affordable housing provision and support a more systematic and streamlined approach to renovation, conversion and re-use.
- **Stronger re-use measures:** the accompanying Recommendation should go beyond regulatory reviews and provide practical mechanisms for vacancy mobilization, typology-specific re-use pathways, implementation support and delivery models that enable renovation and conversion projects to scale.
- **Financing and social dimension:** affordable housing, including the renovation and conversion of vacant and underused buildings, should remain eligible for EU funding under the next Multiannual Financial Framework. At the same time, both the Regulation and the Recommendation should place greater emphasis on the housing needs of vulnerable groups and people facing housing exclusion.

With the appointment of the Commissioner for Energy and Housing, the adoption of the European Affordable Housing Plan in December 2025, the European Parliament's report on the housing crisis, and the growing debate on the shortage of affordable housing solutions across the EU, expectations for the Affordable Housing Act were understandably high. At a time **when millions of Europeans struggle to access decent and affordable housing, we hoped that the Affordable Housing Act would provide a comprehensive and ambitious response**. Instead, the proposal focuses primarily on short-term rentals and certain forms of non-primary housing use in areas under housing stress while issues such as re-use of existing buildings, housing speculation, as well as the growing affordability challenges faced by vulnerable and middle-income households, are acknowledged mainly in the explanatory sections of the package, but receive only very limited reflection in the binding provisions of the Regulation.

Although this is a welcome step that provides Member States with additional tools to address specific housing-market pressures, it does not fully address the wider affordability agenda nor make full use of the policy areas in which the EU can already act. In its current form, [the Regulation](#) primarily establishes a framework for assessing and justifying measures addressing specific forms of non-primary housing use, including short-term rentals in areas under housing stress. While these issues are relevant, the proposal falls short of addressing other major structural drivers of housing unaffordability, particularly the need to increase affordable housing stock through renovation, adaptive re-use and the mobilization of existing buildings, as well as practical implementation mechanisms.

The Commission's own analysis identifies adaptive re-use, renovation and the repurposing of vacant buildings as crucial to addressing housing shortages. Yet the Affordable Housing Act does not establish binding measures that would enable Member States and local authorities to systematically unlock this potential.

### **Areas Under Housing Stress: Context for Vacancy and Re-use**

This paper does not seek to assess the full framework of measures relating to short-term rentals and non-primary housing use nor the overall implications of the Affordable Housing Act. However, two observations are particularly relevant from the perspective of vacancy and re-use for affordable housing.

Firstly, the Regulation would benefit from a broader and more comprehensive definition of “areas under housing stress”, providing local authorities with a wider range of criteria for interventions. Housing affordability is influenced not only by housing prices and income levels, but also by factors such as energy poverty, combined housing and energy costs, overcrowding, vacancy levels, underutilization of existing buildings, and the condition and energy performance of the housing stock. A broader understanding of housing stress would also provide a more complete picture of local housing realities.

Additionally, many challenges associated with vacant buildings, underused assets and affordable housing pressures extend well beyond areas that may be formally designated as under housing stress under the Regulation. Limiting intervention to such areas risks overlooking structural issues elsewhere.

Secondly, a number of stakeholders have raised broader questions regarding the practical implementation of the framework, which are beyond the vacancy and re-use focus of this paper. These include for example the administrative capacity required at local level and the interaction between the new framework and other measures. Nevertheless, they reinforce the importance of providing adequate implementation support and ensuring that the Regulation complements, rather than constrains, efforts to renovate, convert and re-use existing buildings for affordable housing purposes.

### **Vacancy and Re-use in the Regulation: A Missed Opportunity**

The absence of stronger measures on re-use, renovation and the conversion of existing building stock is particularly noteworthy given the emphasis placed on these themes in the European Affordable Housing Plan and the Impact Assessment accompanying the Affordable Housing Act. However, these themes are largely absent from the Regulation itself and appear only in the accompanying non-binding [Recommendation](#).

Measures aimed at expanding affordable housing supply through renovation and re-use remain largely optional. This is a missed opportunity given that several supply-side measures related to renovation planning, building stock data and the re-use of existing buildings are closely linked to existing EU competences in the area of energy. The Energy Performance of Buildings Directive (EPBD) already requires Member States to prepare National Building Renovation Plans and recognizes the importance of understanding the characteristics of the building stock. Vacancy identification and mapping should become a core element of the Affordable Housing Act and complement these objectives by helping public authorities identify assets with potential for renovation, conversion and affordable housing provision. To maximize their usefulness, such activities should be aligned with the timelines, reporting cycles and evidence-gathering processes foreseen under National Building Renovation Plans.

### **Strengthening Recommendation on Vacancy and Re-use**

The provisions on the better use of existing buildings presented in the Recommendation are welcome, but they remain limited in several respects.

Firstly, they apply only "in and around areas under housing stress", even though vacancy, underutilization and opportunities for re-use exist across the entire territory of the European Union.

Secondly, the proposed actions focus primarily on reviewing legal and regulatory frameworks. While regulatory reform is necessary, the Recommendation would benefit from stronger references to vacancy mobilization mechanisms, typology-specific re-use pathways, implementation guidance, technical assistance and practical support measures that help bring vacant and underused buildings back into use.

Thirdly, the Recommendation could place greater emphasis on financing. Regulatory reforms alone are unlikely to unlock affordable housing at scale. Many renovation and conversion projects remain financially unviable without dedicated financing instruments, guarantees, grants, revolving funds or technical assistance.<sup>1</sup> Without stronger EU and national financing mechanisms with built-in social conditionalities, the re-use of vacant and underused buildings is unlikely to scale sufficiently to contribute meaningfully to affordable housing supply. Greater attention should therefore be given to how re-use projects can access existing and future EU funding instruments, particularly where they deliver combined social, climate and energy benefits.

Finally, it is noteworthy that the Recommendation includes provisions on market-rate rental and build-to-rent development. While these segments play an important role in building entire healthy housing ecosystems, the Affordable Housing Act should provide stronger support for measures specifically aimed at increasing the supply of affordable and social housing through renovation, conversion and adaptive re-use of the existing building stock given the environmental, social and urban regeneration benefits associated with this approach.

### **Housing Affordability Requires a Broader Perspective**

Housing affordability pressures do not affect all households equally. The European Commission's Anti-Poverty Strategy estimates that one in five Europeans is at risk of poverty or social exclusion, meaning that around 93 million people face difficulties in securing an adequate standard of living, while approximately 1 million people experience homelessness. For people with disabilities, access to adequate housing remains a significant challenge, with around 1.4 million people in the EU still living in institutional settings rather than community-based housing arrangements.

Lack of decent, affordable and adequate housing disproportionately affects lower-income households, older people, single-parent families, persons with disabilities, Roma communities, refugees and people experiencing homelessness or housing exclusion.

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<sup>1</sup> A range of financial instruments, implementation models and European case studies are presented in Financial Instruments for Renovation of Vacant Spaces in Europe, which provides practical insights and recommendations for supporting the renovation and re-use of vacant and underused buildings.  
[https://www.habitat.org/sites/default/files/documents/ESTHer\\_Report\\_HFHI\\_Financial\\_Instruments\\_Vacant\\_Spaces.pdf](https://www.habitat.org/sites/default/files/documents/ESTHer_Report_HFHI_Financial_Instruments_Vacant_Spaces.pdf)

Yet neither the Affordable Housing Act nor its accompanying Recommendation explicitly address the specific housing needs of these groups. As a result, these issues remain largely absent from both the binding elements of the proposal and the accompanying Recommendation.

## **Recommendations**

As the Affordable Housing Act progresses through the legislative process, there is an opportunity to broaden its contribution to housing affordability, among other, by stronger support of the re-use, renovation and conversion of existing buildings for affordable housing purposes. This is not primarily a question of competence. Housing policy remains largely a national responsibility. However, several of the themes identified by the Commission itself, particularly those linked to renovation, building stock management and re-use of existing buildings, are closely connected to existing EU competences under the Energy Performance of Buildings Directive, energy-efficiency policy and building renovation planning.

Therefore, we recommend that:

- the Regulation recognizes renovation, conversion and re-use of existing buildings as core affordable housing measures;
- the Regulation strengthens the link between housing affordability objectives and existing EU building renovation and energy-efficiency policies, particularly through the EPBD and National Building Renovation Plans, including by establishing vacancy identification, mapping and monitoring as a core element of the EU framework, aligned with the planning and reporting cycles of National Building Renovation Plans;
- the accompanying Recommendation provides technical assistance, implementation support and capacity-building for local and regional authorities responsible for implementation;
- the accompanying Recommendation provides a more comprehensive framework for the re-use of vacant and underused buildings, including vacancy mobilisation mechanisms, typology-specific re-use pathways, implementation guidance, financial models and support measures facilitating renovation, conversion and affordable housing provision;
- the next Multiannual Financial Framework ensures continued eligibility of affordable housing investments for EU funding, including the renovation and conversion of vacant and underused buildings as projects delivering social, climate and energy benefits;
- the Regulation establishes monitoring and reporting mechanisms not only for housing-stress measures, but also for the implementation of the Affordable Housing Act and its accompanying Recommendation, including progress on affordable housing supply, vacancy identification and re-use measures, and linked where appropriate to National Building Renovation Plans.

**The Affordable Housing Act represents an important step, but it also offers an opportunity to develop a more comprehensive European approach to housing affordability in the years ahead.** Strengthening the framework through better support for the identification and mobilization of vacant and underused buildings, alongside renovation and adaptive re-use measures, would help deliver affordable housing, contribute to urban regeneration and support the EU's environmental and energy objectives.